

e-Learning & Knowledge Technology

Technology & The Internet
Are Changing the Way We Learn



TUTORING • COMMUNITIES • DISTANCE | LEARNING • CONTENT | PROVIDERS

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Technology & the Internet are Changing the Way We Learn

Technological advancements have improved efficiency and productivity of businesses, leading to the longest period of peacetime economic expansion—nearly eight years. The advent of the computer has forever changed our daily lives. Complementing the positive impact of the computer has been the value brought to the table by the Internet. In just over three years, the Internet has dramatically transformed many industries. The first wave of the Internet related to real time communication—the widespread use of e-mail, and was followed by many opportunities for B2C e-commerce. Now many of the opportunities presented by the Internet are beginning to take shape in the B2B marketplace. However significant the impact on the consumer and business markets, we believe that the Internet, as a tool, will have the greatest influence on the process of learning—**e-Learning** will change our lives.

We, as individuals, have a thirst for knowledge, and the Internet is our oasis. Where previously an individual was constrained to a local community (colleges, libraries, newspapers) to acquire knowledge, now the world is a virtual local community. The Internet allows one to access information in real time, where once it would take several days to weeks to obtain the necessary hard copies by mail. We are beginning to see that the Internet provides an individual with the capability to learn anytime and anywhere, and more importantly on an as-needed basis. As technology continues to advance, we expect that the time required for information and knowledge to travel will continue to diminish.

The impact technology and the Internet have on the educational development of children should be enormous. We firmly believe that one of the most useful aspects of the Internet is its ability to enhance the manner in which children learn. This could occur through companies such as ChildU, which offer teachers and students an extensive library of online curricula, or Highwired.com whose web-publishing tools allow teachers and students to create school-specific online communities. Whether it improves the performance of children who have fallen behind the progress of their classmates or helps advanced students remain enthralled in the learning process, the Internet will have a lasting impact on the K-12 marketplace. The use of on-line tutoring to answer student-specific questions, web-based learning modules used in class as a supplement to a teacher's lesson plan, or as a tool to conduct research for a homework assignment are several ways the Internet will positively impact the K-12

learning market. As teachers and parents, it is our duty to supply children with the tools necessary to succeed. With the Internet playing an important role, that success could be well in-hand.

Technology is changing the landscape of the post-secondary marketplace as well. Distance learning programs are increasingly becoming a necessity for both two-and four-year colleges and universities as they strive to meet the changing demands of a student base that works in addition to attending classes. The significant shortage of qualified IT workers is also forcing change on our higher education system. Colleges and universities are realizing this opportunity by offering programs that prepare individuals for certification in various technologies—for example, Cisco, Microsoft, and Novell. The evolution to a working student base and the large demand for certified IT workers has led to substantial growth in post-secondary online learning. We firmly believe that online programs will become an integral part of the higher education system over the next five to ten years, as the technology-savvy student base expands. Companies to watch that target the post-secondary (P2) online learning market include Apollo Group (an established learning service provider), Blackboard.com (a leading platform and knowledge hub company), and Convene.com (a distance education platform and hosting provider). Besides distance learning, the P2 market offers a captive audience for e-tailers and online communities. With more than 15 million individuals sharing a common link, the fact that they are students, there are significant e-commerce opportunities. This is represented by the emergence of textbook e-tailers bigwords.com and eCampus.com and online communities such as Student Advantage (STAD—Not Rated), College411 and CollegeClub.

E-learning will greatly benefit the business world. In our opinion, the e-learning movement has penetrated deeper into the corporate learning market than any of the other segments thus far. This has occurred because businesses have been quicker to incorporate technology into their daily activities than K-12 and post-secondary schools. The workplace is increasingly becoming a major component of the learning environment as rapidly advancing technologies dictate that we acquire knowledge quickly and as needed. As stated in Technology-Based Learning, "Keeping even a few months ahead of the competition, in terms of innovation and knowledge, is critical to survival, as is the quality of the product and service. Continuous learning is an

essential element of a successful work force.” The corporate marketplace is an important beneficiary of the e-Learning movement—it can access knowledge on an as-needed basis. “Now technology and competitive pressures have made learning all-the-time, everywhere, yet just-in-time and customized just-for-you.” The use of knowledge management technology will play a significant role in the manner in which companies interact with both their customers and their employees. Further, e-learning will prove to be an avenue for businesses to realize efficiencies needed to ultimately increase shareholder value.

The rise of lifelong learning is becoming evident and even magnified with the resources provided by the Internet. More and more learning occurs outside the traditional classroom. One of these places is the home. Many individuals continuously strive to acquire knowledge in an effort to improve their quality of life. This could include new skills to improve employability, realize financial goals, and further personal enrichment. We anticipate dramatic growth in self-directed learning over the next decade. Web sites focused on providing individuals with opportunities to acquire knowledge on specific interests or share their expertise with others are beginning to take hold. Such providers include SmartPlanet, a subsidiary of Ziff Davis (ZD—Not Rated). Currently, SmartPlanet has 175,000 members. We contend that lifelong learning hubs will become an integral part of an individual's daily Internet activity, especially as an increasing number of individuals accept the Internet as a medium through which to complete commerce transactions. In our opinion, the knowledge hubs may take longer to develop as compared to the B2B marketplace (corporate training).

To date, we have identified more than 100 companies that provide educational and knowledge products and services via the Internet. The mission is to assist individuals in the learning process, whether they are kindergartners or employees of a Fortune 500 company. The key determinant in the success of the Internet as a learning tool will ultimately rest upon the quality of the content provided. **CONTENT IS CRITICAL.** An innovative learning platform is only as good as the content that is delivered over it. A learning service provider can differentiate itself by the quality of the content provided in its programs. The lifelong learner that accesses a knowledge hub will be a return customer, assuming the content is desirable.

Notwithstanding the importance of content, a robust platform will contribute greatly to an individual's e-learning experience. One should not underestimate the

power of technology and its ability to increase user friendliness and experience enhancement. Ease of use and efficiency are key to providing a satisfying experience for the user whether it is a K-12 tutoring site or a corporate learning management platform. Therefore, we believe that technology quality will also play an integral role in the acceptance of e-Learning.

