

## STES e-Learning and Knowledge Technology Outlook

### Recent Events Provide a Roadmap to the Opportunities within the Knowledge Technology Sector

The announcement by the United States Army to spend more than \$550 million over the next five years on distance education in an effort to reverse the current recruiting environment in this robust economy clearly illustrates the benefits of e-Learning. Additionally, the recent agreement by EDS to use \$50 million of DigitalThink's e-Learning solutions internally over the next five years, and to bring \$100 million in new customer contract revenue during the next five years for a 4.5% warrant position in DTHK, shows the value EDS believes Internet-based learning will bring to its extensive customer base. These two announcements alone will account for \$700 million in e-learning expenditures over the next five years. Based on these two announcements, we believe that IDC's current e-Learning market projections of \$11.4 billion by 2003 could prove to be extremely conservative. Recent statements by Federal Reserve Chief, Alan Greenspan further emphasize the growing role of education supporting our economy. The attention of America is on education and technology. Both will continue to provide us with enhanced opportunities, financially and socially.

#### eArmyu.com

Earlier this week the U.S. Army announced a five year, \$550 million commitment to distance learning. The Army's aim is to solve both recruiting and retention problems it has faced in recent years as many of those enlisted and potential enlistees have chosen to pursue an education rather than a military career. In the past, programs such as the GI bill promised to provide funds for education which were to be used after serving time in the armed forces, but this has lost appeal during peaceful times. In other words, soldiers had to defer their educational goals until after serving in the forces. As a result, many of the branches of the armed forces have struggled to recruit new enlistees. With this announcement, the Army intends to create a web-based distance learning program, Army University Access Online, which will leverage the internet as the distribution tool for a whole host of diploma, degree, certificate and technical training programs. Instead of putting school off until after military service is over, the program envisions participants simultaneously being soldiers and students, serving the country while improving their formal education.

Over the next several months the Army will be selecting a group of companies and universities to provide services and products such as support, hardware, connectivity, learning management systems and programs. We believe this announcement by the Army is significant for several reasons. This announcement is a very visible and practical illustration of how the e-learning industry will revolutionize the education process for the Army. We also believe this is probably one of the largest and most visible contract opportunities presented to date in the industry. As a result, we anticipate a host of interested parties will be present at a August 2, Army Industry Day meeting at the Ronald Reagan building in Washington, D.C. This project will also bring quality issues to the forefront, given the scale and reach of this project. The Army believes there will be 15,000 – 20,000 students online by next year, growing possibly into the hundreds of thousands over the next several years. We believe the long-term success of this project will depend on the outcomes produced by the online classes, i.e., are the soldiers able to obtain jobs in their desired fields and are their employers satisfied with their ability to contribute. To help ensure successful outcomes, we believe the choice of a quality learning management system and careful content selection will be crucial in the early stages. We will be watching this project closely during the development

stages over the next several months. ***Although we do not have knowledge that any of the companies we currently cover have been approached by the Army, we do believe that several of the providers are well positioned to play a role in this new development.***

### **EDS/DigitalThink Agreement Exhibits Commitment to Technology-Based Learning**

News of DigitalThink's (DTHK—Not Rated) contract to provide Internet-based learning to EDS also illustrates the momentum building in the knowledge technology sector. The sizeable agreement calls for EDS to bring new customer contracts to DigitalThink over a five-year period. EDS will earn a warrant of 4.5% of DigitalThink's outstanding shares (exercisable at \$29.00) assuming it brings DigitalThink contracts totaling at least \$100 million over the five-year period. Further, EDS has agreed to purchase \$50 million in DigitalThink's learning products and services for its employees over the next five years. This relationship firmly establishes DigitalThink as an eminent force within the knowledge technology sector. The recent purchase of Arista Knowledge Systems, which should bolster the company's technology platform to more effectively compete with other knowledge technology platform providers, comes at a critical time. The acquisition should enhance DigitalThink's position as its bids on future business.

### **Let the Capital Flow**

During the first quarter, capital rushed into a variety of e-learning and education companies as more and more venture investors recognized the enormous opportunities in the \$2 trillion global e-learning market. According to Eduventures, approximately \$1 billion was committed to e-learning companies during the first quarter of 2000, nearing the amount of capital invested during all of 1999. Given the rapid advances in technology, companies are developing a plethora of solutions, from the simple purchase of online courses downloadable to your PC to fully customized interactive learning solutions provided through an ASP. Many colleges and universities, seeing opportunities to capitalize on strong brand name and quality of education, have been eager to partner with next-generation providers or create their own distance learning companies. We believe all of these developments provide a very compelling (and large) backdrop which is gaining more attention by the investment community. Therefore, we anticipate that capital will continue to flow into the education sector over the next several years. In this edition's TechKnow Industry press, a link is provided to a recent article by *Inc.* magazine highlighting many of the trends that have served as our investment thesis for the e-learning marketplace.

