

Post-Secondary Education

Quarterly Update

"Market Intelligence for Industry Players"

Q2 2007



Capstone Partners
Investment Banking Advisors

Post-Secondary Education

Quarterly Update

Market Overview

- ▶ Total market size is expected to grow from \$370 billion in 2006 to \$495 billion by 2011.
- ▶ Enrollments in the 2005-2006 academic year reached a record high of 17.9 million – an annual increase of 3.0% over the last five years.
- ▶ For-profit enrollment is expected to grow at 7.0% per year, or 4.5x non-profit enrollment growth, through 2014, increasing from 7.8% to 11.8% of total enrollment.
- ▶ Attractive industry fundamentals have drawn increased attention from both financial and strategic acquirers, resulting in significant industry consolidation.

Key Growth Drivers

- ▶ Expanding Pool of Potential Students – The number of high school graduates is expected to increase annually at 1.5% over the next seven years as the echo-boomer generation reaches college age. Although the number of potential college applicants should taper off beginning in 2009, the steady retirement of baby boomers will increase demand for skilled workers and academic programs catering to adult learners seeking to capitalize on employment opportunities. These demographic trends represent an opportunity for career-oriented schools, which provide more flexible education options and a direct career path for these “non-traditional” students.
- ▶ Widening Income Gaps – In 2005, the average income of degree recipients was \$57,814 – almost 80% above the \$32,136 averaged by individuals with only a high school education. Over the course of a 30 year professional career, an individual with a bachelors degree will earn approximately \$825,000 more than a person with only a high school diploma.
- ▶ Technological Innovations in Education – The Internet has allowed providers to broaden their geographic reach, expand enrollments, reduce costs and provide more flexible instruction. Career schools, with focused, shorter length programs, have pioneered the use of online programs. As the acceptance of online academics continues to increase, career-focused institutions should benefit disproportionately to their traditional counterparts.

DONE DEAL



Has recapitalized with



The undersigned represented

SHELTON OGLE ENTERPRISES, L.P.



Capstone Partners
Investment Banking Advisors

Boston, MA – Capstone Partners LLC, a national investment banking firm, is pleased to announce that it has successfully advised Shelton Ogle Enterprises on its recent acquisition by Liberty Partners. Capstone initiated the transaction and served as the exclusive investment banking advisor to the shareholders of Ogle's. The terms of this transaction were not disclosed. This represents Capstone's eighth completed engagement in the Post-Secondary and Education services industry.





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Post-Secondary Education

The Emergence of Private Equity

Since 2000, the private equity community has been extremely active in the PSE industry with several funds emerging focused solely on education. In 2006, the industry witnessed several private equity backed deals including two take private transactions. The acquisition of Education Management Corp. by a group led by Providence Equity Partners and Goldman Sachs was, at the time, the largest PSE industry deal in history at \$3.3 billion. The second was Liberty Partners purchase of Concorde Career College for \$114.0 million. This trend has continued in 2007 as Kohlberg, Kravis & Roberts is leading an investor group in the purchase of Laureate Education for a proposed \$3.8 billion. Should the transaction be completed, it will be the largest PSE deal in history. Capstone believes that the private equity community will continue to drive the M&A climate within the for-profit PSE sector.

Based on our discussions with education focused private equity groups, we expect that competition for PSE assets with EBITDA of \$5.0 million or greater will continue to accelerate. This is supported by the fact that buy-out and mezzanine funds raised more than \$100 billion in 2006, resulting in a record amount of capital that needs to be invested.

In Focus – Allied Health Training

Over the past several years, job growth in the allied health field has driven enrollments for career oriented schools and professional training programs. Healthcare represents the largest sector in the U.S. economy and several macro-economic factors are contributing to employment trends within the industry. As a result the demand for trained professionals is expected to increase substantially over the next decade.

