

MERGERS AND ACQUISITION ACTIVITY IN

POST-SECONDARY EDUCATION

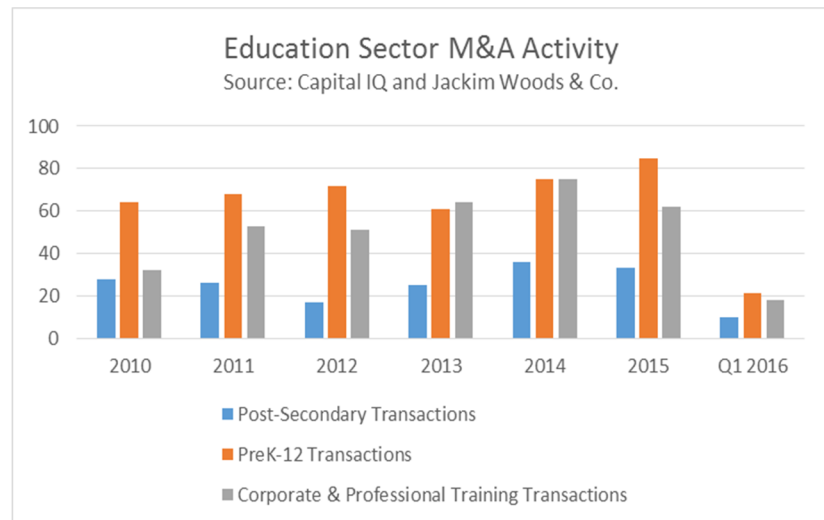
Merger and acquisition activity in the Post-secondary Education sector can be divided into two camps with non-Title IV schools and short course programs driving most of the activity. While there is a market for Title IV schools, valuations are down from their highs in 2007. That said, we are still seeing strong demand and good valuations for Title IV schools with allied healthcare, skilled trades, nursing and IT programs.

M&A activity is largely driven by strategic acquirers looking to expand and diversify their course offerings and expand into new geographic markets. In addition, many buyers are attracted to the significant value proposition Title IV schools currently offer, despite the uncertainty and regulatory environment. We believe the post-secondary education sector will continue to experience a challenges until the gainful employment results are published and uncertainty is reduced. We believe the long-term outlook for the post-secondary sector is good given that demand for skilled workers is increasing. Labor market experts estimate that as much as 47% of all new job openings from 2016 to 2026 will fall into the technical and vocational skills category. Experts all agree that training for these skilled based careers cannot be met by the community college system. As a result, advanced education programs will continue to be crucial as the US economy becomes more service and information-based.

One of the hottest areas in the post-secondary sector is schools that provide healthcare related education and training. Healthcare jobs are expected to grow faster than any other industry — roughly 22%, or 3.2 million new jobs by 2020. In addition, the highly regulated accreditation process and licensing process for healthcare schools creates significant barriers to entry which is a strong incentive for companies to buy existing schools rather than start new ones.

Another hot area in the post-secondary sector is schools that train students for current and future jobs in the Science, Technology, Engineering and Math (STEM) fields. Employers are scrambling to fill vacancies in the technology field and to meet demand there has been an explosion of new education institutions focused on information technology, coding, systems design and security, and related programs. These schools have also been experimenting with new instruction modalities, like coding boot camps and short course certifications, which have proven to be very effective.

Title IV schools with diverse sources of revenue are also attractive acquisition targets. Schools with comprehensive solutions to the 90/10 issue, like 90/10 rates below 70%, significant non-Title IV programs, corporate reimbursement arrangements, corporate training programs, and continuing education or licensing programs are in strong demand and often command a premium in the market. In addition, schools that provide compelling employment opportunities to their graduates (like schools focused on allied healthcare, skilled trades and technology) will be unaffected by the new gainful employment regulations will also command premiums from buyers.



Outlook

We expect M&A activity in the post-secondary education sector to continue to be strong due to the growing demand for skilled professionals, especially in the healthcare and IT fields and the increased focus on the importance of post-secondary education in providing job security and higher incomes for graduates.

