

Quarterly Industry Update

As of March 31, 2014

Industry: Online Education



Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Online Education 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 March 31, 2013, the median 52-week share price return of the Online Education industry has increased by 54.3%. In the last quarter, the median price-to-earnings multiple increased from 22.7x to 26.2x.

Comparable Public Company Key Statistics

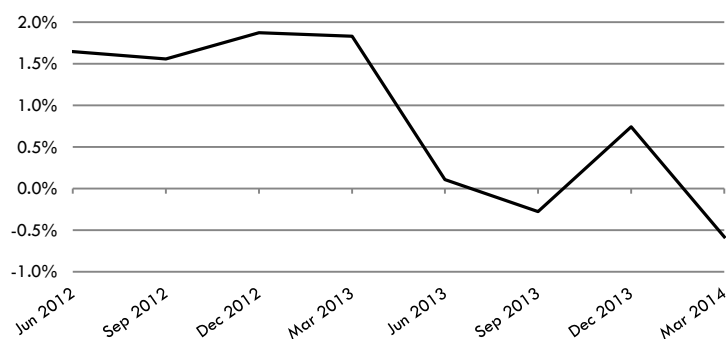
Median 52-Week Return	54.3%	Median EV/Revenue Multiple	1.3x	Median Price/Earnings Multiple	26.2x
Median 3-Year CAGR Return	-4.6%	Median EV/EBITDA Multiple	8.0x	Median EV/Gross CF Multiple	15.2x

Comparable Public Company Market Price Returns (As of March 31, 2014)

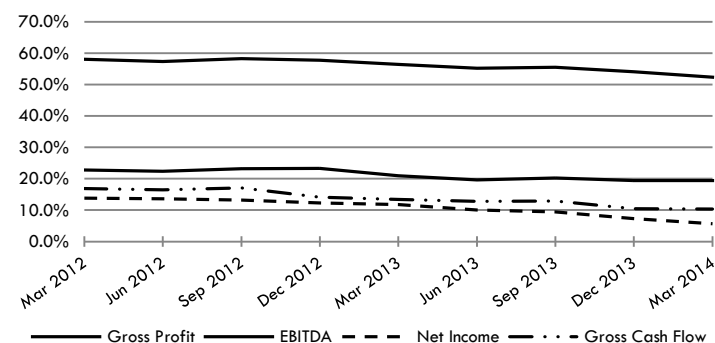
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2012	2011	2010	2009	2008
American Public Education, Inc.	-2.9%	-19.3%	0.5%	-3.9%	-4.6%	-3.6%	-16.5%	16.2%	8.4%	-7.6%	-11.0%
Bridgepoint Education, Inc.	44.6%	-15.9%	45.6%	-22.4%	-4.5%	N/A	-55.2%	21.1%	26.5%	N/A	N/A
Capella Education Co.	123.7%	-5.0%	102.8%	32.5%	8.2%	3.6%	-21.7%	-45.9%	-11.6%	28.1%	-10.2%
Grand Canyon Education, Inc.	99.0%	7.1%	83.9%	62.2%	47.7%	22.0%	47.1%	-18.5%	3.1%	1.2%	N/A
ITT Educational Services Inc.	65.7%	-14.6%	108.1%	-34.1%	-26.5%	-25.1%	-69.6%	-10.7%	-33.6%	1.0%	11.4%
National American University Holdings, Inc.	1.0%	11.1%	-0.3%	-21.4%	-18.1%	N/A	-49.2%	3.3%	-37.5%	N/A	N/A
Strayer Education Inc.	-17.3%	34.7%	-4.0%	-29.8%	-29.1%	-23.7%	-42.2%	-36.2%	-28.4%	-0.9%	25.7%
Lincoln Educational Services Corporation	-32.6%	-24.3%	-35.7%	-31.0%	-38.1%	-27.1%	-29.2%	-49.1%	-28.4%	63.5%	-10.0%
China Distance Education Holdings Limited	356.5%	-3.5%	263.1%	119.3%	66.3%	27.1%	82.0%	-45.8%	-37.4%	60.6%	N/A
New Oriental Education & Technology	51.1%	-6.8%	63.1%	3.4%	5.5%	18.5%	-19.2%	-8.6%	39.2%	37.7%	-31.9%
Median of Industry Public Companies	47.8%	-5.9%	54.3%	-12.7%	-4.6%	0.0%	-25.5%	-14.6%	-20.0%	14.7%	-10.1%

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

Median Quarterly Revenue Growth of All Online Education Companies



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



Median Public Company Multiples of the Online Education Industry

Date:	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014
EV/Revenues Multiple	1.4x	1.1x	0.9x	0.9x	1.1x	1.0x	1.1x	1.2x	1.3x
EV/EBITDA Multiple	6.9x	6.9x	7.0x	6.2x	5.4x	6.0x	5.7x	8.9x	8.0x
Price/Earnings Multiple	14.2x	14.0x	12.8x	14.4x	13.8x	16.1x	18.5x	22.7x	26.2x
EV/Gross Cash Flows Multiple	9.6x	9.7x	9.1x	8.2x	8.0x	9.0x	13.2x	13.7x	15.2x

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 Steven Kam at 415-392-0888 for additional information or questions in connection with this research report.