- ▶ Demand for allied health workers is at an all time high
- ▶ U.S. healthcare expenditures are expected to increase to \$3.1 trillion by 2012
- ▶ Currently 14.0% of all jobs created are in the healthcare industry
- ▶ By 2012, healthcare related employment is projected to increase by 28.0% or two times total employment growth
- ▶ Medical Assisting job growth is projected to increase by 59.0% through 2012

Projected Employment Growth by Allied Health Occupation

(In 000's)					
Program Area	2002 Jobs	2012 Jobs	% Change	Avg. Openings	Median Salary
Medical Assistant	365	579	58.6%	95	\$25,400
Medical Records Administration	147	216	46.9%	28	27,660
Dental Assistant	266	379	42.5%	39	29,060
Pharmacy Technician	211	271	28.4%	44	24,700
Medical Administrative Assistant	339	398	17.4%	53	27,900
Insurance Billing/Coding Specialist	266	276	3.8%	41	30,580
All Health Care Occupations	12,524	16,031	28.0%	N/A	
All U.S. Occupations	144,014	165,328	14.8%	57,932	

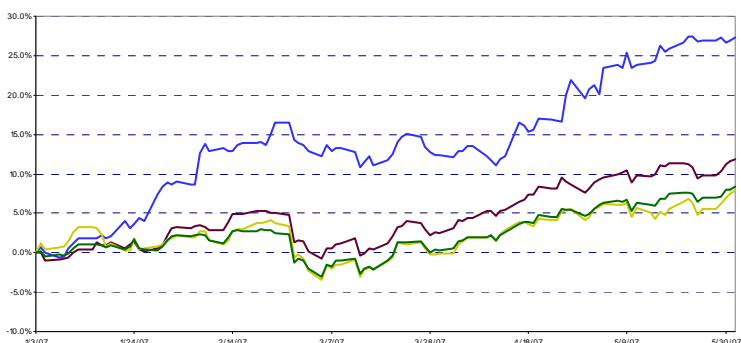
Post-Secondary Education

Market Performance

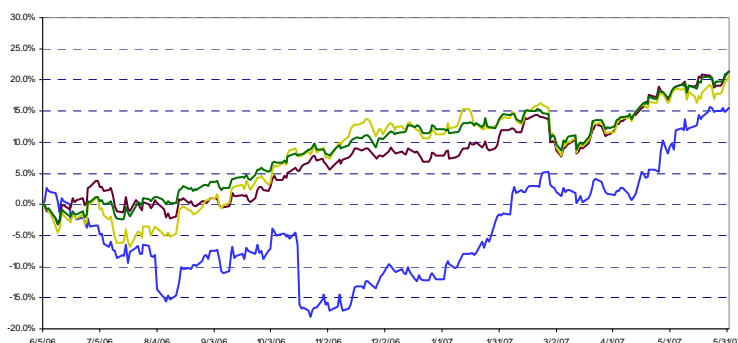
Over the past year, the Capstone PSE Index has underperformed the Dow Jones Composite, NASDAQ Composite and the S&P 500. This is a direct result of the significant challenges that many of the industry's larger providers have faced over the past year, including regulatory concerns and some well-publicized incidences of mismanagement. The resulting climate burdened the entire industry and resulted in a significant decrease in market value. However, these factors are beginning to dissipate as schools have become more prepared to handle the increased scrutiny and regulatory environment. The industry began to rebound in late 2006, continuing through the first five months of 2007. Year to date, the Capstone PSE index has outperformed the major market indices by a wide margin, and longer term, the industry has outperformed the three major indices over the most recent five and ten year periods. The index returned an impressive 380% during the ten year period ending in May of 2007. Over the same time period, the Dow Composite, Nasdaq Composite and S&P 500 have grown at significantly slower rates, yielding returns of 104.9%, 89.7%, and 82.6% respectively. Capstone believes several providers remain well positioned and expects the index to continue to outperform the major indices over the next 24 months. As a result, we continue to believe that PSE companies will continue to command premium valuations in both the public and private markets. The following charts display the relative performance of the Capstone PSE index in relation to the three major market indices for the year to date, and the most recent one, five and ten year periods.

