

Post-Secondary Education

Market Intelligence for Industry Players

Q2 2005



Capstone Partners

Investment Banking Advisors

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For-profit post-secondary education is the fastest growing segment of PSE, expected to become a \$24 billion industry by 2012, growing at a CAGR of almost 18%.

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POST-SECONDARY EDUCATION MARKET OVERVIEW

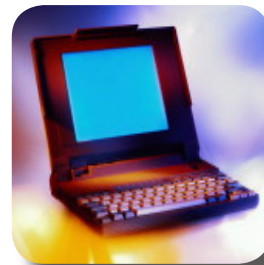
Capstone believes the post-secondary education (PSE) market will experience unprecedented growth over the next three to five years. We see the expanding pool of potential students, the widening income gap between post-secondary educated and non-educated individuals, the increase in federal funding and the positive economic and demographic trends as the key factors expanding the PSE market over the next decade and beyond.

Within PSE, Capstone believes that for-profit vocational schools will be the market segment that drives the industry's growth. In 2004, for-profit PSE institutions accounted for approximately \$4 billion, or less than 2% of the \$290 billion PSE market (U.S. Department of Education). This market segment, however, is projected to grow rapidly, expected to become a \$24 billion market by 2012, growing at CAGR of 18%.

Out of the for-profit PSE market, Capstone sees three-quarters of the job growth coming from six major groups of professional occupations: information technology; allied health; cosmetology; esthetics; culinary arts; and allied trade professionals. Together these groups will add nearly five million new jobs by 2012.



Allied Trades



Information Technology

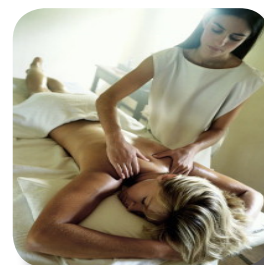


Allied Health

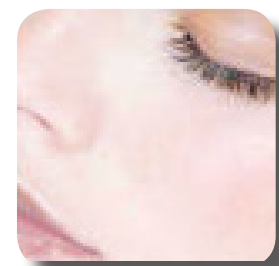


Culinary Arts

CAPSTONE SEGMENT HIGHLIGHTS



Esthetics



Cosmetology

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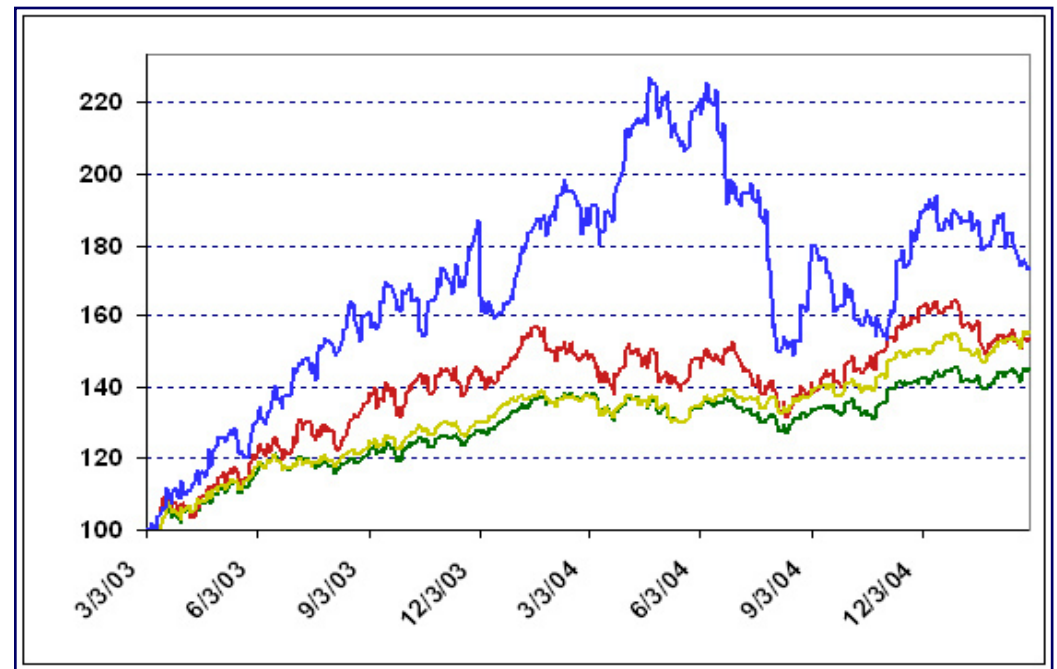
The steady return of the capital markets compounded by strong PSE growth are driving valuation multiples. Capstone believes PSE companies will earn premium valuations over the next 6 to 18 months.

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MARKET PERFORMANCE

Over the past two years, the PSE Index has consistently outperformed the Dow Jones Composite, NASDAQ 100, and the S&P 500 . The steady return of the capital markets, compounded by strong PSE growth, are driving valuation multiples. Capstone believes PSE companies will earn premium valuations over the next 6 to 18 months.

THE CAPSTONE PSE INDEX



Capstone PSE Index ——— S&P 500 ———
Dow Jones Composite ——— NASDAQ 100 ———

The Capstone PSE Index is comprised of Apollo Group Inc. (APOL), Career Education Corp. (CECO), Concorde Career Colleges Inc. (CCDC), Corinthian Colleges Inc. (COCO), DeVry Inc. (DV), Education Management Corp. (EDMC), ITT Educational Services Inc. (ESI), Laureate Education Inc. (LAUR), Regis Corporation (RGS), Strayer Education Inc. (STRA) and Universal Technical Institute Inc. (UTI).

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Over the past two years, market performance of the major PSE companies has improved by 73%. Presently, this group enjoys, on average, revenue and EBITDA multiples of 3.1x and 12.7x, respectively.

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PSE Public Company Financial Data

Company Name	Stock Price	Market Cap	LTM Revenue	LTM EBITDA	EPS	Cash & Equiv.	Total Debt
Apollo Group Inc. (APOL)	\$74.00	\$13,625.5	\$1,921.5	\$647.6	\$0.94	\$123.7	\$0.0
Career Education Corp. (CECO)	33.22	3,488.2	1,728.5	346.0	1.71	348.1	23.9
Concorde Career Colleges Inc. (CCDC)	17.14	102.0	81.7	9.9	0.84	18.6	0
Corinthian Colleges Inc. (COCO)	15.94	1,446.4	912.3	165.0	0.88	30.9	60.0
DeVry Inc. (DV)	18.11	1,274.4	779.5	122.1	0.60	132.4	190.0
Education Management Corp. (EDMC)	28.60	2,117.5	940.5	208.3	1.20	29.2	5.6
ITT Educational Services Inc. (ESI)	47.80	2,198.5	617.8	162.9	1.64	131.3	0.0
Laureate Education Inc. (LAUR)	43.46	2,099.0	591.4	120.3	1.23	90.8	104.6
Regis Corporation (RGS)	40.20	1,797.6	2,033.5	261.3	2.37	118.3	519.7
Strayer Education Inc. (STRA)	104.65	1,535.2	183.2	70.9	2.91	97.0	0.0
Universal Technical Institute Inc. (UTI)	34.45	960.2	269.4	60.3	1.12	45.8	0.0