### **TechKnow Industry Press**

- **"Today's Tech-Knowledge Economy Provides For-Profit Schools An Edge." *Investor's Business Daily*. July 10, 2000.**
- **"Upstarts: Online Learning." *Inc.* July 1, 2000.**  
[http://www.inc.com/articles/details/0,3532,ART19523\\_CNT53,00.html](http://www.inc.com/articles/details/0,3532,ART19523_CNT53,00.html)
- **"Professors Seek Online Standards." *USA Today*. July 10, 2000.**  
<http://www.usatoday.com/life/cyber/tech/cti205.htm>
- **"Army to Launch Education Program." *Boston Globe*. July 10, 2000.**  
[http://www.boston.com/dailyglobe2/192/nation/Army\\_to\\_launch\\_education\\_program+.shtml](http://www.boston.com/dailyglobe2/192/nation/Army_to_launch_education_program+.shtml)
- **"Greenspan Pushes Education." *The Associated Press*. July 11, 2000.**  
[http://dailynews.yahoo.com/h/ap/20000711/bs/greenspan\\_education\\_2.html](http://dailynews.yahoo.com/h/ap/20000711/bs/greenspan_education_2.html)

### **TechKnow Industry Article**

We have invited Bob Tucker, a higher education industry consultant, to provide some thoughts in a series of articles about the importance of quality and measurement of learning outcomes in the higher education process. We believe one of the keys to long-term success in the proprietary post secondary industry is providing students with a quality education, defined as adequately preparing students with functional and

usable skills upon completion of a particular program. Bob Tucker, Ph.D. is President of InterEd, Inc. a research firm that guides innovation in higher education. He is also President of the Phoenix Institute, an Education Policy Center and Founder and Editor-in-Chief of the journal, *Assessment and Accountability Forum*. With John Sperling (Founder and Chairman of Apollo Group) he wrote the book, *For-Profit Higher Education*.

**“From Mandarin Class to Market Player: The Transformation of Higher Education. Part I: Background,” Robert W. Tucker Ph.D. June 23, 2000.**

Few of us would seek medical counsel from a physician who had stubbornly and successfully resisted scientific and professional progress for his entire career. Yet, each day, we patronize an institution that is dead last in the rate at which it diffuses innovation, and is known to be harsh on those who break ranks with its century-old traditions. Until recently, higher education operated in a protected, more-or-less private environment, adhering to self-imposed standards of quality designed by, and in service of, a professorate that enjoyed privileges not unlike those of the Mandarins. This unflattering description of the traditional institutions of higher education is likely to remain true for some time.

Meanwhile, the new higher education markets are growing so rapidly that the nature and magnitude of the growth are difficult to track, much less comprehend. This growth is driven by a universe of learners who must participate in an economy dominated by a complex, technologically driven knowledge-base the half-life of which is now often measured in months rather than the years or decades as in the recent past. Just-in-time and continuous education are now commonplace; only our perceptions have failed to keep pace.

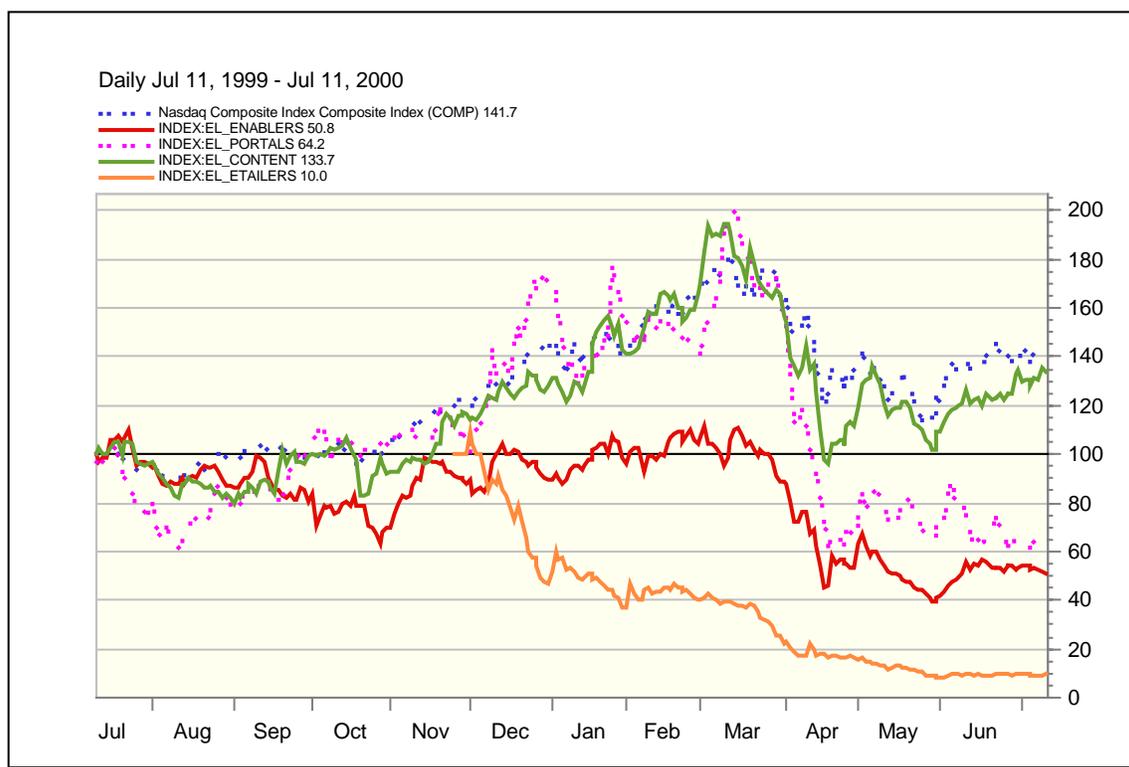
But as rapidly as higher education is moving into the market, this growth and transformation are in their earliest stages of infancy. One indicator of this infancy is the degree to which the education industry is represented in the publicly traded market. Health care represents roughly 15% of the domestic GDP and its market capitalization is also roughly 15% of the total. Education (we’re working on figures for higher education alone) represents 10% of the domestic GDP but its market capitalization is less than 1%. However, this last figure understates the true situation in that it does not reflect the indirect market representation of the education expenditures of publicly traded companies which may spend from 1% to 4% of their revenue on education.