The Capstone PSE Index

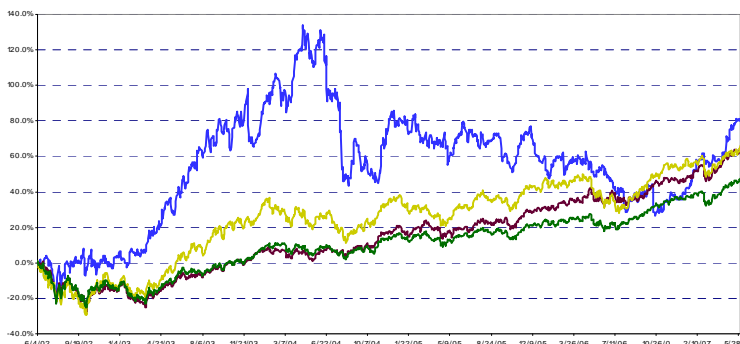
Year-to-Date



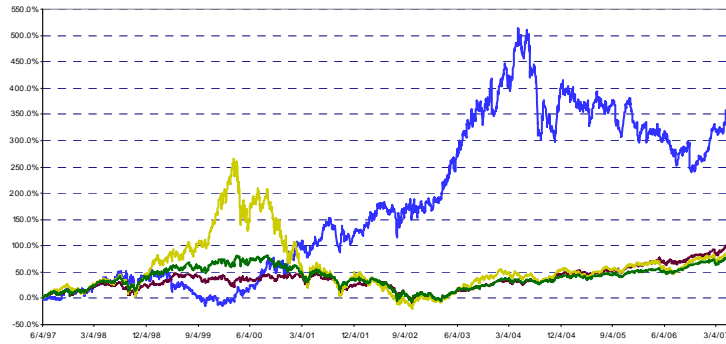
1-Year



5 -Year



10 -Year



— Capstone PSE Index — Dow Jones Composite Average
— NASDAQ Composite (^COMP) — S&P 500 Index (^SPX)

Public Company Operating Data

Company	Stock Price	Market Cap	LTM Revenue	LTM Rev. Growth	LTM EBITDA	EBITDA Margin	Diluted EPS	Cash & Equiv.	Net Debt
Apollo Group Inc.	\$47.60	\$8,243.6	\$2,476.3	10.0%	\$810.9	32.7%	\$2.49	\$317.0	(\$363.0)
Capella Education Co.	43.27	718.6	190.8	22.0%	33.7	17.6%	1.13	23.4	(90.8)
Career Education Corp.	34.73	3,299.8	2,007.0	0.5%	378.3	18.8%	0.98	116.2	(430.2)
Corinthian Colleges Inc.	15.38	1,332.6	962.7	(1.0%)	83.8	8.7%	0.31	90.2	(44.8)
DeVry Inc.	34.55	2,451.2	888.5	10.6%	123.8	13.9%	0.91	171.3	(121.3)
ITT Educational Services Inc.	114.92	4,680.0	757.8	10.1%	202.7	26.8%	2.72	161.9	(206.9)
Laureate Education Inc.	61.62	3,201.5	1,075.1	32.7%	210.8	19.6%	1.78	168.3	237.3
Strayer Education Inc.	124.62	1,810.7	251.4	19.3%	91.1	36.3%	3.53	46.9	(122.6)
Universal Technical Institute Inc.	23.73	669.4	347.1	11.7%	60.8	17.5%	0.97	41.4	(41.4)

Mean		2,934.2	995.2	12.9%	221.8	21.3%	1.65	126.3	(131.5)
Median		2,451.2	888.5	10.6%	123.8	18.8%	1.13	116.2	(121.3)