PSE Trading Multiples

Company Name	Market Cap	TEV	TEV/ LTM Revenue	TEV/ LTM EBITDA	P/LTM Basic EPS
Apollo Group Inc. (APOL)	\$13,625.5	\$13,241.6	6.9x	20.4x	78.4x
Career Education Corp. (CECO)	3,488.2	3,164.0	1.8	9.1	19.4
Concorde Career Colleges Inc. (CCDC)	102.0	79.9	1.0	8.0	20.4
Corinthian Colleges Inc. (COCO)	1,446.4	1,433.8	1.6	8.7	18.2
DeVry Inc. (DV)	1,274.4	1,338.9	1.7	10.9	30.2
Education Management Corp. (EDMC)	2,117.5	2,093.9	2.2	10.1	23.8
ITT Educational Services Inc. (ESI)	2,198.5	1,865.6	3.0	11.4	29.1
Laureate Education Inc. (LAUR)	2,099.0	2,135.4	3.6	17.8	35.3
Regis Corporation (RGS)	1,797.6	2,199.0	1.1	8.4	17.0
Strayer Education Inc. (STRA)	1,535.2	1,412.4	7.7	19.9	36.0
Universal Technical Institute Inc. (UTI)	960.2	914.5	3.4	15.2	30.6

High	7.7x	20.4x	78.4x
Low	1.0	8.0	17.0
Mean	3.1	12.7	30.8
Harmonic Mean	2.1	11.4	25.8
Median	2.2	10.9	29.1

DEFINITIONS:

LTM - Last twelve months

EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization

TEV - Total Enterprise Value

EPS - Earnings Per Share

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Multiples have shown expansion... schools with \$2-7mm of EBITDA will see multiples of 6x to 8x, depending upon the nature and interest of the buyer.



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PSE CONSOLIDATION OUTLOOK

Because of its significant long-term growth prospects, Capstone believes that large, public players will make early moves to position themselves to capture near-term and long-term marketshare. We believe programmatic and geographic diversification will drive the consolidation activity over the next year.

LARGER PLAYERS WILL BROADEN EDUCATIONAL OFFERINGS

Thus far, for-profit education establishments have tried to expand market opportunity and industry presence through niche offerings. We believe larger players will look to emerging post-secondary companies with broader, more integrated educational scopes.

GEOGRAPHIC DIVERSIFICATION STRATEGY

Capstone believes that larger players will make acquisitions that not only expand their educational offerings, but also expand their geographic footprint. States where populations are growing the fastest (e.g. Florida, Texas, Arizona and California) will be see the most activity. Larger schools will look to cross-utilize curricula and standardize, replicate, and leverage successful internal processes.

The desire for international expansion will also drive acquisitions. The overseas for-profit PSE market is vast and untapped. High growth prospects in dense populations like India and China and the increased popularity of IT offshore outsourcing will hold the attention of the larger players.

ALLIED HEALTH WILL BE NOTICEABLY ACTIVE

The acquisition pace in the Allied Health sector will continue to be strong. Both financial and strategic buyers have been focused on this area and in turn, we see the consistent activity continuing beyond 2005. With the entrance of both Career Education and DeVry, competition will be fierce, resulting in a strong acquisition environment.

VALUATIONS WILL EXPAND

Multiples have shown expansion and will continue to expand for large school transactions. The 6-12 larger acquisition targets remaining will, if traded, drive even multiples higher. However, schools with \$2-7 million EBITDA will likely see multiples of 6x to 8x, depending upon the nature and interest of the buyer. We see large school transactions commanding multiples of 10x or greater.

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RECENT NOTABLE TRANSACTIONS

■ **Huron Capital Partners acquires Ross Learning**

March 10, 2005 - **Ross Learning LLC**, a leading provider of post-secondary education and training services has successfully completed a management-sponsored equity recapitalization lead by **Huron Capital Partners LLC**. This marks Huron's sixth new platform investment and second significant PSE investment within the last eight months.

■ **Willis Stein & Partners acquires Education Corporation of America ("ECA")**

January 1, 2005 - **Willis Stein & Partners** announced the acquisition of a majority stake in **ECA** from **Prospect Partners LLC**. The terms of the transaction were not disclosed. **ECA** operates information technology, medical career, CAD/CAM, and culinary arts post-secondary schools in the southeastern U.S.

■ **Empire acquires Learning Institute for Beauty Sciences ("LIBS")**

December 5, 2004 - **Empire Education Group** acquired **Learning Institute for Beauty Sciences (LIBS)** for an undisclosed amount. Empire partnered with **Key Principal Partners** to purchase the cosmetology training school. LIBS operates three locations in metropolitan New York and two campuses in Boston, Massachusetts.

■ **TA Associates acquires Florida Career College**

November 18, 2004 - **Florida Career College** announced that **TA Associates** and the management of the institution have acquired the college through FCC Holding Inc. in a recapitalization transaction valued at \$53 million. The recapitalization will support management's continued strategy to expand into new educational programs and new campus locations. TA Associates and management will also seek to make complementary acquisitions on an opportunistic basis. Florida Career College provides training and testing services in the fields of allied health and information technology.

■ **Lincoln Educational acquires New England Technical Institute ("NETI")**

November 5, 2004 - **Lincoln Educational Services Corp.**, has acquired **NETI**, a provider of technical educational programs and institute offers nursing, culinary arts, technology, computer and electronics, automotive and information technology courses. This acquisition brings Lincoln's total number of campuses to 32 in 15 states and significantly expands its Northeastern footprint.

■ **Education Affiliates ("EA") acquires Marco Group**

November 4, 2004 - **EA** announced that it has acquired **Marco Group** for \$52 million. EA is a new platform company created by **JLL Partners Inc.** to acquire for-profit post-secondary schools. JLL provided the entire purchase consideration of \$52 million. JLL has earmarked up to \$100 million of equity funding for its buildout. Marco Group acquires and operates vocational and professional training schools. Its schools include Technical Career Institute; Allied Medical and Technical Careers; All State Career; Boecker's Business College; National Institute of Technology; and Florida Career Institute.

Strategic and Financial acquisition activity in 2004 has set the stage for a strong M&A market in 2005. With heightened competitive pressures, acquirers are active in the market, building qualified transaction pipelines.

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Kaplan has demonstrated a commitment to an aggressive acquisition strategy. By providing a broad range of educational offerings, from Insurance to Electronics, Kaplan is making steps to be a leader in PSE.

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■ **Brightstar Education Acquires the Institute of Technology**

October 18, 2004 - Arlington Capital Partners' new platform company **BrightStar Education Group** acquired the **Institute of Technology**. Arlington Capital Partners has committed \$50 million of equity capital towards its BrightStar post-secondary education consolidation effort.

■ **Laureate Education acquires Walden University**

September 16, 2004 - **Laureate Education, Inc.** announced that it has acquired the remaining 49% interest in **Walden University** for gross proceeds of \$108 million from Walden's minority shareholders. Walden University offers correspondence courses for graduate-level students. Its curriculum offers Ph.D. and other graduate-level, regionally accredited degree programs in management, education, and the social and behavioral sciences. Its affiliate Walden Institute also offers online graduate level courses.

■ **Kaplan acquires Southern Nevada School of Real Estate ("Southern")**

August 3, 2004 - **Kaplan Professional** announced that it has acquired **Southern**. The terms of the transaction were not disclosed. The company will become part of Kaplan Professional Schools, which provides real estate, insurance, securities, home inspection, appraisal licensing and continuing education programs. Southern is will expand Kaplan's curriculum in the areas of real estate licensing and continuing education services. Within these disciplines, Southern also offers online courses, live classes, and correspondence courses.

■ **Kaplan Professional acquires Insurance Systems of Tennessee ("IST")**

August 2, 2004 - **Kaplan Professional** entered into an agreement to acquire **IST**. The terms of the deal were not disclosed. Insurance Systems Of Tennessee, Inc. provides insurance education services for professionals throughout Tennessee. It offers insurance pre-licensing classes, securities licensing education, and continuing education services.