The ability of a company's learning service program to incorporate rich content and full-bodied technologies will drive its success. Companies such as Apollo Group (APOL—Rated BUY), which has an established track record as a leader in the P2 distance education arena, have a head start on their competition. We believe that the LSP market will be dictated ultimately by convenience. Competition from public universities will fail to make inroads in the distance education market if they remain rigid regarding the needs of the changing student base.

The knowledge hub/portal companies should exhibit solid growth assuming they offer a one-stop-shop. This includes robust content, links to reputable distance education providers, and a broad array of e-tailing choices. Essentially, the knowledge hub should complete the e-learning circle. We believe that there remain substantial opportunities for hubs to develop with the various K-12, P2, and lifelong learning customer bases.

As we have outlined, we are confident that e-learning and knowledge technology companies will play an important role in the future success of our children, ourselves, and our companies. Considering the size of the learning marketplace, more than \$700 billion in the U.S. alone, one can see the tremendous opportunities that are present. Of course, time will tell which companies have the right business model. Presently, the corporate training market appears to be farther along the path to success than the other areas; however, we believe that the K-12, P2 and lifelong learning segments are just beginning to uncover substantial opportunities. The e-learning market is here to stay. We believe that the sizable market provides individuals with a plethora of investment opportunities, with no slowdown in sight. Whereas investing in education provides investors with a sense of being a good samaritan, technology and the Internet represent the new economy. We contend that investing in companies that possess this combination can provide a fruitful return on investment in both financial and societal terms.

The Power of the Internet

Factors Driving Growth.

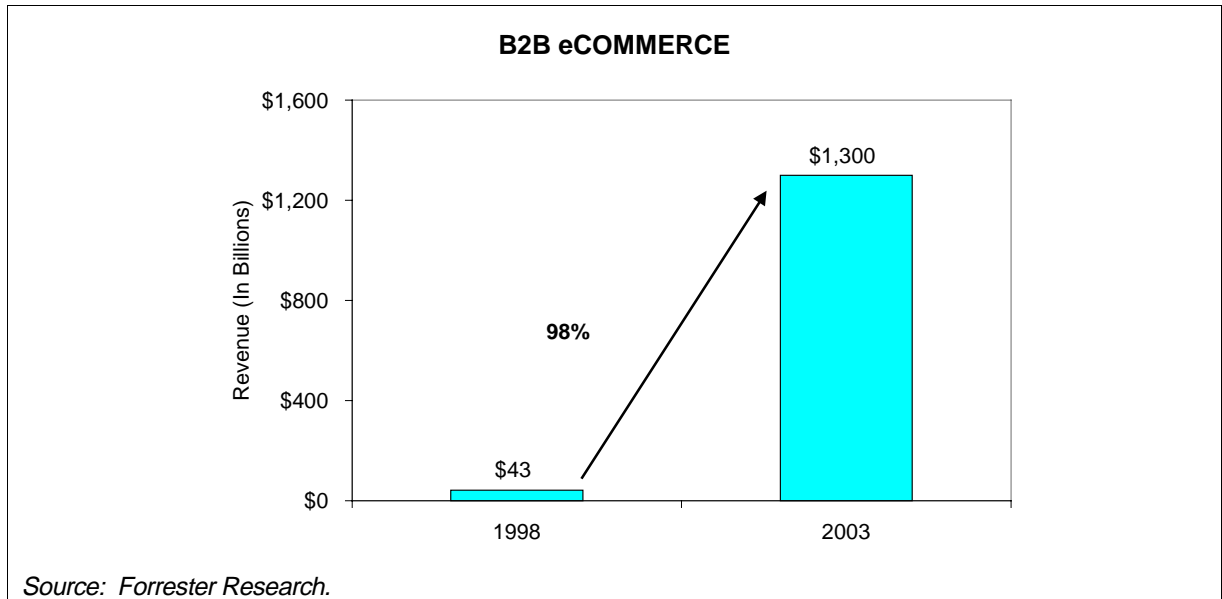
The emergence of the Internet is to the nineties what the advent of radio and television were to the twenties and fifties; however, the Internet's influence on our daily activities will be far greater. The Internet has emerged as the most powerful commerce, communication, and information medium of all time. International Data Corporation (IDC) forecasts that there will be 320 million Internet users worldwide by the end of 2002, up from 97 million at the end of 1998. Several factors are facilitating this substantial growth:

- ❖ A large and growing base of installed computers in the home and workplace.
- ❖ Network security, infrastructure, and bandwidth improvements.
- ❖ Advances in the speed of personal computers and modem performance.
- ❖ Cheaper and more reliable access to the Internet.
- ❖ Consumer acceptance of online commerce.

In the Internet's short history, we have seen the opportunities it has created for businesses focused on consumers, the B2C market. Now, we are in the midst of witnessing the changes the Internet will have on the way in which businesses interact. The opportunities for B2B commerce are yet to be fully recognized. Although the Internet's impact on commerce in both the B2B and B2C areas will be notable, ultimately we believe the improvements on how we learn will be the single greatest change that the Internet has on our society.

e-Commerce — The New Economy.