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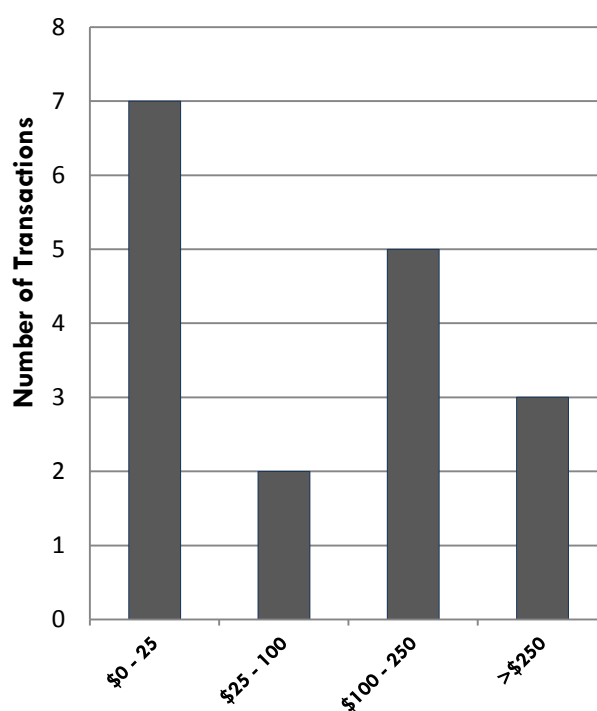
Industry Initial Public Offerings (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
10/1/2009	Education Management Corporation	\$18.00	20.0	\$360.0	nvalid Identifi	nvalid Identifi	nvalid Identifi	nvalid Identifi	(Invalid Identifier)	N/A
4/14/2009	Bridgepoint Education	\$10.50	13.5	\$141.8	\$172.6	\$0.6	\$263.6	\$51.1	\$26.3	\$54.3
11/19/2008	Grand Canyon Education	\$12.00	10.5	\$126.0	\$106.1	\$32.6	\$140.5	\$15.8	\$5.5	\$20.4
7/29/2008	China Distance Education Holdings	\$7.00	8.8	\$61.3	\$28.3	\$0.4	\$14.5	\$4.9	\$4.6	\$4.9
12/10/2007	ChinaEdu Corporation	\$10.00	6.8	\$68.2	N/A	N/A	N/A	N/A	N/A	N/A
11/8/2007	American Public Education	\$20.00	4.7	\$93.8	\$39.2	\$0.0	\$60.8	\$15.0	\$5.8	\$17.7
11/9/2006	Capella Education	\$20.00	4.0	\$80.0	\$120.3	\$0.5	\$171.2	\$22.4	\$10.7	\$30.2
9/6/2006	New Oriental Education & Technology	\$15.00	7.5	\$112.5	\$142.5	\$13.5	\$109.7	\$24.5	\$16.6	\$24.5
6/22/2005	Lincoln Educational Services	\$20.00	4.0	\$80.0	\$156.1	\$42.0	\$272.5	\$35.6	\$12.1	\$46.4
Median of All IPOs		nm	nm	\$93.8	\$120.3	\$0.6	\$140.5	\$22.4	\$10.7	\$24.5

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought
2/28/2014	The Immediate Edge	Raine Ventures LLC	\$1.4	100%
3/5/2014	Sky Software Pty Limited	Tribal Group plc	\$19.1	100%
2/1/2014	Study English In Canada, Inc.	Loyalist Group Limited	\$4.7	100%
1/20/2014	Help International Corporation	Southern Capital Group;	\$111.3	100%
1/18/2014	Valencian International	Planeta Corporación, S.R.L.	\$5.5	70%
12/20/2013	Open Colleges Pty Ltd	Apollo Global, Inc.	\$144.5	70%
12/10/2013	Ascot College	Acorn Care and Education	\$1.2	100%
7/16/2013	Start Bright	DigiSmart	\$0.7	51%
10/25/2012	Deltak edu	John Wiley & Sons	\$220.0	100%
5/17/2012	Archipelago Learning	PLATO Learning	\$365.6	100%
2/21/2012	WAO Corporation	NA Holdings	\$75.9	100%
12/19/2011	Global Education	Pearson	\$286.0	100%
10/19/2011	Renaissance Learning	Permira Advisers	\$485.1	100%
10/14/2011	Element K Corporation	SkillsSoft Ireland	\$110.0	100%
10/6/2011	Class.com	Cambium Education	\$4.5	100%
10/4/2011	Ufi Limited	LDC	\$61.7	100%
6/10/2011	Education Development	Pearson	\$182.9	100%
Median of All Transaction Targets			\$75.9	100%

Size of Merger and Acquisition Transactions (dollars in millions)



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