■ **Kaplan Professional acquires Insurance Achievement Inc. ("IAI")**

July 7, 2004 - **Insurance Achievement Inc.** and **Kaplan Professional** entered into an agreement whereby Kaplan Professional acquired IAI. The terms of the transaction were not disclosed. The company will become part of Dearborn Financial Services, a Kaplan Professional company. IAI offers professional development training programs and courses. The company's courses include Certified Financial Planner (CFP), ChFC (Chartered Financial Consultant), Chartered Life Underwriter (CLU), Registered Employee Benefits Consultant (REBC), and Associate in Risk Management (ARM).

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Transactions like Empire's acquisition of LIBS and Regis' acquisition of Blaine are a sign of more cosmetology transactions. We believe that 2005 will witness several major cosmetology transactions.

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■ **Corinthian Colleges, Inc. acquires A.M.I., Inc. ("AMI")**

June 18, 2004 - Corinthian Colleges, Inc. announced that it has signed a definitive agreement to acquire substantially all of the assets of **AMI** and its one campus. The purchase price was approximately \$11 million which included the assumption of approximately \$460,000 in mortgage debt. Corinthian expects to fund the acquisition with available cash and borrowings through its previously announced \$235 million credit facility. Upon completion of the acquisition, AMI will be integrated into Corinthian's Titan Schools, Inc. (TSI) technical division. AMI provides diploma programs for motorcycles, marine, and personal watercraft technicians.

■ **Kaplan acquires Total Technical Institute ("TTI")**

June 4, 2004 - Kaplan, Inc. acquired **TTI** for an undisclosed amount. TTI provides educational services focusing on technology, electronics, and allied health. The company offers diploma programs in computer and communication electronics, computer numerical control (CNC) technology, medical office specialist, and pharmacy technicians.

■ **Regis acquires Blaine Beauty Schools**

June 1, 2004 - Regis Corporation entered the beauty school business with the acquisition of **Blaine Beauty Career Schools**. The acquisition is expected to add \$13 million in annualized revenue and to add one penny per share to earnings in fiscal year 2005.

■ **Digital Learning acquires SEA College of Business & Technology**

May 6, 2004 - Digital Learning Management Corporation (DLMC) announced that it has completed the acquisition of **SEA College of Business & Technology**, a vocational school located in Orange County, California.

■ **Quad Ventures and Gemini Investors acquire B&H Education ("B&H")**

April 15, 2004 - Quad Ventures and **Gemini Investors** have announced that they have acquired **B&H** for an undisclosed amount. B&H owns and operates the Marinello Schools of Beauty located in California and Nevada. The chain consists of 19 locations offering training in Cosmetology, Hair Design, Esthetics, Manicuring and Teacher Training.

■ **The Riverside Company acquires ATI Enterprises ("ATI")**

April 12, 2004 - The Riverside Company announced that it has acquired **ATI** and its sister company ATI Enterprises of Florida. Exact terms of the deal were not disclosed. ATI operates vocational schools on technical training in automotive, allied health, and information technology.

■ **Kaplan Higher Education acquires Texas School of Business**

February 2, 2004 - Kaplan Higher Education Corporation, a wholly owned subsidiary of Kaplan Inc, announced that it has acquired **Texas School of Business**, a career-oriented postsecondary school providing training in the fields of allied health and business. The acquisition expands the Kaplan Higher Education network to 62 campuses in 15 states.

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INDUSTRY DRIVERS AND MARKET OUTLOOK

The "traditional" 18 - 24 year old, full-time student profile is losing its dominance, falling to less than 25% of all post-secondary students... for-profit vocational schools provide a more flexible education outlet and more direct career path for these "non-traditional" students.



AN EXPANDING POOL OF POTENTIAL STUDENTS

The *National Center for Education Statistics* estimates that the number of high school graduates will increase at a CAGR of roughly 1.5% over the next seven years. The percentage of high school graduates going directly onto college, however, will continue to fall. Capstone believes that these statistics support a socio-educational trend that will have a dramatic impact on the for-profit PSE market. The "traditional" 18-24 year old full-time college student profile is losing its dominance, falling to less than 25% of all post-secondary students. PSE is attracting a more comprehensive blend of young and old learners that span all income brackets and that attend school on a full or part-time basis. For-profit post-secondary vocational institutions provide a more flexible educational outlet and more direct career path for these "non-traditional" students.

This trend coupled with the recognized success of market leaders has made private occupational education increasingly acceptable for students and employers. With demonstrated strong retention, growing placement rates and customer satisfaction (both from employers and students), the segment has proven itself as an attractive and economical alternative to traditional college education.

A WIDENING INCOME GAP BETWEEN EDUCATIONAL LEVELS

Another key factor in the rise in enrollment rates is the growing economic value of post-secondary education. According to the U.S. Census Bureau, the average income in 2000 of degree recipients was \$49,674 – nearly twice the average income of \$26,059 of high school graduates. In addition to enrollment, the cost of college and its growth relative to household income has hampered many students' abilities to afford traditional post-secondary education paths. The College Board estimates that between the 1990 and 2001 academic years, the average amount of tuition increased by approximately 47% at four-year institutions.



INCREASES IN FEDERAL FUNDING

While diminished state and local government coffers are draining higher education expenditures, the federal government continues to increase its spending on the industry. Education has played a vital role in national election campaigns in recent years from both Houses of Congress to the President's Office. President Bush benefited from elevating the education industry to a top priority in his 2000 presidential election platform and has followed up on this position by consistently proposing increased education expenditures

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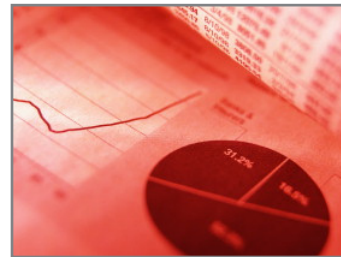
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Capstone believes that the strong upward trend in enrollment in for-profit PSE will continue over the next few years. As a result, we believe larger players will become more aggressive in their acquisition strategies...

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throughout his administration, despite a deepening deficit. Federal spending on education in 2002 reached \$55.8 billion, up from \$34.7 billion in 2000, representing an increase of 57%. The popularity of spending federal dollars on education has been growing for a number of years. Since 1995, federal education expenditures have climbed at an average rate of 7%. The College Board estimates that total student aid from federal, state and institutional sources grew 7.1% in the 2000–2001 school year to reach \$74 billion, double the amount of aid that was available a decade ago.



ECONOMIC TRENDS

Through the past three decades, post-secondary education enrollments have followed a general upward trend at a CAGR of roughly 2.0%. However, during periods of sharp economic expansion where the unemployment rate dropped considerably, enrollment growth tended to plateau at a one to two year lag.

During the economic boom of the 1990's unemployment dropped from a high of 7.5% in 1992 to 4.0% in 2000 while post-secondary enrollments grew at a slow and inconsistent rate. Since 2000, the unemployment rate has increased from 4.0% to 6.0% in 2002. Given the time it takes for workers to adjust to unemployment and struggle with career goals, the real effect of unemployment on enrollments has yet to materialize.

Therefore, Capstone believes that the strong upward trend in enrollment in for-profit PSE will continue over the next few years. As a result, we believe larger players will become more aggressive in their acquisition strategies, as the race for geographic footprint and programmatic expansion continues. As stated before, we see the information technology, allied health, cosmetology, esthetics, culinary arts, and allied trades segments as the areas with the most activity.