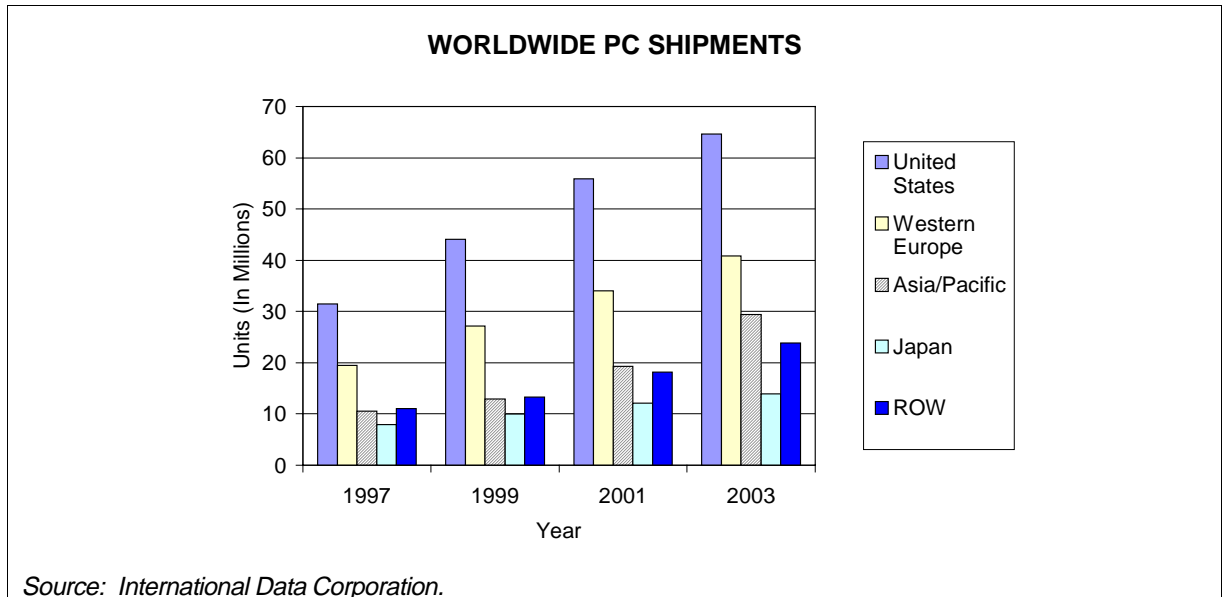
The opportunities for the pioneers of the e-learning movement are great, assuming the market develops in a manner similar to the way the B2C and B2B commerce markets have over the last several years—as we fully expect it will. According to IDC, revenue from business-to-consumer e-commerce is projected to grow from \$15 billion to more than \$178 billion in 2003, representing a compound annual growth rate of 51%. The projected growth in the business-to-business e-commerce market further illustrates the opportunities that exist for companies focused on the Internet as a medium for commerce. Forrester Research forecasts that B2B e-commerce will expand from \$43 billion in 1998 to more than \$1.3 trillion in 2003, a compound annual growth rate of 98%. Forrester's previous estimate called for B2B e-commerce to grow to only \$327 billion by 2002; however, considering the strong expansion exhibited during 1998 when B2B e-commerce revenue "outstripped" its previous forecasts, Forrester adjusted their estimates substantially upward.



By 2003, Forrester projects that worldwide Internet commerce will grow to \$1.8-\$3.2 trillion. Spurring this growth will be the rapid investment in Internet initiatives projected by businesses worldwide. Companies are expected to shift spending to Web-specific technical services from Y2K and Enterprise Resource Planning (ERP) investments. Specifically, Web-specific technical services are projected to represent nearly \$32 billion or roughly 50% of the e-commerce services market.

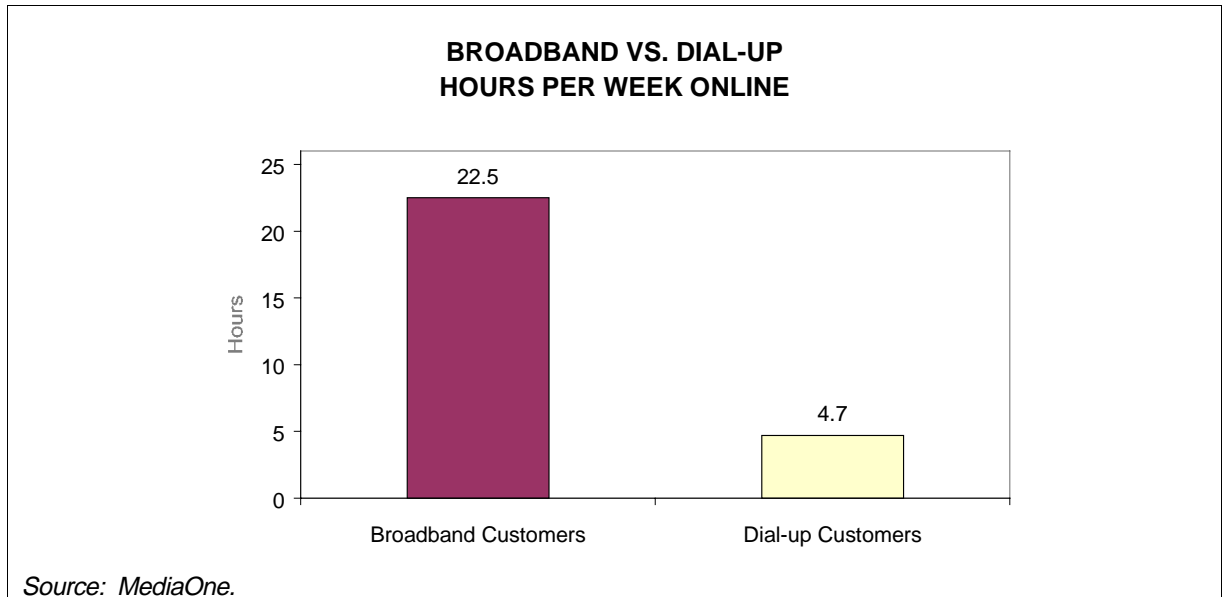
Computer and Bandwidth Growth.

In addition to increased spending by businesses on Internet commerce initiatives, the growth in the number of computers coupled with technological improvements in bandwidth, network security, and infrastructure will be major catalysts for increasing Internet usage. It is becoming increasingly evident that the computer has almost attained a necessity status. In the U.S. there are an increasing number of two-computer households. Based on an IDC report, multiple computer homes are projected to grow from 7.8 million in 1998 to more than 12 million by 2002. Computer shipments in the U.S. are expected to grow at a compound annual growth rate of 15.5% annually to approximately 65 million in 2003, up from just more than 31 million in 1997. As the following chart illustrates, shipments in foreign countries are expected to realize robust growth as well.