**The New Markets**

Today, more than half of higher education is delivered completely outside the walls of the nation’s traditional colleges and universities. It is delivered by regionally accredited for-profit colleges, nationally accredited career education schools, corporate universities and training departments, independent education companies, content aggregators and brokers, and a variety of options for self-directed learning. All of these provider groups are growing more rapidly than traditional higher education (whose growth is flat after adjusting for the baby-boom echo) and most of them are aggressive in their exploitation of web-mediated online education.

What are the unique, industry-specific issues that will distinguish winners from losers as this massive national industry—second only to health care—migrates to the marketplace? As we see it, there will be only two such issues—only one, if you permit us to redefine one of the issues to incorporate the other. These issues will be *convenience* (how the education is packaged and delivered) and *quality* (how product quality is defined, assessed, managed, and marketed). Ultimately, we think that the “convenience” issue can be subsumed by quality if one includes “suitability to purpose” as an important element in the quality management model. The market battle will take place on a two-dimensional *Price/Quality Grid* where competitors vie to exteriorize their process and outcomes features in the context of a better pricing model. We will take these issues up next in this series.

## e-Learning Public Company Performance

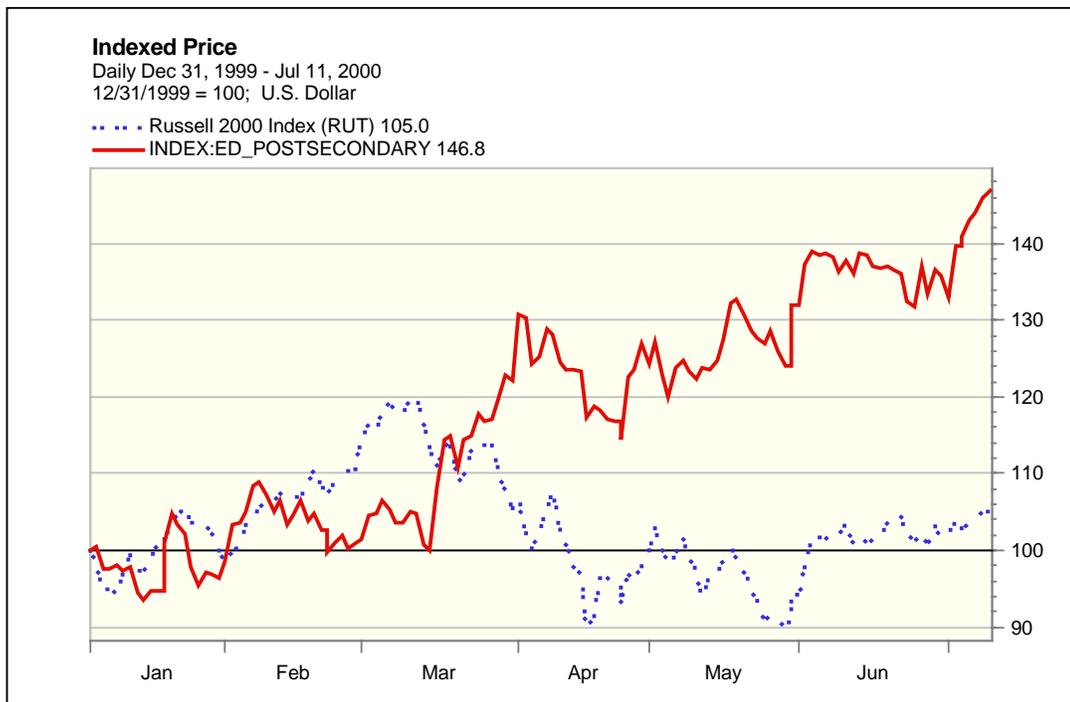


### INDEX PRICE MOMENTUM

	PERCENTAGE PRICE CHANGE				
	1 YEAR	6 MONTH	3 MONTH	1 MONTH	2 WEEK
STES e-Learning Content Index	82.68	18.56	(3.07)	6.06	0.73
STES e-Learning Enabler Index	(2.80)	(2.80)	(19.07)	(4.74)	(1.97)
STES e-Learning Etailers Index	(87.83)	(75.23)	(50.45)	(0.91)	5.83
STES e-Learning Portal Index	(45.94)	(60.51)	(36.49)	(22.95)	(2.96)
STES e-Learning Composite Index	6.14	(13.95)	(13.35)	(1.15)	(0.28)
S&P 500	5.53	2.94	(1.31)	1.64	2.09
Dow Jones Industrials Average	(4.17)	(6.81)	(4.96)	1.07	2.12
NASDAQ Composite	41.65	0.90	(2.45)	2.11	2.53