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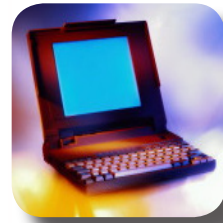
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HIGHLIGHTED INDUSTRY SEGMENTS

Capstone has identified several industry sub-segments that will see consistent M&A activity in 2005 and well into 2006. We see exponential growth in the information technology, allied health, cosmetology, esthetics, culinary arts, and allied trades segments and expect leading, public players to be aggressive in their acquisition strategies to achieve market leadership.



INFORMATION TECHNOLOGY

Information Technology is comprised of computer engineering and programming, network and computer maintenance and management, as well as web page and computer aided design. Our overall growth thesis is that constant technological disruption, evolution and expansion makes IT training an increasingly attractive market.

GROWTH TRENDS AND DRIVERS

Capstone sees the IT training market expanding rapidly. Competitive pressures continue to drive businesses to improve technological efficiencies. Organizations will need more IT specialists to implement changes and enhance business performance. Increasing system and data integration issues and security regulatory requirements will also drive the need for IT specialists.

Employment trends indicate that computer support specialists, software engineers, and programmers are projected to be today's most appealing jobs and are expected to be some of the fastest growing occupations through 2012. Job seekers selecting or changing careers see constant demand for computer skills. Every function an employee carries out changes rapidly due to the steady barrage of new concepts and ideas which typically requires computer usage.

M&A OUTLOOK

As IT continues to expand into new areas and new categories, education and certification needs will continue to grow. Companies with a broad array of IT educational offerings will receive attention from industry leaders. Almost 40% of the last two years' PSE transactions have had an IT training and education component. We expect continued activity that will result in several transactions in the second half of 2005.



ALLIED HEALTH

The Allied Health sub-segment is a broad category that includes: dental assistance, dental hygiene, medical billing, medical transcription, pharmacy assistance, radiology, respiration therapy, physical therapy, sonography, surgical assistance and veterinary assistance. Rapid technological advances and an aging population continue to drive job growth in many of these areas.

Almost 40% of the last two years' PSE transactions have had an IT training and education component. We expect continued activity that will result in significant transactions the second half of 2005.

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In an effort to capture market share in this high growth environment, companies like Regis, Quad and Empire will likely be extremely aggressive in pursuing quality cosmetology schools that diversify their geographic footprint. Capstone believes that the acquisitions landscape in this area will be fierce in Q3 and

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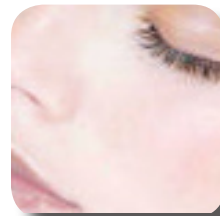
GROWTH TRENDS AND DRIVERS

Today, hospitals face two main issues: 1) There is a desperate need for workers in most professions within the allied health and general health industry and 2) allied health schools have limited slots in each program and cannot turn out professionals quickly enough. Although there are 2 million people employed as allied health professionals in the United States, the number of students in occupational therapy, physical therapy, respiratory therapy, radiography, nuclear medicine, sonography and speech/language pathology cannot keep pace with the demand.

Further fueling the allied health boom, hospitals, nursing homes, pharmacies and other establishments are seeking to hire people with two or three-year degrees rather than higher-paid professionals. Furthermore, instead of paying for therapists, allied health assistants are utilized as a method to gain quality trained professionals at lower costs. For example, in a nursing home, there may be one physical therapist and four assistants, therefore allowing the institution to redirect funds instead of paying for expensive employees.

M&A OUTLOOK

The demand for health care professionals shows no signs of going away. As record levels of applicants continue to apply, larger PSE companies will be looking to increase their presence in allied health. Capstone believes that larger players, such as Concorde and Kaplan, will focus on strategic programmatic expansion to fuel growth. We also believe that financial buyers will be particularly active in the allied health segment.



COSMETOLOGY

The cosmetology segment includes hair styling and care training, barbering, manicure and pedicure training, and skin and facial training. Employment numbers have increased significantly over the past four years to over 1.6 billion employees in cosmetology.

GROWTH TRENDS AND DRIVERS

The cosmetology industry is a job-seekers market. Approximately 56% of salon owners report that they had open positions in 2002. Throughout 2002, these owners filled over 572,000 open positions. Among the open positions, approximately 418,000 (73%) were filled by experienced salon professionals laterally changing positions. The remaining 154,000 positions were filled by inexperienced professionals with less than one year's experience. The demand for cosmetology workers appears to be outweighing supply, as 75% of salon owners reported have difficulty finding qualified personnel to fill open positions.

M&A OUTLOOK

As baby boomers continue to age, the demand for cosmetology professionals will only continue to grow. In an effort to capture market share in this high growth environment, companies like Regis, Quad and Empire will likely be extremely aggressive in pursuing quality cosmetology schools that diversify their geographic footprint. Capstone believes that the acquisitions landscape in this area will be fierce in Q3 and Q4 of 2005.

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The number of spa locations in the U.S. has doubled every four years representing an average CAGR of 20% over the last eight years...as cosmetology experiences a wave of consolidation, we believe that the Spa/Esthetics segment will follow close suit.

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SPA/ESTHETICS

Spa/Esthetics education includes paramedical esthetic, skin care, spa treatment and spa management training. Employment levels are at a record high and will continue to grow at a torrid pace.

GROWTH TRENDS AND DRIVERS

The number of spa locations in the U.S. has doubled every four years representing an average CAGR of 20% over the last eight years. This growth was driven by a number of industry trends including growth in demand for Eastern/Asian influenced spa services, medical healing products and food/plant based treatments. Moreover, many people no longer see the spa as "pampering," but as a requisite to staying healthy. Though the growth rates are already strong, Capstone believes this industry is in the early stages of growth. Increased consumer demand, that translates into high job growth, will focus large, public players' attention on this area.

M&A OUTLOOK

As Cosmetology experiences a wave of consolidation, we believe that the Spa/Esthetics segment will follow close suit. We believe that large, public players have begun evaluating this segment and see long-term investment opportunities. We believe that acquisition activity could begin as early as Q4 2005, but expect more activity in early 2006.



CULINARY ARTS AND HOSPITALITY

The Culinary Arts and Hospitality segment includes nutrition, baking and pastry, catering, food and culture and food service operations training. Demand for culinary graduates in general is robust, across all sectors. Demand is far greater than the supply of workers and the market continues to face the challenge of finding qualified employees.

GROWTH TRENDS AND DRIVERS

The restaurant industry employs 12 million people (or 9% of the US workforce), making it the nation's largest employer outside of the government. The February 2004 Monthly Labor Review reported that food preparation and serving workers is one of the occupations with the largest job growth. With full-service restaurant sales at an all-time high, restaurants struggle to meet their need for trained personnel. Given these industry dynamics, we expect enrollment in culinary training to increase exponentially over the next few years.

M&A OUTLOOK

With 13 consecutive years of restaurant sales growth (reaching \$440 billion in 2004), we see only continued growth in the industry. Of that number, full-service restaurant sales grew faster than any other segment. Given the continued growth and the demand for trained professionals, schools will see significantly increased enrollment rates. We expect larger PSE companies to expand into this segment over the next two years. We believe that near-term consolidation rates will be lower, but expect activity to increase in mid-to-late 2006.

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Post-Secondary Education

As technology continues to infiltrate the trades, higher levels of education will be necessary for these workers not only to understand the trades, but also the apparatus that support them. Though the allied trades segment is in the early stages of development, we believe this area will experience significant growth in the next few years.