Post-Secondary M&A Transactions

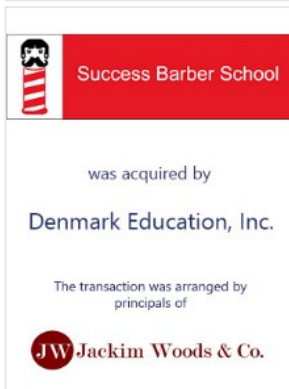
Date	Seller	Buyer	Seller Description
1/2016	New York Code and Design	Strayer Education	Provides web and mobile design and development classes.
1/2016	Roberts and Company	Macmillan Learning	Publishes college textbooks, interactive media and original monographs.
12/2015	Philadelphia University	Thomas Jefferson University	Provides more than 40 undergraduate and graduate degree programs.
12/2015	Ibmec Educacional	DeVry	Provides graduation programs including certification programs in business administration.
12/2015	Next University	Open English	Provides online Web developer courses.
12/2015	BlueCanary Data & Analytics	Blackboard	Provides higher education data and analytics solutions.
11/2015	HotChalk	Bertelsmann	Provides solutions to educational institutions to put their degree programs online.
9/2015	Mobile Makers Academy	Hack Reactor	Provides teaching and training services to build iPhone applications.
8/2015	Neumont University	Caltius Equity	Operates as a for-profit university headquartered in Utah that focuses on computer science.
8/2015	Missouri College	Weston Education Group	Provides associate degree and diploma programs in the disciplines of healthcare, business and technology.
6/2015	Berklee College of Music	Boston Conservatory	Provides undergraduate degree and diploma courses in music.
5/2015	Union Graduate College	Clarkson University	Provides master degree programs in business management and healthcare management.
5/2015	IntelliTec Medical	IBMC College	Provides certificate and associate degree programs in the area of healthcare education.
3/2015	West Palm Beach Campus	Keiser University	Operates as the university campus of Northwood University.
2/2015	Alliant University	Arist Education System	Provides undergraduate bachelor's programs and graduate degree programs in professional courses.
2/2015	Hamline Law School	William Mitchell College of Law	Provides legal education and practical training.
2/2015	Kaplan College Campuses	Education Corp. of America	Comprises 38 college campuses located in the US.
1/2015	AIB College of Business	University of Iowa	Provides 23 Associate of Applied Science degree programs and four Bachelor of Science degrees.
1/2015	Mid-South Community	Arkansas State University	Provides degree programs, technical courses and community educational services.

Completed and In-Process Transactions

The professionals at Jackim Woods & Co have completed many transactions in the education sector and the firm is very active in the post-secondary niche. The following are profiles of Jackim Woods & Co's recently closed transactions and in-process transactions in the post-secondary education sector.



Midwestern Career College is a leading allied healthcare career college with three campuses in Chicago. The school has over 300 students enrolled in six different healthcare programs including Ultra-sound tech, MRI tech, Surgical Tech. With strong 90/10 rates and high placement rates, this school received tremendous interest from strategic and financial buyers alike. The buyer is a specialty private equity group with investments in senior care facilities and rehabilitation centers. The firm's principals had prior education industry experience and understood the potential Midwestern Career College presented.



Success Schools owned and operated Success Barber School, the largest Title IV career school in the Midwest providing classical barber training to over 200 students. The school operated two campuses in Illinois and Indiana. The school was also approved to offer cosmetology and massage programs but had not enrolled any students. We sold this school to a buyer whose principals had extensive for-profit education industry experience. Once of the principals had sold a large multi-campus school on the West Coast several years before and wanted to start again with a school in the Midwest.

Non-Profit Title IV Nursing School in the Midwest

Jackim Woods & Co is in the process of selling a small, extremely well run Title IV nursing school in the Midwest with very successful LPN and RN programs. The school has extremely high licensure pass rates and 100% placement rates for graduates of its program. The school is currently accredited by ACICS but is in the final stages of getting accredited through ABHES. We were able to generate multiple all-cash offers for this school. Our client is in the process of reviewing the offers and negotiating terms.

Title IV Allied Healthcare Career College in the Midwest

Jackim Woods & Co is in the process of selling a medium-size, well run Title IV allied healthcare career college in the Midwest has a very successful LPN program. The school has high licensure pass rates and placement rates. The school is currently accredited by ACICS but is in the final stages of getting accredited through ACEN. We are in the process of marketing this school and in discussions with interested buyers.

About Jackim Woods & Co.



Rich Jackim is the founder of Jackim Woods & Co and head of the firm's education group. He is a former Wall Street lawyer and bulge bracket investment banker. During his career Rich has advised on over 60 transactions with a market value of over \$2 billion. Since 2008 Rich has worked with privately-held, small and mid-sized companies in the education sector. He has written several white papers and articles on education related mergers and acquisitions and has been a speaker at the Education Industry Association's annual summit. He can be reached at (224) 513-5142 or at rjackim@jackimwoods.com.