e-Learning and Knowledge Technology														07/11/00			
Symbol	Co. Name	Sector	Price 07/12/00	Mkt. Cap	52 Week High Low		2001E EPS P/E		IBES Est.	Mkt. Cap	IBES Est.	Mkt. Cap	3-5 Yr Growth Rate	LTM Rev. (\$M)	Fully Diluted Shares	Enterprise Value (\$M)	
	Dow Jones Industrial Average		10,771.40		11,750.30	9,731.80											
	Russell 2000 Index		532.40		614.15	406.33											
	Nasdaq Composite		4,026.00		5,132.50	2,442.20											
<b>Pure Play</b>																	
DTHK	DIGITALTHINK INC	content	\$40.00	1,314.0	\$62.00	\$15.00	-		\$15.1	87.0x	\$26.2	50.2x		7.2	32.9	1,290.7	
INFO	INFONAUTICS CORP -CL A	content	\$4.13	48.2	\$17.38	\$3.75	-		\$16.4	2.9x	\$22.6	2.1x		22.0	11.7	49.2	
POSO	PROSOFTTRAINING.COM INC	content	\$14.00	201.7	\$29.88	\$2.00	0.20	70.0x	\$18.0	11.2x	\$30.6	6.6x	50%	13.0	14.4	199.3	
RVDP	RIVERDEEP GROUP PLC	content	\$19.00	424.1	\$72.50	\$16.00			\$8.0	53.0x	\$24.0	17.7x			22.3	424.1	
SCIL	SCIENTIFIC LEARNING CORP	content	\$16.88	177.0	\$41.00	\$12.00	-		\$25.6	6.9x	\$59.1	3.0x	40%	10.3	10.5	161.3	
SKIL	SKILLSOFT CORP	content	\$13.19	166.0	\$33.50	\$6.56	-		\$16.0	10.4x	\$42.1	3.9x			12.6	165.9	
LTRE	LEARNING TREE INTL INC	content/LSP	\$64.44	1,423.5	\$65.50	\$10.88	1.60	40.3x	\$219.1	6.5x	\$262.9	5.4x			22.1	1,423.5	
SMTF	SMARTFORCE PUB LTD -SP AD	content/LSP	\$48.23	2,821.7	\$60.88	\$14.56	0.28	172.3x	\$157.3	17.9x	\$258.6	10.9x	28%	197.8	58.5	2,752.5	
ZDZ	ZDNET	content	\$12.44	912.9	\$34.56	\$8.88	0.20	62.2x	\$160.1	5.7x	\$212.3	4.3x		87.5	73.4	912.5	
SKDS	SMARTERKIDS.COM INC	e-tailer	\$1.88	36.3	\$17.13	\$1.50	(1.21)	NM	\$9.5	3.8x	\$91.0	0.4x		5.4	19.4	23.1	
VSTY	VARSITYBOOKS.COM INC	e-tailer	\$1.56	24.4	\$13.13	\$0.66	-		\$41.0	0.6x	\$90.5	0.3x			15.6		
IZAP	ZAPME CORP	enabler	\$2.81	101.5	\$13.75	\$1.81	(0.41)	NM	\$36.1	2.8x	\$123.7	0.8x	70%	2.5	36.1	13.1	
CTRA	CENTRA SOFTWARE INC	enabler	\$10.25	249.1	\$40.38	\$5.56	(0.52)	NM	\$18.1	13.8x	\$31.0	8.0x		8.6	24.3	241.9	
CLKS	CLICK2LEARN.COM INC	enabler/LSP	\$18.00	295.5	\$22.94	\$4.31	(0.60)	NM	\$43.0	6.9x	\$60.1	4.9x	45%	37.2	16.4	281.4	
ECLG	ECOLLEGE.COM	enabler	\$4.50	62.4	\$17.50	\$2.63	(1.01)	NM	\$15.1	4.1x	\$38.9	1.6x	38%	4.7	13.9	16.1	
SABA	SABA	enabler	\$18.88	662.3	\$41.00	\$13.25	-		\$16.9	39.2x	\$44.4	14.9x			35.1	662.3	
SCTC	SYSTEMS & COMPUTER TECH	enabler	\$19.19	649.4	\$28.38	\$10.00	0.87	22.1x	\$457.7	1.4x	\$517.3	1.3x			33.8	649.4	
BOUT	ABOUT.COM INC	portal	\$27.97	410.4	\$105.81	\$19.50	(0.67)	NM	\$93.5	4.4x	\$169.6	2.4x	63%	27.0	14.7	336.9	
LSPN	LIGHTSPAN PARTNERSHIP INC	portal	\$6.38	273.0	\$25.38	\$4.88	-		\$41.5	6.6x	\$66.4	4.1x		13.7	42.8	251.6	
LTWO	LEARN2.COM INC	portal	\$2.03	103.6	\$9.50	\$1.59	-		\$50.0	2.1x				21.8	51.0	92.6	
STAD	STUDENT ADVANTAGE INC	portal	\$7.63	270.3	\$29.50	\$2.88	(0.43)	NM	\$44.2	6.1x	\$54.9	4.9x	50%	27.6	35.4	255.0	
AVERAGE				506.1				73.4x		14.0x		7.4x	48%	32.4	28.4	510.1	
AVERAGE EX HIGH AND LOW				409.5				57.5x		10.8x		5.4x	48%	22.0	27.0	413.2	