ALLIED TRADES

The Allied Trades industry is comprised of construction and precision production, carpentry, construction management, plumbing, welding, collision repair, automotive aviation mechanics, and HVAC. The main challenge in market has been finding qualified technicians. The lack of professionals continues to push the need for trade schools and specialized post-secondary educational offerings.

GROWTH TRENDS AND DRIVERS

The multi-billion dollar allied trades industry requires has seen a significant rise in demand over the last four years. Yet, due to a lack of awareness about the high demand for these workers, there are empty seats at many post-secondary career and technical training programs. Although many mechanics and installers learn the trade informally on the job, because of the increasing sophistication of heating, air-conditioning, and refrigeration systems, employers prefer to hire those with technical school or apprenticeship training. As technology continues to infiltrate the trades, higher levels of education will be necessary for these workers not only to understand the trades, but also the apparatus that supports them. Though the allied trades segment is in the early stages of development, we believe this area will experience significant growth in the next few years.

M&A OUTLOOK

We believe Corinthian's acquisition of A.M.I is the sign of more acquisitions to come in the allied trades segment. Large, diversified PSE companies will inevitably expand into allied trades. Though the industry is still emerging, we believe that private companies that can grow quickly and profitably will attract the attention of the larger strategic and financial buyers.

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Apollo Group Inc. (NASDAQ:APOL)

The Company has focused the building of its business through the expansion of its University of Phoenix subsidiary.

Key Performance Indicators

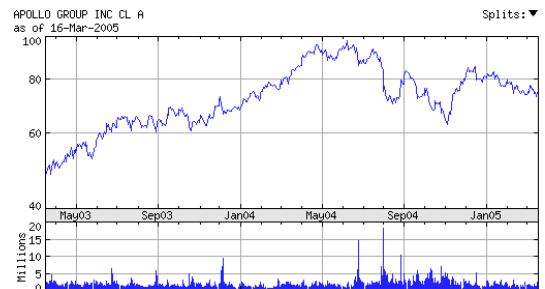
Stock Price:	\$74.00
52-Week Range:	\$62.55 - \$98.01
52-Week % Change:	-11.01%
Shares Outstanding:	184.1M
Market Capitalization:	\$13.6B
Enterprise Value:	\$13.6B
Total Cash:	\$123.7M
Debt:	\$0.0M
Revenue:	\$1.9B
EBITDA:	\$647.6M

Apollo Group, Inc., through its subsidiaries, provides higher education programs for working adults. It offers 19 degree programs in business, criminal justice, education, health, human services, information technology, management, and nursing. The company's subsidiaries include The University of Phoenix, Inc., Institute for Professional Development, The College for Financial Planning Institutes Corporation, and Western International University, Inc. The company, through The University of Phoenix, offers professional education programs, including continuing education for teachers, custom training, environmental training, and programs leading to certification in the areas of business, technology, and nursing. Its Institute for Professional Development provides program development and management consulting services, including degree program design, curriculum development, market research, student recruitment, accounting, and administrative services to regionally accredited private colleges and universities. The company's other subsidiary, The College for Financial Planning, offers the certified financial planner professional education program certification, as well as regionally accredited graduate degree programs in financial planning, financial analysis, and finance.

Position and Strategy

Apollo is the largest private institution of higher education in the U.S., and therefore the largest publicly held, for-profit post-secondary education company. The company is meeting the educational needs of working adults, especially with its online offering. Its recent growth has been strong, including 25% student growth and 31% revenue growth in the last four years. Return on capital is high, and free cash flow is strong even within a period of impressive revenue growth. We believe that its strong historical performance, strong management and high educational standards will continue to drive organic growth. Historically, Apollo has chosen a build versus buy strategy and will focus on the building of its business through the expansion of its University of Phoenix subsidiary. It plans to open up to 9 more locations in 2005.

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	4 20%	5 29%	5 26%	6 32%
Buy	4 20%	3 17%	4 21%	5 26%
Hold	11 55%	8 44%	8 42%	6 32%
Sell	1 5%	1 6%	1 5%	1 5%
Strong Sell	0 0%	1 6%	1 5%	1 5%

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Debt & Equity Capital



Career Education Corp. (NASDAQ:CECO)

Todd Steele, CECO's head of corporate development, indicates that the Company is eager to look at additional acquisition opportunities in the coming months.

Key Performance Indicators

Stock Price:	\$33.22
52-Week Range:	\$26.22 - \$70.91
52-Week % Change:	24.14%
Shares Outstanding:	105.4M
Market Capitalization:	\$3.5B
Enterprise Value:	\$3.2B
Total Cash:	\$348.1M
Debt:	\$23.9M
Revenue:	\$1.7B
EBITDA:	\$346.0M

The company owns and operates over 75 campuses offering private, post-secondary education to some 83,000 students. Located across the US, as well as in Canada, France, the UK, and the United Arab Emirates, CECO schools offer a variety of career-oriented study programs, including visual communication and design (desktop publishing, interior design), culinary arts, information technology, business, and health education. The schools offer associate, bachelor's, master's, and doctoral degrees, as well as certificate programs.

The SEC announced it was opening a formal investigation of Career Education's record keeping in June 2004, and the company said in September that a criminal probe by the Justice Department is also underway. The investigations are focused on allegations that several campuses falsified records to maintain access to federal student loan money, which accounts for about half of the company's revenue.

Position and Strategy

Since 1998, CECO has been actively acquiring a variety of schools across a broad spectrum of curricula and geographies. In 2004, acquisition activity has slowed considerably for CECO in large part due to the SEC/ JD investigations. However,

in 2003 the Company made a number of acquisitions that focused on adding a broader allied health and business curriculum. Additionally, CECO has made another foray into the international market in February 2003 with the addition of INSEEC in Paris, France.

Todd Steele, CECO's head of corporate development, indicates that the Company is eager to look at additional acquisition opportunities in the coming months. Due to the maturation of some of the company's end markets, we believe that CECO will look to broaden its offerings through acquisition.

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	2 11%	3 16%	3 16%	2 11%
Buy	5 26%	4 21%	4 21%	3 17%
Hold	10 53%	8 42%	8 42%	9 50%
Sell	2 11%	3 16%	3 16%	3 17%
Strong Sell	0 0%	1 5%	1 5%	1 6%

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Concorde Career Colleges Inc. (NASDAQ:CCDC)

Concorde will entertain acquisition opportunities across the entire post-secondary education spectrum, but will most likely maintain its discipline in terms of curriculum and geography.

Key Performance Indicators

Stock Price:	\$17.14
52-Week Range:	\$13.30 - \$25.85
52-Week % Change:	-33.33%
Shares Outstanding:	6.0M
Market Capitalization:	\$102.0M
Enterprise Value:	\$79.9M
Total Cash:	\$18.6M
Debt:	\$0.0M
Revenue:	\$81.7M
EBITDA:	\$9.9M

Concorde Career Colleges is a high-quality, fast-growing, PSE company with a strong focus in the allied health education market, one of the most attractive sectors within the for-profit, post-secondary landscape. The company provides vocational training primarily in the healthcare field, including courses in medical and dental assisting, nursing, insurance coding, respiratory therapy, and radiology. Taught in a classroom format, Concorde's programs last from five to 18 months and offer clinical and laboratory experience, as well as externships before graduation. In addition, the company provides short-term courses in areas such as certification test preparation, home health aide, and clinical lab assistant. The company has 12 campuses in seven states with about 5,700 students. CEO Jack Brozman owns about 26% of CCC.

