

Quarterly Industry Update

As of December 31, 2013

Industry: Online Educational Software

Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Online Educational Software industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Since December 31, 2012, the median 52-week share price return of the Online Educational Software industry has increased by 47.0%. In the last quarter, the median price-to-earnings multiple decreased from 73.7x to 63.4x.

Comparable Public Company Key Statistics

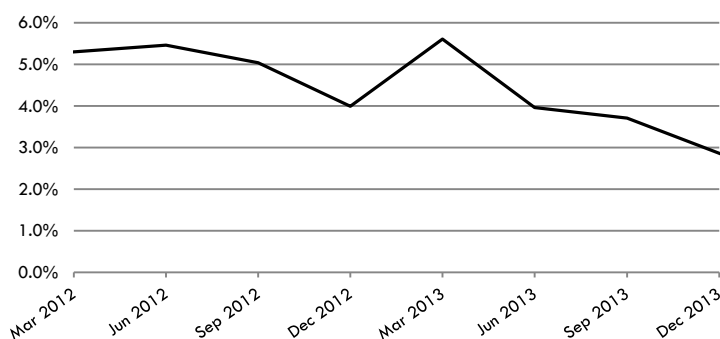
Median 52-Week Return	47.0%	Median EV/Revenue Multiple	2.1x	Median Price/Earnings Multiple	63.4x
Median 3-Year CAGR Return	14.0%	Median EV/EBITDA Multiple	19.9x	Median EV/Gross CF Multiple	39.1x

Comparable Public Company Market Price Returns (As of December 31, 2013)

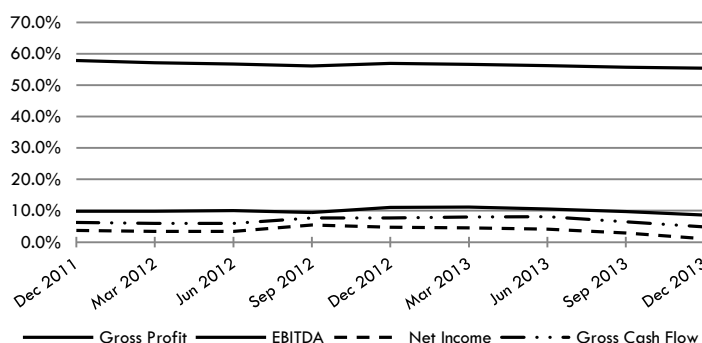
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2012	2011	2010	2009	2008
Constant Contact, Inc.	118.6%	31.2%	118.6%	15.7%	0.1%	18.6%	-38.8%	-25.1%	93.7%	20.8%	-38.4%
Spark Networks, Inc.	-21.0%	-26.0%	-21.0%	27.3%	27.5%	19.1%	105.3%	27.9%	-1.0%	16.7%	-48.4%
Shutterfly, Inc.	70.5%	-8.9%	70.5%	49.6%	13.4%	48.8%	31.2%	-34.8%	95.9%	154.8%	-72.7%
K12, Inc.	6.4%	-29.6%	6.4%	10.1%	-8.8%	3.0%	13.9%	-37.4%	41.4%	8.1%	-27.5%
Healthstream Inc.	34.2%	-13.9%	34.2%	33.0%	59.5%	69.5%	31.8%	129.5%	103.5%	69.5%	-33.4%
eHealth, Inc.	69.2%	44.1%	69.2%	77.8%	48.5%	28.5%	86.9%	3.6%	-13.6%	23.7%	-58.6%
Geeknet, Inc.	12.4%	7.4%	12.4%	3.0%	-10.3%	15.0%	-5.6%	-31.9%	110.3%	32.2%	-63.3%
XO Group Inc.	59.8%	15.0%	59.8%	33.5%	14.6%	12.3%	11.5%	-15.6%	-1.9%	21.0%	-47.8%
Median of Industry Public Companies	47.0%	-0.7%	47.0%	30.1%	14.0%	18.8%	22.6%	-20.3%	67.5%	22.4%	-48.1%

(Multiple year periods are calculated as the average annual return.)

Median Quarterly Revenue Growth of All Online Educational Software Companies



Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



Median Public Company Multiples of the Online Educational Software Industry

Date:	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013
EV/Revenues Multiple	1.2x	1.4x	1.5x	1.7x	1.3x	1.4x	1.7x	2.4x	2.1x
EV/EBITDA Multiple	14.2x	21.2x	15.6x	15.8x	13.7x	13.4x	19.9x	26.5x	19.9x
Price/Earnings Multiple	49.6x	56.1x	48.5x	33.5x	34.7x	34.1x	37.3x	73.7x	63.4x
EV/Gross Cash Flows Multiple	19.2x	27.6x	22.7x	14.7x	13.7x	14.6x	15.8x	35.2x	39.1x

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact Richard Reynolds or Steven Kam at 415-392-0888 for more information or questions in connection with this research report.

The disclosures and limitations of this research on page two are an integral part of this report.