Public Company Trading Multiples

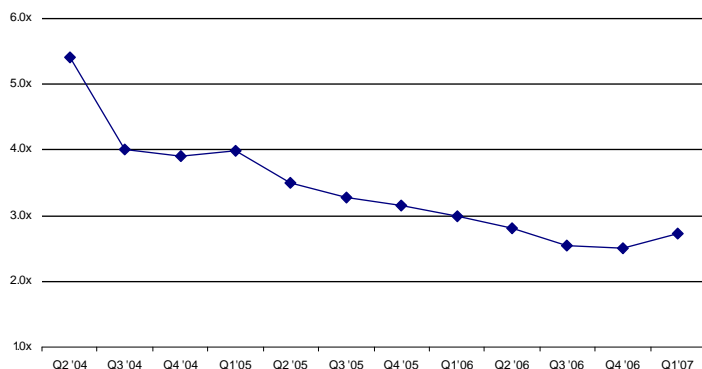
Company	Market Cap	TEV	TEV/LTM Total		P/LTM Diluted EPS
			Revenue	EBITDA	
Apollo Group Inc.	\$8,243.6	\$7,880.6	3.2x	9.7x	19.1x
Capella Education Co.	718.6	627.8	3.3x	18.6x	38.3x
Career Education Corp.	3,299.8	2,869.7	1.4x	7.6x	35.6x
Corinthian Colleges Inc.	1,332.6	1,287.8	1.3x	15.4x	49.2x
DeVry Inc.	2,451.2	2,329.8	2.6x	18.8x	37.9x
ITT Educational Services Inc.	4,680.0	4,473.1	5.9x	22.1x	42.3x
Laureate Education Inc.	3,201.5	3,500.5	3.3x	16.6x	34.7x
Strayer Education Inc.	1,810.7	1,688.1	6.7x	18.5x	35.3x
Universal Technical Institute Inc.	669.4	628.0	1.8x	10.3x	24.5x

Source: Capital IQ and Capstone Partners research
 Note: \$ in millions, except per share data
 LTM = Last Twelve Months

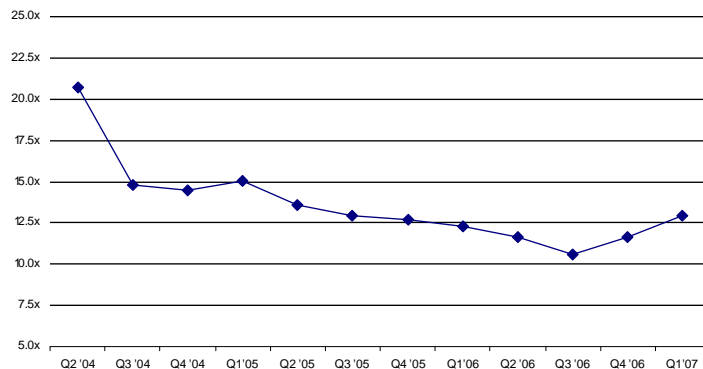
Low	1.3x	7.6x	19.1x
High	6.7x	22.1x	49.2x
Mean	3.3x	15.3x	35.2x
Median	3.2x	16.6x	35.6x

Public Company Quarterly Multiples

TEV/Revenue



TEV/EBITDA



M&A Transaction Activity

Over the past 24 months there has been significant consolidation within the PSE industry. Three public players, Education Management, Concorde Career College and Laureate Education, have either been taken private or are in the process of being taken private by private equity buyers. While there have been several strategic acquisitions since the beginning of 2005, private equity firms have been the most active participants, accounting for 60.7% of the deals referenced below. Valuations over this period have ranged between 0.5x to 3.2x on a revenue basis and 4.5x to 16.6x on an EBITDA basis. Capstone believes similar multiples will occur in the future as the investment outlook for the industry as a whole remains positive.