Position and Strategy

The company's strategy is to tailor its offerings to appeal to high school graduates and adults looking for convenient programs to gain entry level jobs in allied health. Jobs in the healthcare sector are projected to grow significantly faster than the economy, with a 25% increase projected between 2000 and 2010. With an exclusive focus on health programs, Concorde provides a

unique opportunity to leverage growth in the sector. Operating only 12 campuses in seven states, Concorde offers tremendous potential for multiple campus expansion for years to come. In June of 2002, Concorde acquired Extended Health Education in Arlington, Texas. This deal is evidence of the Company's consistent focus on the allied health segment and its core geographic area. Jack Brozman has indicated he would like to make additional acquisitions in the area of allied health. Concorde will entertain acquisition opportunities across the entire post-secondary education spectrum, but will most likely maintain its discipline in terms of curriculum and geography. We would not be surprised to see Concorde as an acquisition target for some of the larger players profiled in this report.

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	0 0%	1 33%	1 33%	1 33%
Buy	0 0%	1 33%	1 33%	1 33%
Hold	1 100%	1 33%	1 33%	1 33%
Sell	0 0%	0 0%	0 0%	0 0%
Strong Sell	0 0%	0 0%	0 0%	0 0%

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Corinthian Colleges Inc. (NASDAQ:COCO)

Since 2000, Corinthian has completed 10 transactions and shows signs of continued activity.

Key Performance Indicators

Stock Price:	\$15.94
52-Week Range:	\$9.99 - \$36.19
52-Week % Change:	-46.52%
Shares Outstanding:	94.1M
Market Capitalization:	\$1.5B
Enterprise Value:	\$1.4B
Total Cash:	\$30.9M
Debt:	\$60.0M
Revenue:	\$912.3M
EBITDA:	\$165.0M

One of the largest for-profit, post-secondary education companies in the US, Corinthian Colleges focuses on career-oriented curricula. The company operates about 150 colleges and training centers in the US and Canada. More than 64,000 students are enrolled in the institutions, which include Florida Metropolitan University (FMU), Bryman College, Rhodes College, and the National Institute of Technology. The majority of students are enrolled in associate's degree or diploma programs, but the company's FMU campus also offers bachelor's and master's degrees. Additionally, Corinthian Colleges offers degrees in 12 online programs.

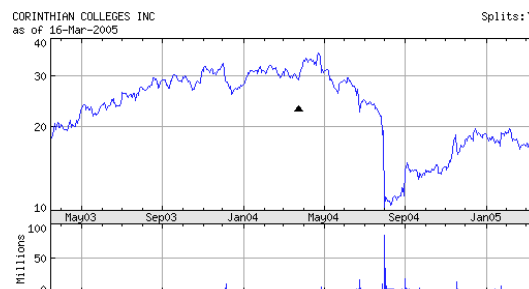
The company's diploma programs, which accounted for 60% of student enrollment in 2004, offer training for entry-level health care, information technology, and automotive technology jobs. The remainder of students enrolled at the company's colleges are in degree programs in areas such as business administration, criminal justice, and court reporting. Corinthian Colleges also operates several training centers that provide ongoing professional education and short-term certificate programs.

Position and Strategy

The company has grown both through increasing enrollment at existing schools and through acquisitions. Since 2000, Corinthian has completed 10 transactions and shows signs of continued activity.

Its August 2003 acquisitions of Career Choices, East Coast Aero Tech, and CDI Education added more than 70 colleges and training centers. Corinthian added A.M.I. International Training Center, a motorcycle and water craft technician training school, to its roster of schools in 2004.

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	4 27%	4 27%	3 18%	3 19%
Buy	2 13%	1 7%	2 13%	2 13%
Hold	8 53%	8 53%	9 56%	9 56%
Sell	1 7%	1 7%	1 7%	1 7%
Strong Sell	0 0%	1 7%	1 7%	1 7%

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DeVry Inc. (NYSE:DV)

DeVry's acquisition activity to date has been concentrated on building a larger presence in the financial professional exam preparation market... We look for DeVry to accomplish necessary diversification through strategic acquisitions.

Key Performance Indicators

Stock Price:	\$18.11
52-Week Range:	\$13.00 - \$32.38
52-Week % Change:	-35.32%
Shares Outstanding:	71.8M
Market Capitalization:	\$1.3B
Enterprise Value:	\$1.3B
Total Cash:	\$132.4M
Debt:	\$190.0M
Revenue:	\$779.5M
EBITDA:	\$122.1M

DeVry University operates 23 campuses that offer undergraduate programs in technology- and business-related fields, as well as seven master's degrees through Keller Graduate School of Management. Several undergraduate and graduate programs are also offered online. Additionally, DeVry owns Ross University, which runs a medical school and a veterinary school in the Caribbean, and it prepares potential accountants and financial analysts for their professional exams through Becker Professional Review programs. Becker operates at 250 locations worldwide.

DeVry University enrolls some 40,000 students in its undergraduate programs each year. Enrollment in these programs, which accounted for 72% of revenue in 2004, declined slightly because of layoffs and other bad financial news at technology firms. Keller Graduate School enrollment grew, however, to more than 10,000 students. The company's student population is generally older than those at traditional colleges; nearly 50% of students are older than 25.

Ross University, which DeVry acquired in 2003, enrolls about 3,300 students annually. Students take academic coursework at the university, then complete their degrees with clinical training at US teaching hospitals and affiliated veterinary colleges.

Position and Strategy

DeVry's acquisition activity to date has been concentrated on building a larger presence in the financial professional exam preparation market. Since 1998, the Company, through its Becker CPA Review subsidiary, has completed four acquisitions. Through these acquisitions Becker has added test preparation programs for the Chartered Financial Analyst exam and Certified Management Accountant exam.

Currently, both DeVry and Ross have stated that programmatic expansion is critical. We look for DeVry to accomplish necessary diversification through strategic acquisitions in the next year.

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	1 6%	1 6%	1 6%	1 6%
Buy	1 0%	1 6%	1 6%	1 6%
Hold	11 61%	11 61%	7 41%	6 35%
Sell	4 22%	4 22%	5 29%	5 29%
Strong Sell	1 6%	1 6%	3 18%	4 24%

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Mergers & Acquisitions
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Education Management Corp. (NASDAQ:EDMC)

EDMC has added to its schools and curriculum through the acquisitions of Argosy Education, American Education Centers (AEC), and four Canadian schools

Key Performance Indicators

Stock Price:	\$28.60
52-Week Range:	\$22.81 - \$36.62
52-Week % Change:	1.41%
Shares Outstanding:	73.4M
Market Capitalization:	\$2.1B
Enterprise Value:	\$2.1B
Total Cash:	\$29.2M
Debt:	\$5.6M
Revenue:	\$940.5
EBITDA:	\$208.3M

Education Management Corporation (EDMC) operates about 65 schools across North America, which offer certifications as well as associate through doctoral degrees in fields such as graphic design, health sciences, and Web site administration. EDMC's education institutions boast a total student enrollment of nearly 60,000. The company's 31 Art Institutes offer degrees and diplomas in creative fields such as media arts, design, culinary arts, and fashion. The Company delivers education to students through traditional classroom settings, as well as through online instruction. The company primarily offers academic programs through four educational institutions:

1) The Art Institutes offer programs in the media arts, design, fashion, and culinary arts. In addition to the physical campuses, The Art Institute online offers a suite of bachelor's, associate's, and diploma degree programs in the creative fields.

2) Argosy University offers doctoral and master's programs in clinical psychology, counseling, and education. Argosy also offers doctoral, master's, and bachelor's degree programs in business administration; bachelor's degrees in psychology; and associate's degree programs in various health sciences fields.