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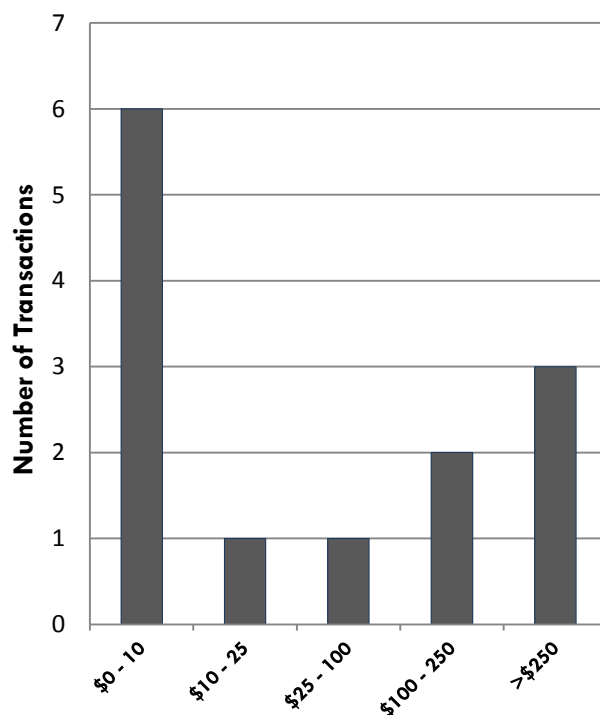
Industry Initial Public Offerings (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
8/4/2010	Ambow Education Holding Ltd.	\$10.00	10.7	\$106.8	\$512.1	\$39.7	\$144.3	\$33.7	\$18.4	N/A
7/14/2010	Smart Technologies Inc.	\$17.00	38.8	\$660.1	\$521.7	\$530.0	\$708.7	\$165.1	\$92.1	\$188.4
5/21/2009	OpenTable, Inc.	\$20.00	3.0	\$60.0	\$54.6	\$0.0	\$58.6	\$5.4	(\$0.6)	N/A
4/15/2009	Rosetta Stone, Inc.	\$18.00	6.3	\$112.5	\$135.3	\$9.9	\$224.1	\$41.1	\$17.5	\$44.9
1/28/2008	ATA, Inc.	\$9.50	4.9	\$46.3	\$23.2	\$0.0	\$21.8	\$2.7	\$1.9	\$2.7
12/12/2007	K12, Inc.	\$18.00	6.0	\$108.0	\$106.2	\$25.9	\$162.2	\$13.8	\$12.0	\$21.8
12/10/2007	ChinaEdu Corporation	\$10.00	6.8	\$68.2	N/A	N/A	N/A	N/A	N/A	N/A
10/2/2007	Constant Contact, Inc.	\$16.00	6.7	\$107.2	\$21.5	\$2.7	\$43.1	(\$6.9)	(\$10.7)	(\$4.5)
10/12/2006	eHealth, Inc.	\$14.00	5.0	\$70.0	\$23.0	\$0.0	\$55.6	\$6.6	\$5.7	\$7.9
9/6/2006	New Oriental Education & Technology Group	\$15.00	7.5	\$112.5	\$142.5	\$13.5	\$109.7	\$24.5	\$16.6	\$24.5
Median of All IPOs		nm	nm	\$106.8	\$38.6	\$6.4	\$57.1	\$4.7	\$0.7	\$21.8

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought
10/31/2013	Xing Wei Institute	ATA, Inc.	\$3.2	100%
12/28/2012	Ancestry.com	Permira Advisers	\$1,609.1	100%
11/1/2012	Efficient Learning Systems Inc.	John Wiley & Sons Inc.	\$24.0	100%
10/25/2012	Deltak edu	John Wiley & Sons	\$220.0	100%
10/25/2012	Open EC Technologies	QHR Technologies	\$4.2	100%
5/17/2012	Archipelago Learning	PLATO Learning	\$365.6	100%
4/2/2012	Falcon Physician Reviews	Becker Professional Education	\$6.0	100%
2/14/2012	DemandTec	International Business	\$486.4	100%
1/25/2012	Rightnow Technologies	Oracle	\$1,762.9	100%
10/19/2011	Renaissance Learning	Permira Advisers	\$485.1	100%
10/14/2011	Element K	SkillSoft Ireland	\$110.0	100%
10/4/2011	Blackboard	Providence Equity Partners	\$1,851.8	100%
6/30/2011	Notehall, Inc.	Chegg, Inc.	\$3.8	100%
9/30/2010	Salary.com	Kenexa	\$82.5	100%
5/26/2010	SkillSoft	Advent International	\$1,205.7	100%
3/31/2010	Les productions Eventia Inc.	Intema Solutions Inc.	\$0.6	100%
3/19/2010	Zaptive Internet Services Pvt.	Educomp Solutions Limited	\$1.1	100%
Median of All Transaction Targets			\$110.0	100%

Size of Merger and Acquisition Transactions (dollars in millions)



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