Select PSE M&A Transactions

Announced	Target / Acquiror	Target Description	Transaction Value	EV/LTM	
				Revenue	EBITDA
Pending	Multi-Campus Regionally Accredited Institution <i>Private Equity Group</i>	Provides certificate, associate and bachelor degree programs and services to students in information technology, allied health and business fields.	CF	CF	CF
6/4/07	Laureate Education Inc. (NasdaqNM:LAUR) <i>KKR, Citigroup, SAC Capital, Sterling Capital</i>	Provides higher education programs and services to students through a network of campus-based and online universities, and higher education institutions.	\$3,820.0	3.2x	16.6x
4/18/07	Regis Corporation, 51 Cosmetology Schools <i>Empire Beauty School Inc.</i>	Engages in the operation of beauty schools focused on providing education in the fields of cosmetology and esthetics.	NA	NA	NA
2/12/07	SAS Flight Academy <i>Star Capital Partners Limited</i>	Offers pilot training, human factors training, cabin training, maintenance training, and maritime training services for pilots, cabin crew maintenance technicians.	106.6	1.7x	8.5x
2/9/07	South Texas Vocational Technical Institute <i>ATI Enterprises, Inc.</i>	Offers undergraduate and higher education in areas such as administration, massage therapy, child care development and computer accounting.	NA	NA	NA
1/2/07	Rockport College & The Workshops <i>Non-Profit Educational Corp.</i>	Provides education and training for photographers, cinematographers, directors, actors, documentary producers, screen writers, editors and digital media technicians.	NA	NA	NA
12/1/06	Kennedy-Western University <i>Parallel Investment Partners</i>	Educational institution that provides bachelors, masters, and doctors degree programs.	NA	NA	NA
8/9/06	Ross Learning Inc. <i>Providence Service Corp. (NasdaqNM:PRSC)</i>	Operates as a workforce development company providing medical education and medical industry employment.	7.8	NA	NA
8/3/06	Study Group International <i>CHAMP Private Equity, Petersen Investments, Inc.</i>	Provides educational programs to international students including language courses, high school placement, university preparation, career training, and job placement.	136.0	0.8x	NA
10/24/06	Ogle Schools <i>Liberty Higher Education LLC</i>	Operates degree programs in cosmetology, esthetics, hair design, nail technology, and medical esthetics as well as several area salons under the same brand name.	21.4	CF	CF
7/18/06	Henley-Pulnam University <i>Liberty Higher Education LLC</i>	Provides education in the developing field of strategic security with degree offerings in intelligence, counterterrorism and personal protection.	NA	NA	NA
6/21/06	Concorde Career Colleges (NasdaqSC:CDCD) <i>Liberty Higher Education LLC</i>	Provides allied health programs in nursing, respiratory therapy, pharmacy technician, medical and dental assistant, insurance coding and billing, and massage therapy.	126.7	1.2x	13.8x
5/15/06	Delta Educational Systems, Inc. <i>Gryphon Colleges Corporation</i>	Provides associate degree and diploma programs in fields, including healthcare, information technology and business.	NA	NA	NA
3/30/06	New England Institute of Technology <i>Lincoln Educational Services Corporation (Nasdaq:LINC)</i>	Provides associate, bachelor and diploma degrees in the automotive, IT, health sciences, culinary and design fields.	42.5	N/A	N/A
3/3/06	Education Management Corp. (Nasdaq:EDMC) <i>Goldman Sachs Group, Providence Equity Partners</i>	Provides post-secondary education through campus and online instruction at the Art Institutes, Brown Mackie, Argosy and South University campuses.	3,363.3	2.9x	12.2x
2/8/06	Dorsey Schools <i>Quad Ventures/ Gemini Investors</i>	Provides training programs in business, computer technology, legal, and healthcare fields in Michigan.	NA	NA	NA
1/12/06	Connecticut School of Broadcasting <i>CSFB Private Equity, DLJ Growth Capital Partners</i>	Provides courses in broadcasting, radio and television production.	NA	N/A	N/A
12/14/05	Euphoria Institute of Beauty Arts and Sciences <i>Lincoln Educational Services Corporation (Nasdaq:LINC)</i>	Offers degree programs in cosmetology, esthetics, hair design, nail technology, make-up and medical esthetics.	10.0	N/A	N/A
12/1/05	Tri-State Computer Institute <i>Education Affiliates LLC</i>	Provides vocational computer education courses in western New York, Ohio and Pennsylvania.	NA	N/A	N/A
9/22/05	CDI Education Corporation <i>Polar Bear Corporate Education Solutions Inc.</i>	Offers post-secondary and corporate education activities to students and companies in Canada.	16.2	0.5x	N/A
7/19/05	American Career Training Institute <i>Equus Resources, Inc.</i>	Provides courses in home inspection, mortgage finance, real estate appraisal and real estate sales.	NA	N/A	N/A
7/1/05	Martins College of Cosmetology <i>Regis Corp.</i>	Provides training programs in hair care, skin care, nail technology and esthetics in the Midwest U.S.	20.0	CF	CF
6/30/05	Technical Career Institutes, Inc. <i>EVCI Career Colleges Holding Corp.</i>	Provides technological education in electronics, computer, accounting, office, new media, climate control and building maintenance technologies.	16.0	0.5x	6.7x
6/20/05	Professional Career Development Institute <i>CSFB Private Equity</i>	Provides courses in accounting, photography, pharmacy tech, auto repair, property management, web design, tax preparation, interior decoration, cooking and real estate.	N/A	N/A	N/A
6/9/05	Salem College <i>The Palmer Group</i>	Offers graduate and undergraduate degrees in humanities, arts, mathematics, social sciences and natural sciences.	N/A	N/A	N/A
5/2/05	Pierre's School of Cosmetology <i>Regis Corp.</i>	Provides degree programs in cosmetic services and cosmetology for students interested in working at or managing a salon and/or spa.	3.1	CF	CF
3/8/05	Ross Learning Inc. <i>Huron Capital Partners, L.L.C.</i>	Offers medical education and employment programs for low income, disadvantaged and ex legal offenders.	20.3	CF	CF
1/7/05	Capella Education Co. <i>InSight Venture Partners, Technology Crossover Ventures</i>	Provides online post-secondary education services in business, organization and management, education, psychology, human services and IT.	62.5	N/A	N/A
1/4/05	Education Corporation of America <i>Willis Stein & Partners, L.L.C.</i>	Provides non-degree, associates, bachelors, and masters degree programs in the areas of allied health, business, IT, interior design, culinary arts, and automotive repair.	N/A	N/A	N/A