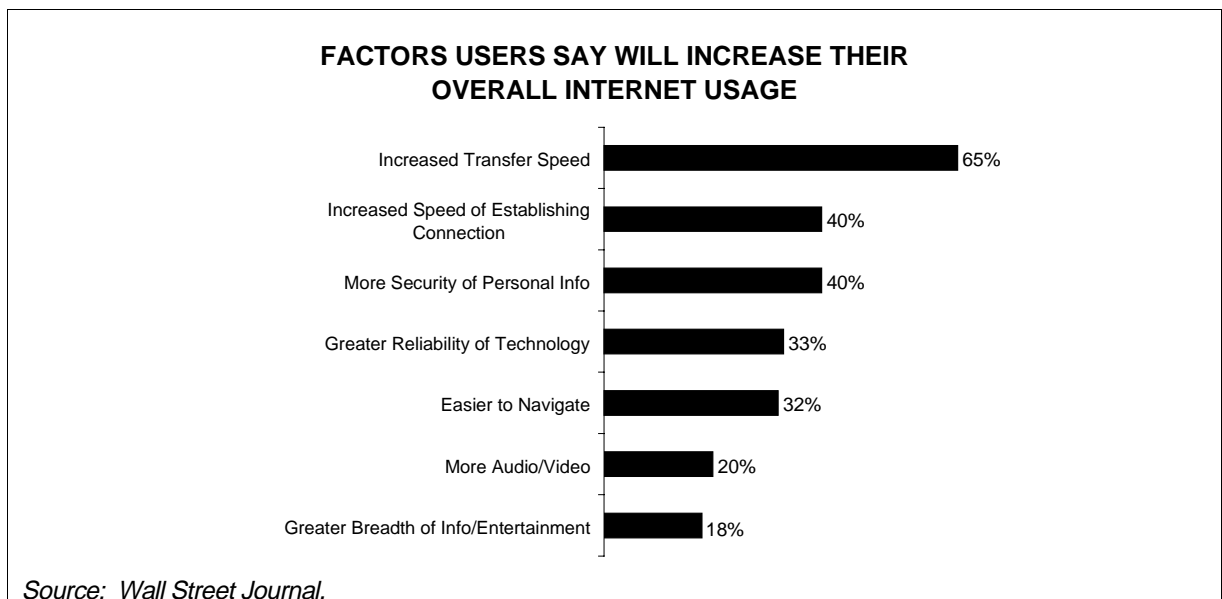
Together with the projected growth in computers, bandwidth improvements will make Internet use a more satisfying experience, thus leading to increased usage. Users have the need for speed. The expansion of bandwidth, the amount of data transmitted through a specific channel, will improve the speed at which video and audio are transmitted. The use of broadband transmission (a single wire that can carry more than one channel) enables dramatically improved interactivity by users, which will improve an individual's Internet experience. In addition to improving the speed at which data is transferred and the overall Internet experience for users, broadband will increase the amount of time a user spends online. We firmly believe that the integration of broadband technology is essential to meet the e-commerce growth estimates previously mentioned. Notably, Zona Research stated that \$4.35 billion in e-commerce sales are "at risk" due to long download delays, illustrating the importance of broadband acceptance.

The quickness associated with broadband will lead to increased time online. A study conducted by MediaOne noted that in Boston, households with cable Internet connection averaged 22.5 hours of usage per week versus just 4.7 hours for those households with dial-up connections. The study stated that cable users connected up to ten times more than their dial-up counterparts. With broadband transmission expected to grow from roughly one million households today to nearly 26 million by 2003, providers of e-learning products and services should benefit as users conduct more daily activities online. Simply stated, broadband technology allows for the robust interactivity that will enrich the e-learning experience.



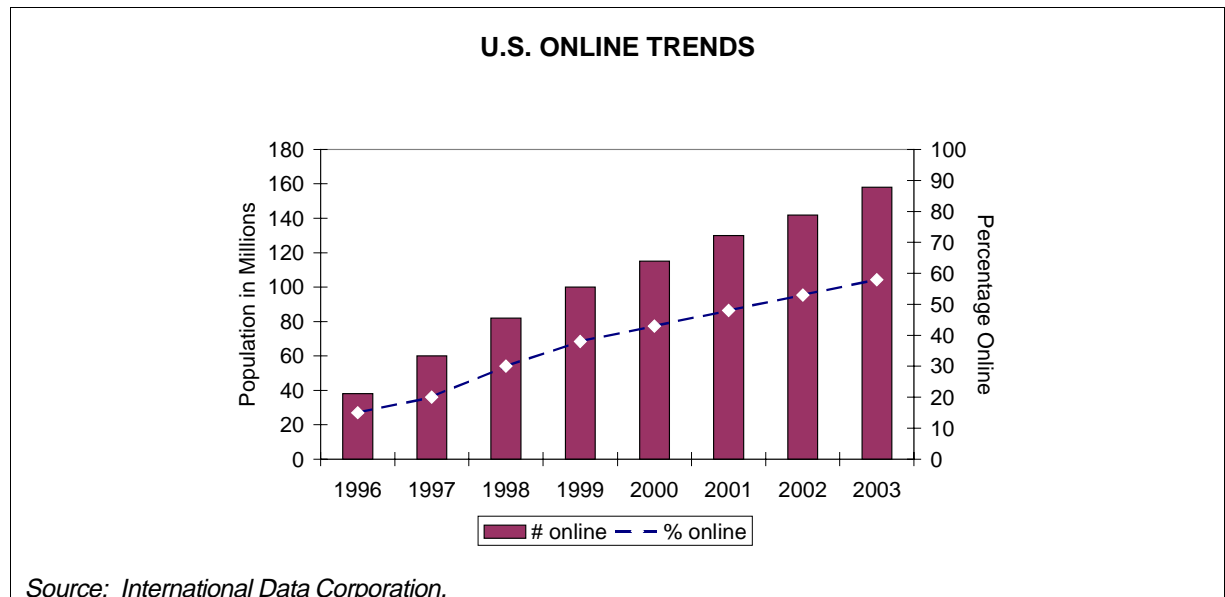
The Result: A Growing User Base.

The result of a greater number of computers, continued technological advancements that improve connectivity and security will drive steady growth in the number of individuals online. Findings from a Wall Street Journal survey found that speed was the primary factor in determining the amount of time spent online. Specifically, 65% of those surveyed responded that increased transfer speed would result in increased usage. Other factors high on the list include security measures and increased use of audio and video technology.