3) South University offers undergraduate and graduate degree programs in business, legal

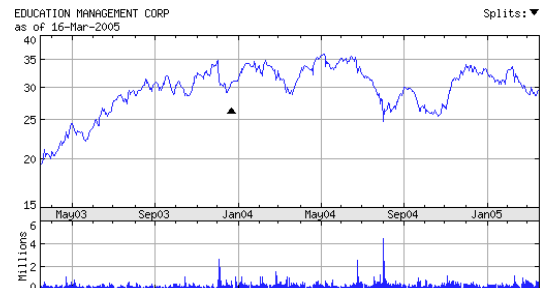
studies, information technology, and health sciences fields.

4) American Education Centers offer bachelor's and associate's degree programs in health sciences, business, information technology, legal studies, and design technologies. As of June 30, 2004, the company had 67 primary campus locations in 24 states and 2 Canadian provinces. EDMC was organized as a Pennsylvania corporation in 1962 and is headquartered in Pittsburgh, Pennsylvania.

Position and Strategy

EDMC has added to its schools and curriculum through the acquisitions of Argosy Education, American Education Centers (AEC), and four Canadian schools. It announced plans in 2004 to rebrand its 18 AEC schools as Brown Mackie College; it anticipates opening four new Brown Mackie locations in 2005. In the near term, we expect EDMC to focus on organic growth and do not expect their growth strategy to be acquisition-centric.

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	8 53%	7 50%	5 39%	5 39%
Buy	4 27%	3 21%	3 23%	3 23%
Hold	3 20%	3 21%	4 31%	4 31%
Sell	0 0%	1 8%	1 8%	1 8%
Strong Sell	0 0%	0 0%	0 0%	0 0%

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Mergers & Acquisitions
Debt & Equity Capital



ITT Educational Services Inc. (NYSE:ESI)

ITT has opted to build its business through the addition of new schools rather than through acquisition.

Key Performance Indicators

Stock Price:	\$47.80
52-Week Range:	\$27.83 - \$51.26
52-Week % Change:	63.77%
Shares Outstanding:	46.0M
Market Capitalization:	\$2.2B
Enterprise Value:	\$1.9B
Total Cash:	\$131.3M
Debt:	\$0.0M
Revenue:	\$617.8M
EBITDA:	\$162.9M

The largest US provider of technical education, ITT Educational Services offers mainly associate's and bachelor's degree programs to about 38,000 students through nearly 80 ITT Technical Institutes in 30 states. The company's schools have traditionally offered a range of technology-focused degrees in areas such as computer-aided design, engineering technology, and information technology. However, ITT also offers some business degrees, including a master's of business administration (MBA). Some programs, including the MBA, are offered exclusively online, while students earn other degrees through combinations of classroom and online courses.

ITT has been benefiting from funding cuts at state universities. The combination of rising tuition costs and class shortages at those institutions is making career college a more attractive option for post-secondary education. In response to increasing enrollment rates (enrollment grew by 18% in 2003), ITT is expanding both the number and types of programs it offers. The company typically opens three to four new campuses each year, and its distance learning programs have grown as well, with enrollment in online courses growing from around 850 to around 12,500 between 2003 and 2004.

However, a cloud obscured the company's silver lining in 2004 when both the Department

of Justice and the Securities and Exchange Commission initiated investigations into allegations of record falsification. The DOJ seized documents after conducting raids at several campuses, a move that, in turn, instigated the filing of several stockholder lawsuits against ITT. President and COO Omer Waddles resigned amid the flurry of investigations.

Position and Strategy

Despite its recent issues, growth has been strong, with enrollment growing 10.8% in the first quarter alone of 2005. ITT is pursuing its growth strategy by building its business through the addition of new schools rather than through acquisition. Each year the Company adds between three and four campus locations and plans to do so for 2005.

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	1 9%	1 8%	1 8%	1 8%
Buy	1 9%	1 8%	1 8%	1 8%
Hold	9 82%	9 69%	9 69%	9 69%
Sell	0 0%	1 8%	1 8%	1 8%
Strong Sell	0 0%	1 8%	1 8%	1 8%

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Laureate Education Inc. (NASDAQ:LAUR)

Strong profits have allowed the company to expand its operations aggressively. In 2004 Laureate added two new college campuses in Mexico, and the company also expanded its Switzerland-based Les Roches hospitality school to the US, licensing Chicago-area school Kendall College to offer the program.

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Key Performance Indicators

Stock Price:	\$43.46
52-Week Range:	\$29.09 - \$48.02
52-Week % Change:	41.01%
Shares Outstanding:	48.3M
Market Capitalization:	\$2.1B
Enterprise Value:	\$2.1B
Total Cash:	\$90.8M
Debt:	\$104.6M
Revenue:	\$591.4
EBITDA:	\$120.3M

Laureate Education, formerly Sylvan Learning Systems, provides adult career education through online and campus-based programs in the Americas and Europe. Laureate's educational institutions offer bachelor's, master's, and doctoral degrees to a combined enrollment of more than 130,000. Students can earn degrees in areas such as business, education, hospitality management, law, and medicine. Its online courses are geared to working adults in the US, while its campuses are mostly in Europe and Latin America. Laureate's Canter unit provides professional development and training programs for teachers.

In 2003 Laureate (then Sylvan) sold its K-12 education units to Educate, Inc. in order to focus on post-secondary education. The company also dissolved Sylvan Ventures, which invested in firms focused on emerging education and training technologies. Laureate is establishing a collection of private universities around the world.

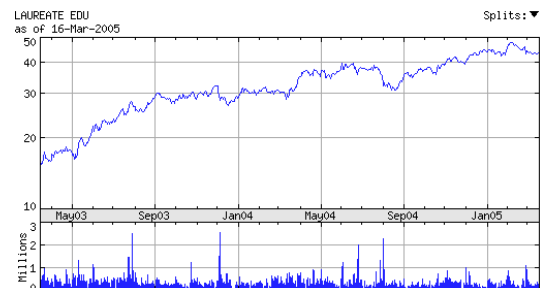
Strong profits have allowed the company to expand its operations aggressively. In 2004 Laureate added two new college campuses in Mexico, and the company also expanded its Switzerland-based Les Roches hospitality school to the US, licensing Chicago-area school Kendall College to offer the program.

Position and Strategy

The Company pursued an aggressive acquisition strategy during 2004. Laureate completed five transactions during the year and continued to build its international presence. It acquired majority stakes in a Peruvian college and in the French engineering school Ecole Centrale d'Electronique.

In addition to its activity over the most recent year, Laureate has demonstrated its commitment to the international sector through the purchase of three schools outside the United States since 2002. We expect more activity from Laureate in 2005 and early 2006.

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	4 36%	4 33%	4 33%	4 33%
Buy	2 18%	2 18%	3 25%	3 25%
Hold	4 36%	5 46%	5 42%	5 42%
Sell	1 9%	0 0%	0 0%	0 0%
Strong Sell	0 0%	0 0%	0 0%	0 0%



Regis Corporation (NYSE:RGS)

In 2004 it completed the acquisition of Blaine and announced its entrance in the post-secondary education market. Regis is committed to building a \$100 million cosmetology training business.