(\$ in millions)

Transactions in yellow have been completed by Capstone Partners, LLC









CF= Confidential

Mean	\$518.2	1.6x	9.1x
Median	\$21.4	1.2x	8.3x

Post-Secondary Education

Representative Transactions

The following transactions represent engagements completed by Capstone Partners.

 <p>Has recapitalized with</p> <p>LIBERTY PARTNERS, L.P.</p>	 <p>Have been acquired by</p> <p>A NON-PROFIT EDUCATION CORPORATION</p>	 <p>Has been acquired by</p> <p>REGIS CORPORATION (NYSE:RGS)</p>	 <p>Valuation & venture advisory</p> <p>WEST TENNESSEE BUSINESS COLLEGE</p>
 <p>Has been acquired by</p> <p>COLLEGIATE FUNDING SERVICES, INC. (NASDAQ:CFSI)</p>	 <p>Has recapitalized with</p> <p>HURON CAPITAL PARTNERS</p>	 <p>Has been acquired by</p> <p>REGIS CORPORATION (NYSE:RGS)</p>	 <p>Has been acquired by</p> <p>REGIS CORPORATION (NYSE:RGS)</p>

About Capstone Partners LLC

Capstone Partners LLC, a leading national investment banking advisory services firm dedicated to serving the transaction needs of middle-market companies. The firm provides corporate sale & divestiture, merger & acquisition and private placement advisory services across three major industry practices: Specialty Products, Business Services and Technology & Media. Our team possesses transaction experience spanning hundreds of M&A and financing transactions. We have completed transactions in over 30 states, along with several cross-border engagements. All of our transactions are supported through industry-specific research and relationship coverage capabilities.

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