Advancements in these areas will come sooner rather than later, and the ensuing growth in Internet users and time spent online will materialize thereafter. The Strategis Group estimated that there were 100 million adults domestically that used the Internet by mid-year 1999. This represents growth of nearly 55% from the 65.1 million level achieved in mid-1998 and 52.6 million adult users in mid 1997. Notably, it appears that growth in users is still in an acceleration stage.

IDC projects that a substantial percentage of the U.S. population will be active Internet users. Notably, IDC also forecasts nearly 60% of the U.S. population will actively use the Internet by 2003, up from just 15% in 1996. Although the rate of growth of individuals online is expected to stabilize somewhat, the actual numbers of individuals expected to become connected remains impressive.



In 1996, there were an estimated 38 million individuals connected to the Internet. By 1998, the number of users increased to 82 million, growth of 116% over two years. IDC forecasts that the Internet population will grow to 158 million by 2003. The 23% compound annual growth rate in users from 1996 to 2003 is significant. Again, although the rate of growth in users should experience some deceleration, we believe that the time spent online per individual will expand. Based on a greater amount of time spent online, we remain confident that the growth in e-commerce revenue can meet current projections. ***The growth in users and the amount of time spent online is favorable for emerging areas such as the e-learning and knowledge markets.***

There is no stopping the revolution. The number of daily activities impacted by the Internet will continue to rise. However, as more individuals connect and become accustomed to the benefits created by the Internet, its presence will become commonplace. Therefore, the e-learning experience will be second nature to the growing Internet population.

The New Way of Learning

Technology is increasingly changing our lives. First, it was the emergence of the desktop computer, now it is the Internet. It enables the ordinary person to have access to never-ending quantities of information and knowledge. Technology and the Internet empower individuals and facilitate a more active role in the educational process. As previously mentioned, the Internet has transformed the way people shop (B2C) and the manner in which businesses conduct transactions with each other (B2B). Over the last several months, we have seen the evolution of a third area that we believe can have the most significant impact on all our lives. The e-Learning sector is just beginning to emerge. Just as the Internet has transformed the retail market, we remain confident that it will also transform the education and knowledge markets. As stated in a *New York Times* article summarizing John Chambers' (CEO Cisco Systems) comments at 1999's COMDEX Conference, "The next big killer application for the Internet is going to be education. Education over the Internet is going to be so big it is going to make e-mail look like a rounding error." As more individuals become connected, the Internet will penetrate deeper into our everyday activities, including the way we learn.

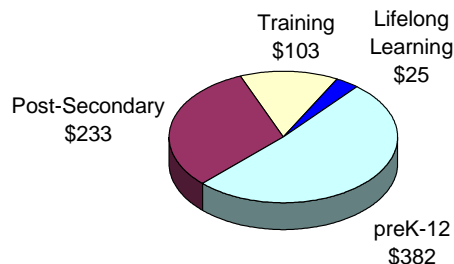
The Internet has the ability to level the learning playing field. Whether it is a high school student seeking assistance with a geometry question or a father at home in Iowa who wants to get an MBA from Duke University's Fuqua School of Management's distance education program. Individuals now have the power to learn on their own time and at their own pace. E-learning technologies allow for the real-time tracking of a learner's performance, thus enabling individuals to spend time on their deficiencies rather than spending valuable time on areas that they have already mastered. Not only will e-learning improve the achievement of students from kindergarten to high school, but also the productivity of Corporate America's workforce. We believe that the e-learning market will realize substantial growth over the next five to ten years. Moreover, we believe that as bandwidth, video, and voice technology continue to improve, the demand for e-learning products and services will grow exponentially.

The Education and Knowledge Market.

The opportunities in the education and knowledge arena are impressive. With U.S. spending on education estimated at more than \$700 billion, the industry is the second largest, behind healthcare. As we look at technology product and service providers focused on the education and knowledge markets, we have divided the industry into four sectors based on the customers targeted. These include K-12 (K-12), post-secondary (P2), corporate training (CT), and lifelong learning (LL).

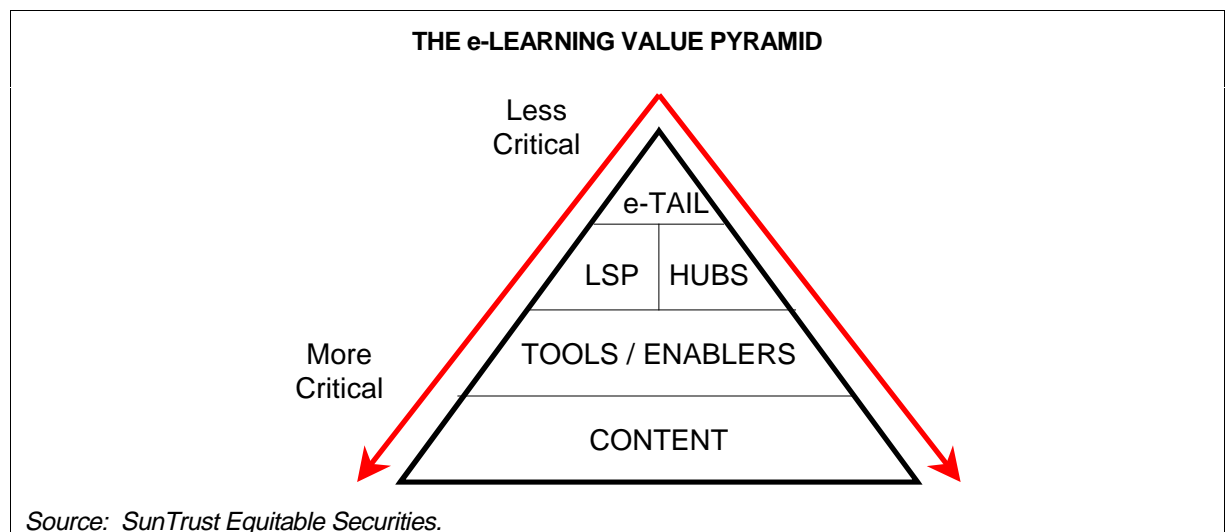
The opportunities in each sector are striking. Spending on the K-12 marketplace has surpassed \$380 billion, with more than \$30 billion spent annually on childcare and \$352 billion spent on K-12 education. By our estimates, this is the largest of the four sectors. Although smaller than the K-12 market, the post-secondary sector eclipsed \$230 billion in 1997-98. The Internet is already changing the landscape of the P2 sector. Despite being significantly smaller than the K-12 and P2 segments, we believe that e-learning will penetrate the corporate training market at a faster rate than the K-12 and P2 sectors. An increasing amount of education is provided in the workplace. The CT market has realized substantial growth, reaching an estimated \$62.5 billion in 1999 compared to \$60.7 billion in 1998. Notably, this excludes the estimated \$40-plus billion spent by the government on training. The newest arrival to the education industry is the lifelong learner. This market size is much more difficult to quantify than the segments mentioned above. It would include individuals who purchase self-help books, participate in seminars (in person or online), or are just seeking to acquire new information or knowledge. We look for the LL sector to develop into a prominent segment within the e-learning marketplace as the Internet encompasses a larger presence in our daily activities.