## Post Secondary Public Company Performance



INDEX PRICE MOMENTUM	PERCENTAGE PRICE CHANGE				
	1 YEAR	6 MONTH	3 MONTH	1 MONTH	2 WEEK
	STES Post Secondary Index	13.24	45.13	25.64	11.90
Russell 2000	15.67	7.54	3.84	1.28	4.26
S&P 500	5.53	2.94	(1.31)	1.64	2.09
Dow Jones Industrials Average	(4.17)	(6.81)	(4.96)	1.07	2.12
NASDAQ Composite	41.65	0.90	(2.45)	2.11	2.53

## SunTrust Equitable Securities -- POST-SECONDARY EDUCATION SECTOR

Company	Symbol	Price	FY 1998		FY 1999 <sup>a</sup>		FY 2000 <sup>a</sup>			FY 2001 <sup>a</sup>			CAL 2000	
			EPS	EPS	% Gr.	P/E	EPS	% Gr.	P/E	EPS	% Gr.	P/E	EPS	P/E
<b>Apollo Group</b>	APOL	\$32.13	\$0.59	\$0.75	27%	42.8x	\$0.90	20%	35.7x	\$1.15	28%	27.9x	\$0.96	33.5x
Argosy Education Group, Inc.	ARGY	\$6.00	\$0.31	\$0.72	132%	8.3x	\$0.59	-18%	10.2x	\$0.67	14%	9.0x	-	-
<b>Career Education Corporation</b>	CECO	\$52.02	\$0.80	\$1.38	73%	37.7x	\$1.90	38%	27.4x	\$2.30	21%	22.6x	\$1.90	27.4x
Concorde Career Colleges, Inc.	CCDC	\$0.63	(\$0.19)	(\$0.08)	-	-	-	-	-	-	-	-	-	-
<b>Corinthian Colleges, Inc.</b>	COCO	\$30.00	\$0.12	\$0.72	500%	41.7x	\$1.42	97%	21.1x	\$1.85	30%	16.2x	\$1.69	17.8x
DeVry, Inc.	DV	\$29.63	\$0.44	\$0.55	25%	53.9x	\$0.68	24%	43.6x	\$0.81	19%	36.6x	\$0.74	40.0x
Education Management	EDMC	\$18.44	\$0.48	\$0.61	27%	30.2x	\$0.76	25%	24.3x	\$0.89	17%	20.7x	\$0.80	23.0x
EduTrek, Inc.	EDUT	\$1.13	\$0.19	(\$0.34)	-279%	-3.3x	\$0.25	NR	4.5x	-	-	-	\$0.25	4.5x
<b>ITT Educational Services, Inc.</b>	ESI	\$18.13	\$0.85	\$0.97	14%	18.7x	\$1.14	18%	15.9x	\$1.37	20%	13.2x	\$1.14	15.9x
<b>Quest Education Corporation</b>	QEDC	\$18.16	\$0.51	\$0.73	43%	24.9x	\$0.92	26%	19.7x	\$1.06	15%	17.1x	\$1.00	18.2x
Strayer Education, Inc.	STRA	\$24.00	\$1.12	\$1.23	10%	19.5x	\$1.39	13%	17.3x	\$1.62	17%	14.8x	\$1.39	17.3x
Whitman Education	VMX	\$1.75	\$0.01	\$0.22	2100%	8.0x	NA	-	-	NA	-	-	-	-
Average					31.3%	30.8x		32.5%	22.0x		20.1%	19.8x	\$1.10	21.9x

Company	Price	52 Week		Avg. Volume	EBITDA Margin			LTM EBITDA	EBITDA Share	EV/ LTM EBITDA	Cur. FY EV/ Cur. EBITDA	Next FY EBITDA	EV/ Next EBITDA	
		High	Low		FY97	FY98	FY99							
<b>Apollo Group</b>	\$32.13	\$33.31	\$17.56	583,576	18.2%	21.6%	22.7%	\$126.2	\$1.66	18.6x	\$ 138.5	16.9x	\$ 171.9	13.6x
Argosy Education Group, Inc.	\$6.00	\$9.00	\$3.53	9,900	15.9%	9.3%	16.0%	\$6.2	\$0.96	4.1x	-	-	-	-
<b>Career Education Corporation</b>	\$52.02	\$54.25	\$21.94	37,224	12.6%	14.7%	16.1%	\$39.7	\$3.80	13.8x	\$ 51.1	10.7x	\$ 66.3	8.3x
Concorde Career Colleges, Inc.	\$0.63	\$1.97	\$0.38	7,019	4.3%	-2.3%	1.6%	\$1.0	\$0.13	5.3x	-	-	-	-
<b>Corinthian Colleges, Inc.</b>	\$30.00	\$29.88	\$13.88	34,803	2.1%	8.0%	12.3%	\$16.4	\$1.57	18.3x	\$ 27.6	10.9x	\$ 36.3	8.3x
DeVry, Inc.	\$29.63	\$31.75	\$15.63	193,581	18.9%	19.9%	19.3%	\$99.9	\$1.43	19.9x	-	-	-	-
Education Management	\$18.44	\$21.13	\$8.63	121,805	17.0%	17.6%	18.6%	\$56.7	\$1.96	9.6x	-	-	-	-
EduTrek, Inc.	\$1.13	\$2.13	\$0.75	76,014	-	-	-	-	-	-	-	-	-	-
<b>ITT Educational Services, Inc.</b>	\$18.13	\$24.00	\$10.75	157,769	13.1%	9.6%	15.1%	\$40.2	\$1.64	9.8x	\$ 56.8	6.9x	\$ 68.4	5.8x
<b>Quest Education Corporation</b>	\$18.16	\$18.19	\$7.25	68,491	11.2%	15.1%	16.5%	\$18.9	\$2.34	8.0x	\$ 21.6	7.0x	-	-
Strayer Education, Inc.	\$24.00	\$32.81	\$12.88	67,461	41.3%	44.3%	42.2%	\$30.6	\$2.00	9.7x	-	-	-	-
Whitman Education	\$1.75	\$5.75	\$1.13	19,043	NM	6.9%	5.5%	\$4.3	\$0.32	5.8x	-	-	-	-
Average								\$40.0	\$1.62	11.2x		10.5x		9.0x