Key Performance Indicators

Stock Price:	\$40.20
52-Week Range:	\$38.36 - \$46.88
52-Week % Change:	-7.86%
Shares Outstanding:	44.8M
Market Capitalization:	\$1.8B
Enterprise Value:	\$1.8B
Total Cash:	\$118.3M
Debt:	\$519.7M
Revenue:	\$2.0B
EBITDA:	\$261.3M

Regis is the world's largest operator of hair salons, with about 10,300 owned or franchised salons (primarily in the US), some 10 schools, and nearly 90 hair loss centers. Formats range from mall-based to Wal-Mart-based. Names include Regis Salons, Trade Secret, and SmartStyle. Regis also runs a variety of store formats in strip malls, including more than 1,700 Supercuts and nearly 800 Cost Cutters salons. It has more than 2,000 locations in France, Italy, Spain, and the UK.

Hair products, sold under its own label and other brands, account for about 28% of sales. Despite its size, Regis still commands only a small percentage of the highly fractured US market. It has been sweeping up market share through acquisitions both internationally and in the US (more than 250 deals since the early 1990s have added more than 8,700 salons). Regis is the largest salon franchisor in Europe after acquisitions in 2002 that included Jean Louis David (nearly 1,200 salons).

In December 2004, Regis acquired Hair Club for Men and Women a wholly-owned subsidiary for \$210 million in cash. Regis projects that Hair Club, a leader in the hair loss industry, will bring some \$115 million in revenue to the company for fiscal year 2006.

Position and Strategy

Regis has been an active buyer in the beauty category. Over the last few years it has built a substantial salon business through acquisition. In 2004 it completed the acquisition of Blaine and announced its entrance in the post-secondary education market. Regis is committed to building a \$100 million cosmetology training business and we expect them to be active in this arena throughout the year.

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	1 14%	1 14%	1 14%	2 29%
Buy	2 29%	1 14%	1 14%	2 29%
Hold	4 57%	4 57%	4 57%	2 29%
Sell	0 0%	1 14%	1 14%	1 14%
Strong Sell	0 0%	0 0%	0 0%	0 0%

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Mergers & Acquisitions
Debt & Equity Capital



Strayer Education Inc. (NASDAQ:STRA)

Over the past four years, management has executed an excellent growth strategy. We expect organic growth to continue, but look for a more diverse growth strategy to emerge, including acquisitions.

Capstone Partners LLC

Mergers & Acquisitions
Debt & Equity Capital

Key Performance Indicators

Stock Price:	\$104.65
52-Week Range:	\$83.52 - \$129.78
52-Week % Change:	-6.74%
Shares Outstanding:	14.3M
Market Capitalization:	\$1.5B
Enterprise Value:	\$1.5B
Total Cash:	\$97.0M
Debt:	\$0.0M
Revenue:	\$183.2
EBITDA:	\$70.9M

The company's Strayer University has more than 25 campuses in the US. The university serves more than 20,000 students, mostly working adults seeking associate, bachelor, and master degrees in fields such as accounting, business administration, computer information systems, and computer networking. It also offers Internet-based classes through its Strayer Online division. In addition, the firm owns Education Loan Processing, which finances, buys, and services student loans (mostly for the university) and oversees the Strayer Education Loan Program.

The Company through Strayer University, provides undergraduate and graduate degrees in various fields of study. The company's graduate programs include Master of Business Administration, Master of Education, Master of Public Administration, Master of Science, and Executive Graduate certificate programs. Its undergraduate programs include Bachelor of Science, Associate in Arts, Undergraduate Diploma programs, and Undergraduate Certificate programs. The company offers its courses through its 25 campuses in Pennsylvania, Maryland, Washington, Virginia, North Carolina, Tennessee, and worldwide via the Internet through Strayer University Online. The company is headquartered in Arlington, Virginia.

Position and Strategy

Management has pursued a strategy to rollout new schools with high returns on capital. The company has done exactly that, opening 5 campuses in 2004 after opening 5 campuses in 2003, 3 campuses in each of 2002 and 2001, and 1 campus in 2000. The company reiterated plans to open 5 campuses in 2005, two of which are expected to open in Tampa, FL (a new state) in Q2 2005. Over the past four years, management has executed an excellent growth strategy. We expect organic growth to continue, but look for a more diverse growth strategy to emerge, including acquisitions. We believe Strayer will look to leverage its strong currency and balance sheet to continue to build an industry leading PSE company.

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	2 18%	2 18%	2 18%	2 18%
Buy	3 27%	3 27%	3 27%	3 27%
Hold	4 36%	4 36%	4 36%	4 45%
Sell	0 0%	0 0%	0 0%	0 0%
Strong Sell	2 18%	2 18%	2 18%	2 18%



Universal Technical Institute Inc. (NYSE:UTI)

2005, however, could be an interesting year for UTI. With its unique position in the Allied Trades sector and with Wall Street analysts supporting the company's currency, we believe that UTI could take advantage of its position to acquire quality schools that are emerging in the allied trades sector.

Capstone Partners LLC
Mergers & Acquisitions
Debt & Equity Capital

Key Performance Indicators

Stock Price:	\$34.45
52-Week Range:	\$24.26 - \$48.50
52-Week % Change:	-12.41%
Shares Outstanding:	27.9M
Market Capitalization:	\$960.2M
Enterprise Value:	\$914.5M
Total Cash:	\$45.8M
Debt:	\$0.0M
Revenue:	\$269.4M
EBITDA:	\$60.3M

Universal Technical Institute (UTI) is the largest provider of associate degrees, diplomas, and certificate programs in the areas of automotive, diesel, collision repair, motorcycle, and marine, enrolling over 14,000 students. The company provides undergraduate degrees and certificate programs at eight campuses in seven states, including Arizona, California, Florida, Illinois, North Carolina, Pennsylvania, and Texas. A ninth Boston-area campus is slated to open in 2005. UTI also offers advanced manufacturer-branded training for sponsors such as Porsche, Mercedes-Benz, and Ford at 22 additional locations. Undergraduate programs last 12-18 months, and tuition ranges from \$18,000 to \$34,000.

The Company operates under three distinct brands: Universal Technical Institute (UTI), NASCAR Technical Institute (NTI) and Motorcycle Mechanics Institute (MMI). Management sizes its market share in automotive at approximately 11% for new jobs. NTI was founded in 2002 in partnership with NASCAR and is the only school of its kind in the U.S. MMI was founded in 1973 and has partnerships with all major motorcycle manufacturers, enjoying a market share of 80%.

Position and Strategy

With the exception of the MMI acquisition in 1998, the company has not been acquisitive in the past and has relied for its growth on new campus openings and program transplants. With internal rates of return of 50%+ on new campuses, this option has always been more appealing to the company than acquisitions. Management has looked at acquisitions, but has not yet found one that would meet its ROI requirements or strategic objectives.

2005, however, could be an interesting year for UTI. With its unique position in the Allied Trades sector and with Wall Street analysts supporting the company's currency, we believe that UTI could take advantage of quality schools that are emerging in the allied trades sector. We believe that UTI could be a formidable buyer if it desires to expand through acquisition.

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	1 13%	1 11%	1 13%	1 14%
Buy	0 0%	1 11%	1 13%	1 14%
Hold	7 88%	7 78%	6 75%	5 71%
Sell	0 0%	0 0%	0 0%	0 0%
Strong Sell	0 0%	0 0%	0 0%	0 0%



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About Capstone Partners LLC

Capstone Partners LLC is a leading national investment banking advisory firm dedicated to serving the needs of middle-market businesses. With its headquarters in Boston and offices in Menlo Park, the firm maintains transactional and research resources in the technology, business services and specialty products industries.

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ROSS LEARNING LLC

Has recapitalized with

**HURON CAPITAL
PARTNERS**



BLAINE BEAUTY SCHOOLS

Has been acquired by

**REGIS
CORPORATION**
(NYSE: RGS)

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