**U.S. EDUCATION & KNOWLEDGE
PROJECTED MARKET SIZE**



Source: SunTrust Equitable Securities.

Given the tremendous opportunities that exist in the education and knowledge marketplaces, there has been a surge in companies targeting these markets. A tidal wave of capital has crashed upon the providers of e-learning technology products and services. Specifically, we have identified more than \$1.2 billion in private capital distributed to e-learning companies and more than \$302 million in public equity raised during 1999. With roughly \$300 million raised so far in 2000 and a current backlog of nearly \$370 million in equity expected over the next several months, it appears that the e-learning public equity market is just beginning to emerge. At this time, we have identified more than 100 companies focused on the learning and knowledge markets. These companies provide a wide array of products and services to the four customer segments of the education and knowledge industry. In an attempt to evaluate the dynamics of the e-learning and knowledge technology market, we have divided the industry into five categories. These include: Content/Publishing, Tools/Enablers, Learning Service Providers (LSPs), Knowledge Hubs/Portals, and Educational e-Tailers. Although we have segmented the industry, in many cases companies fall into several of the categories mentioned above. For example, a company that provides a web-based learning program to a client may also have supplied the content and the platform.



Of the five segments focused on the learning and knowledge markets, we believe that content is the most critical component of learning through the Internet. In order for skeptics to be swayed to use the Internet as a tool to enhance learning, they must become comfortable that its content does not distract individuals, but increases the enthusiasm for knowledge. Learning tools and enablers are also important in the process. Providers of learning platforms and knowledge management systems are instrumental in the effective delivery of content. These companies supply the infrastructure needed to deliver content. The knowledge hubs/portals and learning service providers are the distribution channels for content providers. They distribute content through a platform to the end user. In order to be successful, these knowledge hubs and LSPs must make painstaking efforts to ensure that their customers consistently receive fresh content, otherwise they will fail to expand their customer base. Completing our pyramid of e-learning are companies focused on educational e-tailing. In many cases, representatives of the other categories also partake in e-tailing as a complement to their primary product or service. There are, however, single focused e-tailers as well. Companies such as bigwords.com and ecampus.com cater to the P2 sector through online textbook sales.

Learning Benefits Created by Technology and the Internet.

As we have previously stated, technology has had a profound impact on the way we live. Although the computer has been in existence for some time now, it has yet to be fully integrated into the learning process. With the emergence of the Internet has come a heightened awareness that technology can be instrumental in the creation, delivery, and effective consumption of content. Technology and the Internet can be used to enhance the learning process, whether it is providing salespeople with new product information or allowing a third grader to access information on past presidents for a book report. The benefits, both intrinsic and extrinsic, are numerous.

Benefits	Description
Cost Effectiveness	Particularly in the corporate market, information dissemination through computers and the Internet can be dramatically more cost efficient. Specifically, computer and Internet-based learning can be 20-50% less time consuming than instructor-led, facility-based courses where employees must spend time and money traveling. Similarly, a student needing help can access tutors on-line to answer an individual question rather than meeting with a tutor for an hour.
Just-In-Time	This allows individuals to learn on an as-needed basis. Employees or students can access information closer to the time the knowledge is needed rather than obtaining information that may never be used or may be used in the long-term.
Learner Controlled	Technology has given the individual greater authority over the learning environment. Learning does not have to occur in a classroom. It may occur at one's own desk or the home.
Self-Paced	An individual may proceed through a course or program as the information is fully comprehended. Students can convert information to knowledge on their own timetable.
Interactivity	Advancements in technology and the subsequent growth in the Internet have led to the development of interactive learning environments. These learning environments create a renewed interest in the educational process. Individuals can play an active role in the learning process rather than passively listening to a teacher lecture.
Accessibility	Individuals in various places can effectively communicate with co-workers or instructors without being in the same room.
Uniformity of Content	The information delivered can be consistent to all users, therefore reducing the possibility for misinterpretations.
Customizable Content	Information can be developed with individual users in mind. Courses and programs can be created to deal with each individual's strengths and weaknesses.
Content Updated Rapidly	Product and procedural changes can be updated and delivered in real-time. This increases the rate at which knowledge is acquired, which is especially important in the corporate market.
<i>Source: Technology-Based Learning and STES.</i>	

Which Business Models Will Prevail?

The demographic composition of the learning marketplace provides companies with a myriad of customer channels to target. In our opinion, being solely focused on a specific demographic group will prove to be beneficial to the various providers in the education and knowledge area. As the customers are often from a similar age group, they also usually have similar interests. In our opinion, we believe that the conversion of a user into an actual customer increases with those sites that are specific in nature—vertical. The customer is captive. For example, an individual who is searching for a new job on a career site will most likely also be interested in purchasing a course on interviewing skills. We believe that the vertical players will prove to be most successful, given that they are not attempting to be everything to everyone.