Company	Gr. Rate	FY 2000 PEG	FY 2001 PEG	Shares O/S (mil.)	Mkt. Value	Ent. Value	LTM Mkt. Val./ Rev.	Mkt. Rev.	Book Val. Share	Tang. Book	LTD/ Tot. Cap.	Last FY ROE	Cur. FY Est. ROE	DSO's
Argosy Education Group, Inc.	20.0%	0.5x	0.4x	6.5	\$38.9	\$25.3	\$40.64	1.0x	\$4.03	\$2.98	9.6%	17.9%	-	28.1
<b>Career Education Corporation</b>	30.0%	0.9x	0.8x	10.4	\$542.8	\$548.4	\$241.68	2.2x	\$11.21	\$4.03	29.1%	5.3%	9.6%	23.6
Concorde Career Colleges, Inc.	20.0%	-	-	7.8	\$4.9	\$5.3	\$37.22	0.1x	\$0.67	\$0.62	41.2%	-39.4%	-	113.9
<b>Corinthian Colleges, Inc.</b>	30.0%	0.7x	0.5x	10.4	\$313.1	\$300.2	\$159.46	2.0x	\$5.13	\$3.10	6.0%	12.1%	21.6%	26.1
DeVry, Inc.	21.0%	2.1x	1.7x	69.6	\$2,061.9	\$1,991.3	\$490.39	4.2x	\$3.04	\$1.97	5.8%	22.1%	-	69.0
Education Management	20.0%	1.2x	1.0x	28.9	\$532.8	\$546.7	\$296.23	1.8x	\$3.75	\$2.77	11.9%	19.4%	-	14.5
EduTrek, Inc.	35.0%	0.1x	-	16.9	\$19.0	\$22.5	\$55.58	0.3x	\$1.96	-\$0.27	18.0%	-14.2%	-	19.3
<b>ITT Educational Services, Inc.</b>	20.0%	0.8x	-	24.6	\$445.6	\$394.2	\$317.59	1.4x	\$2.19	\$2.19	0.0%	13.7%	42.2%	16.6
<b>Quest Education Corporation</b>	20.0%	1.0x	0.9x	8.1	\$146.6	\$151.8	\$115.26	1.3x	\$6.06	\$1.74	19.5%	13.6%	14.9%	32.7
Strayer Education, Inc.	20.0%	0.9x	0.7x	15.3	\$367.2	\$296.7	\$71.99	5.1x	\$5.70	\$5.70	0.0%	23.8%	-	83.0
Whitman Education	20.0%	-	-	13.4	\$23.4	\$24.9	\$77.61	0.3x	\$1.59	\$0.87	26.2%	-2.4%	-	123.2
Average	23.4%	1.0x	0.9x		\$578.5	\$554.0	\$204.57	2.0x	\$4.02	\$2.34	13.9%	8.1%	22.9%	50.1

<sup>a</sup>Bold Denotes STES Research Coverage. All other information is First Call consensus.