There are a variety of revenue models employed by e-Learning companies. The customers in the e-learning area include businesses, employees, governments, parents, and students. The diverse base of customers has led to the use of numerous revenue models. Many sites focused on the K-12 segment are targeting both the B2G (business to government) and B2C markets. On the B2G front, a company may contract with a school for use of a curricula product in a particular grade and a set number of students. At the same time, the company may charge a subscription fee to consumers who are interested in the same material. Companies in the K-12 market that use the subscription model include ChildU, Riverdeep, and Tutor.net. Also employing this subscription fee model are several lifelong learning companies, including SmartPlanet, which has a paid membership base of 38,000 individuals and a combined membership base of 175,000. Notably, SmartPlanet has benefited substantially from its relationship with its parent company Ziff-Davis (ZD—Not Rated) and ZD Education and ZDNet (ZDZ—Not Rated).

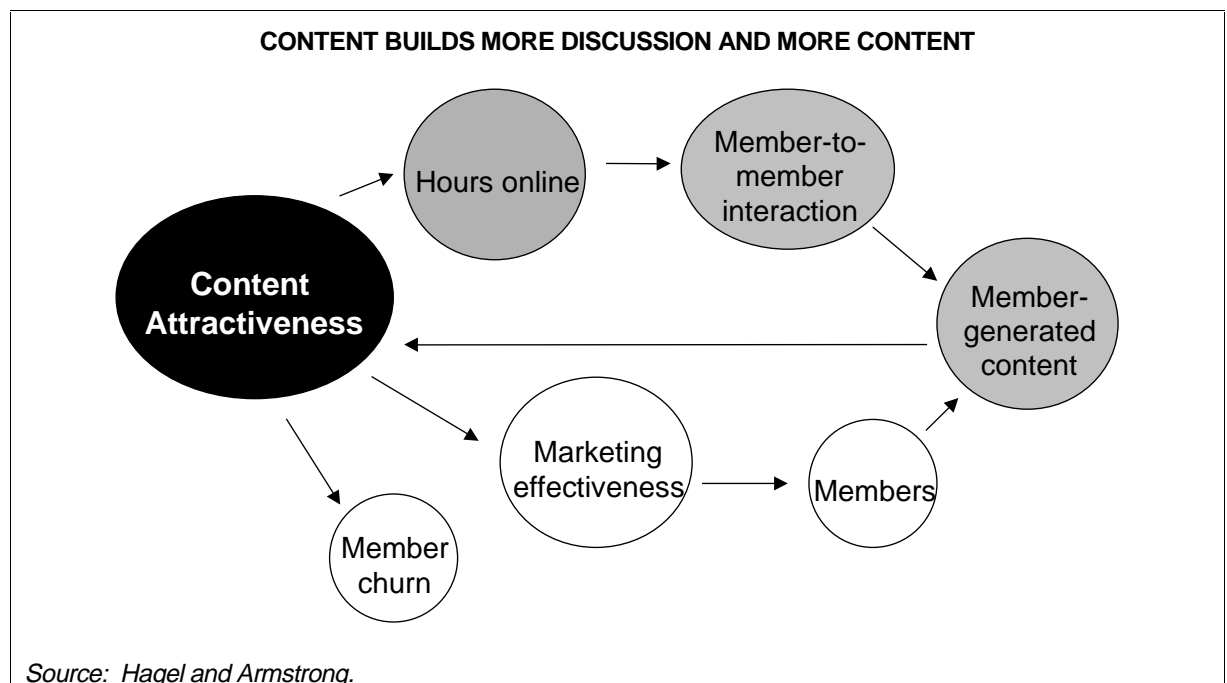
Another model used by companies includes the traditional purchase of a course or other product. Previously, this model meant that a consumer would purchase the program on a CD-ROM. Now an individual can purchase a program and access it through the Internet. Headlight.com offers this method. As a customer purchasing a training course, you would be able to access that course for a particular time period. In the K-12 sector, Apex Online Learning offers Advanced Placement courses over the Internet for set prices. Other companies offering the pay by course model include Learn2.com in the IT training and lifelong learning areas.

Of course, the use of the typical B2C e-tailing commerce model is widespread; however, in the e-Learning segment this is often a supplementary form of revenue and not the primary source of a company's sales. A case in point is Learn2.com's on-line store where you can buy a hard copy of a training product in the event you decide not to take the course on-line. Although actual product sales are greater than online revenues for many companies that have shifted their focus to the Internet, we believe as online learning becomes accepted Internet revenues will exhibit substantial growth. In addition to the use of e-tailing as a supplementary revenue stream, there are companies that rely primarily on e-tailing revenue. College textbook companies employ the true e-tailing model. Interestingly, these companies do have captive audiences, as college students must buy books several times a year. By focusing on a demographic group that is apt to purchase online, we anticipate that companies such as bigwords.com will branch out to provide ancillary products and services that their customers prefer—music and entertainment, apparel, and demographic content. We believe that eventually these companies will generate revenue through means other than e-tailing.

Companies within the e-Learning area also employ the sponsorship or advertising model; however, this remains a sensitive issue within specific sectors in the education market. Like the separation of church and state, there remains controversy over advertising and education, especially in the K-12 market. Therefore, there are few K-12 Internet companies that generate revenue through advertising. Highwired.com, a provider of online publishing products for the high school market, is one such company. The company offers free publishing tools that enable high schools to have community web sites that include school newspapers, sports and event calendars, and classroom pages. Notably, the company is cognizant of the advertising issue; thus, it strictly enforces set standards. One provider that has experienced controversy with the advertising model is ZapMe! (IZAP-Not Rated). The company offers schools equipment and access to the Internet in an attempt to leverage the e-commerce opportunities in the K-12 market. The issue that has materialized with ZapMe! pertains to student privacy. Some have raised concerns personal information obtained about students could be given to its sponsors. The opposition to advertising and privacy concerns is by far the greatest within the K-12 segment. Although we believe that the sponsorship model will remain a popular revenue channel in the e-Learning market, we believe it will be used to some extent as a revenue supplement.