## Public Company Price Performance

<b>STES Education/e-Learning/Knowledge Technology</b>											
7/11/00											
Ticker		Rating	Price	52 W High	% Off High	1W	1M	%Return		YTD	1Y
								3M	6M		
<b>Stock Market Indices</b>											
COMP	NASDAQ COMPOSITE INDEX		3956.4	5132.5	(22.9)	(0.9)	2.1	(2.5)	0.9	(2.8)	41.7
RUT	RUSSELL 2000		529.7	614.2	(13.7)	1.1	1.3	3.8	7.5	5.0	15.7
DJII	DOW JONES 30 INDUSTRIALS		10727.2	11908.5	(9.9)	1.6	1.1	(5.0)	(6.8)	(6.7)	(4.2)
sp50	S&P 500 COMPOSITE		1480.9	1553.1	(4.7)	0.8	1.6	(1.3)	2.9	0.8	5.5
<b>Post Secondary</b>											
<b>APOL</b>	<b>APOLLO GROUP INC -CL A</b>	<b>B</b>	<b>32.1</b>	<b>33.3</b>	<b>(3.6)</b>	<b>10.1</b>	<b>5.5</b>	<b>19.5</b>	<b>69.1</b>	<b>60.1</b>	<b>26.6</b>
ARGY	ARGOSY ED GROUP INC	NR	6.0	9.0	(33.3)	(12.7)	4.3	10.3	9.1	35.2	(19.3)
<b>CECO</b>	<b>CAREER EDUCATION CORP</b>	<b>B</b>	<b>52.0</b>	<b>54.3</b>	<b>(4.1)</b>	<b>7.4</b>	<b>15.6</b>	<b>40.8</b>	<b>52.4</b>	<b>35.5</b>	<b>60.0</b>
CCDC	CONCORDE CAREER COLLEGES INC	NR	0.5	2.0	(73.0)	(5.6)	(5.6)	(14.3)	(33.6)	(35.2)	(15.0)
<b>COCO</b>	<b>CORINTHIAN COLLEGES INC</b>	<b>SB</b>	<b>30.0</b>	<b>30.1</b>	<b>(0.4)</b>	<b>21.5</b>	<b>27.0</b>	<b>77.8</b>	<b>27.7</b>	<b>25.7</b>	<b>57.9</b>
DV	DEVRY INC	NR	29.6	31.8	(6.7)	2.6	5.1	20.3	66.9	58.0	28.8
EDMC	EDUCATION MANAGEMENT CORP	NR	18.4	21.1	(12.7)	(3.0)	4.6	9.3	39.2	31.7	(10.9)
EDUT	EDUTREK INTL INC -CL A	NR	1.1	5.3	(78.8)	(10.0)	(18.2)	(18.2)	(18.2)	12.5	(77.5)
<b>ESI</b>	<b>ITT EDUCATIONAL SVCS INC</b>	<b>B</b>	<b>17.9</b>	<b>24.0</b>	<b>(25.5)</b>	<b>(1.4)</b>	<b>(6.5)</b>	<b>(11.7)</b>	<b>28.8</b>	<b>15.8</b>	<b>(21.9)</b>
<b>QEDC</b>	<b>QUEST EDUCATION CORP</b>	<b>N</b>	<b>18.2</b>	<b>18.2</b>	<b>(0.2)</b>	<b>0.5</b>	<b>106.0</b>	<b>116.8</b>	<b>121.8</b>	<b>107.5</b>	<b>74.0</b>
STRA	STRAYER EDUCATION INC	NR	24.0	32.8	(26.9)	(1.5)	(4.0)	(2.0)	20.8	21.5	(24.9)
WIX	WHITMAN EDUCATION GROUP INC	NR	1.8	5.8	(69.6)	12.0	16.7	7.7	(26.3)	(36.4)	(69.2)
<b>e-Learning</b>											
<b>Content</b>											
DTHK	DIGITALTHINK INC	NR	40.4	62.0	(34.9)	13.5	56.4	7.3	#N/A	#N/A	#N/A
FATB	FATBRAIN.COM INC	NR	6.3	42.3	(85.2)	(13.4)	(31.5)	(37.9)	(74.6)	(75.1)	(64.2)
INFO	INFONAUTICS CORP -CL A	NR	3.9	17.4	(77.7)	(18.4)	(4.6)	(40.4)	(47.5)	(44.6)	(47.0)
LTWO	LEARN2.COM INC	NR	2.0	9.5	(78.9)	(3.0)	(3.0)	(38.5)	(57.3)	(39.0)	(54.3)
LTRE	LEARNING TREE INTL INC	NR	61.9	65.5	(5.4)	(0.3)	8.1	77.3	140.5	121.2	427.1
<b>POSO</b>	<b>PROSOFTTRAINING.COM INC</b>	<b>SB</b>	<b>13.4</b>	<b>29.9</b>	<b>(55.2)</b>	<b>(16.7)</b>	<b>(4.9)</b>	<b>(4.9)</b>	<b>44.6</b>	<b>28.9</b>	<b>463.2</b>
RVDP	RIVERDEEP GROUP PLC -ADR	NR	18.0	72.5	(75.2)	(7.7)	(3.7)	(47.1)	#N/A	#N/A	#N/A
SCIL	SCIENTIFIC LEARNING CORP	NR	10.9	41.0	(73.5)	(50.8)	(39.2)	(46.6)	(60.8)	(70.2)	#N/A
SKIL	SKILLSOFT CORP	NR	13.5	33.5	(59.7)	(1.8)	51.0	(32.5)	#N/A	#N/A	#N/A
SMTF	SMARTFORCE PUB LTD -SP ADR	NR	48.1	60.9	(20.9)	0.0	(3.8)	11.3	54.0	43.7	120.0
ZDZ	ZDNET	NR	13.1	34.6	(62.0)	37.3	(4.1)	(32.7)	(45.6)	(37.5)	(46.6)
<b>Enablers</b>											
IZAP	ZAPME CORP	NR	3.2	13.8	(76.8)	10.9	10.9	(48.0)	(65.5)	(63.0)	#N/A
<b>CTRA</b>	<b>CENTRA SOFTWARE INC</b>	<b>SB</b>	<b>9.9</b>	<b>40.4</b>	<b>(75.5)</b>	<b>3.3</b>	<b>(10.7)</b>	<b>(31.3)</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>
<b>CLKS</b>	<b>CLICK2LEARN.COM INC</b>	<b>SB</b>	<b>17.9</b>	<b>22.9</b>	<b>(21.8)</b>	<b>(7.4)</b>	<b>20.1</b>	<b>67.8</b>	<b>70.8</b>	<b>61.2</b>	<b>119.1</b>
ECLG	ECOLLEGE.COM	NR	4.6	17.5	(73.9)	(1.4)	17.7	(24.7)	(59.2)	(58.3)	#N/A
SABA	SABA SOFTWARE INC	NR	18.1	41.0	(55.9)	(10.0)	(22.1)	(41.0)	#N/A	#N/A	#N/A
SCTC	SYSTEMS & COMPUTER TECH COR	NR	18.0	28.4	(36.6)	(6.8)	(6.5)	(12.7)	(1.0)	10.8	9.9
<b>Portal</b>											
BOUT	ABOUT.COM INC	NR	26.8	105.8	(74.7)	(7.8)	(35.7)	(43.4)	(59.2)	(70.2)	(37.5)
LSPN	LIGHTSPAN INC	NR	6.8	25.4	(73.4)	14.9	8.0	(47.3)	#N/A	#N/A	#N/A
STAD	STUDENT ADVANTAGE INC	NR	8.6	29.5	(71.0)	20.2	18.1	41.2	(36.6)	(61.4)	(38.6)
<b>e-tailers</b>											
VSTY	VARSITY GROUP INC	NR	1.5	13.1	(88.3)	6.5	(5.8)	(55.5)	#N/A	#N/A	#N/A
SKDS	SMARTERKIDS.COM INC	NR	1.9	17.1	(89.1)	0.0	3.4	(45.5)	(72.7)	(74.1)	#N/A
<b>Knowledge Technology</b>											
EXCA	EXCALIBUR TECHNOLOGIES	NR	37.5	45.4	(17.4)	(1.3)	15.3	17.9	85.8	81.8	219.1
SCTC	SYSTEMS & COMPUTER TECH COR	NR	18.0	28.4	(36.6)	(6.8)	(6.5)	(12.7)	(1.0)	10.8	9.9
MATH	MATHSOFT INC	NR	2.5	8.8	(71.6)	(5.9)	(8.0)	(46.7)	(45.2)	(45.2)	(13.0)
ALSI	ADVANTAGE LEARNING SYS INC	NR	16.9	33.4	(49.4)	8.0	23.9	13.4	25.6	50.8	(29.7)
<b>Educational Publishing</b>											
IDGB	IDG BOOKS WORLDWIDE INC	NR	8.9	21.3	(57.9)	(1.4)	(4.7)	(19.7)	(17.3)	(22.7)	(52.8)
H	HARCOURT GENERAL INC	NR	57.2	58.8	(2.8)	3.4	37.4	57.8	43.6	42.1	35.3
IHI	INFORMATION HLDGS INC	NR	37.0	46.0	(19.6)	1.0	19.8	32.1	48.0	27.3	85.6
SCHL	SCHOLASTIC CORP	NR	60.6	70.8	(14.3)	(0.4)	9.5	29.7	(8.3)	(2.5)	17.1
<b>Other</b>											
<b>BFAM</b>	<b>BRIGHT HORIZONS FAMILY SC</b>	<b>B</b>	<b>23.0</b>	<b>23.3</b>	<b>(1.3)</b>	<b>2.5</b>	<b>26.0</b>	<b>12.2</b>	<b>25.2</b>	<b>22.7</b>	<b>31.9</b>
<b>CTIM</b>	<b>CHILDTIME LEARNING CTRS IF</b>	<b>ALT</b>	<b>7.0</b>	<b>15.3</b>	<b>(54.1)</b>	<b>0.2</b>	<b>0.0</b>	<b>(13.8)</b>	<b>(43.1)</b>	<b>(43.4)</b>	<b>(50.0)</b>
<b>RYOU</b>	<b>RAMSAY YOUTH SERVICES INI</b>	<b>B</b>	<b>1.6</b>	<b>4.9</b>	<b>(66.7)</b>	<b>(14.8)</b>	<b>13.0</b>	<b>(21.2)</b>	<b>8.3</b>	<b>10.6</b>	<b>(66.2)</b>
EDSN	EDISON SCHOOLS INC	NR	22.3	26.5	(16.0)	1.7	(1.1)	6.0	57.5	41.3	#N/A
SLVN	SYLVAN LEARNING SYSTEMS INC	NR	12.9	28.2	(54.3)	(5.5)	(1.0)	(18.6)	(7.6)	(1.0)	(52.6)
NLCI	NOBEL LEARNING CMNTYS INC	NR	9.2	9.5	(3.3)	8.1	22.5	41.3	22.5	26.7	90.9
NLCS	NATIONAL COMPUTER SYS INC	NR	51.6	57.4	(10.0)	5.8	9.0	6.9	44.2	37.2	49.1
NEWH	NEW HORIZONS WORLDWIDE INC	NR	20.4	25.9	(21.3)	(13.3)	16.4	15.6	73.4	71.6	4.5
POVT	PROVANT INC	NR	5.5	26.0	(78.8)	(1.1)	7.3	(24.1)	(72.8)	(78.2)	(67.2)

\*Rating Legend: SB - Strong Buy, B - Buy, ALT - Attractive Long-Term, N - Neutral, S - Sell, NR - Not Rated

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