Content/Publishing — Providing the Information for Learning

As we have previously stated, in order for web-based learning to succeed there must be quality content available. And what is the Internet if not content? The Internet has altered the field of play for businesses and consumers. Besides the opportunities for B2C and B2B (which have yet to be fully recognized), we believe that the most important impact of the Internet is its ability to transfer information into knowledge, which in turn drives today's service-based economy. Whereas content is an important component in driving and retaining users on Internet sites, we believe that to be successful in the e-Learning arena, it is imperative to have high-quality content. Further, when content is combined with a robust e-learning platform, both businesses and consumers are rewarded with a positive learning experience. The content sector will continue to evolve and we forecast that publishing giants will be heavily involved in this evolution. Computer Curriculum Corporation (CCC) is an illustration of publishers' desire to play a major role in the distribution of content via the Internet. Owned by Pearson Education, a division of Pearson PLC, CCC is one of the largest providers of curriculum and learning activities primarily targeting the K-12 market.



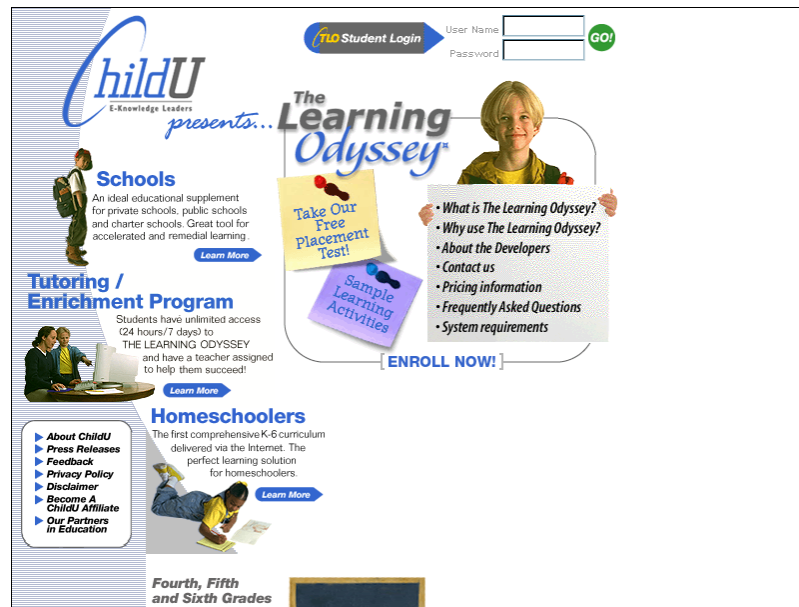
In-depth and focused content, much of it generated by members, is a defining characteristic of an online community. The content attractiveness loop above shows how initial content published by the community sponsor can lead to members creating and extending this effort. This, in turn, attracts even more members, some of whom will create additional content.

The primary influences are shown in the shaded parts of the loop. Extensive content encourages current customers to spend time reading and reacting. This increases member time online and creates more situations that require members to interact. Attractive content helps reduce member churn and builds loyalty. At the same time, focused content increases marketing effectiveness and improved-member acquisition. New members complete the cycle by generating additional content, making the content base that much more valuable.

Content in the K-12 Sector.

With the K-12 market potentially offering the most opportunity to providers of content, one would expect that the penetration would be greater than it currently is. Content that is specifically molded into practical curricula that supplement a teacher's in-class materials will prove to be significant in the success of the Internet in the K-12 marketplace. However, with a majority of the total market involving the public school system, it is not surprising that inclusion of the Internet as a learning tool has not taken place more rapidly. We do believe that the environment is now ripe for teachers, administrators, and parents to begin to incorporate the Internet into the learning process of today's children. As mentioned above, CCC, with a 30 year history in the education market, is only used in 16,000 schools domestically and an additional 1,500 abroad. Another leading provider of instructional software is CompassLearning (formerly Jostens). CompassLearning states that they serve more than 20,000 schools and approximately 14 million students. In the U.S., there are roughly 112,000 schools; thus, there remains substantial room for further penetration of online content providers in the K-12 marketplace.

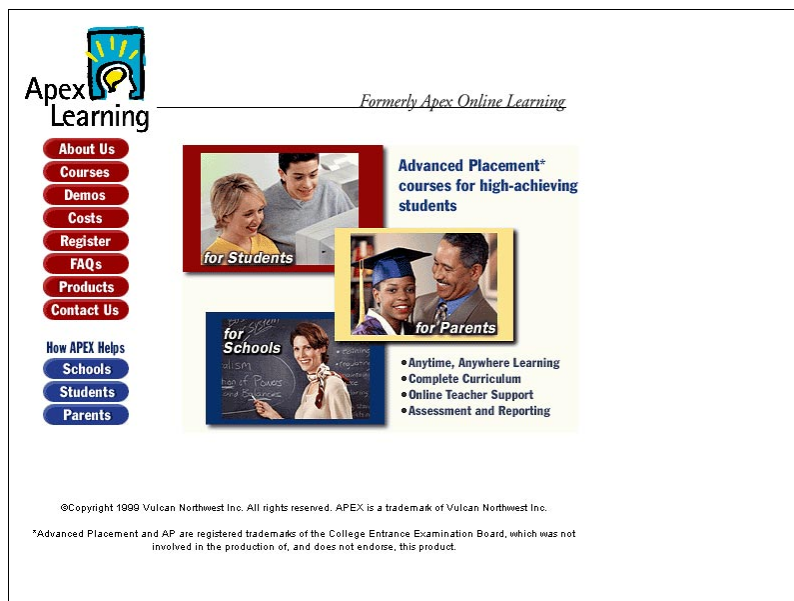
A newcomer to the K-12 web-based content segment is ChildU, a Fort Lauderdale-based provider of curriculum. Through "The Learning Odyssey" (TLO) lesson plans, ChildU offers an Internet-based, comprehensive catalog of curriculum that can be used as a supplement to classroom lessons. Through the use of 600 student lesson activities per grade, and placement, assessment, and performance tests, the curriculum provides teachers and students with a high quality product to enhance and improve the learning experience. Although ChildU is relatively new, TLO has an extensive history. ChildU's August 1999 acquisition of TLO and exclusive marketing rights to the TLO product gave the company an immediate presence in the K-12 content sector. The company acquired TLO from the Agency for Instructional Technology (AIT), a non-profit developer and marketer of curriculum and technology targeting the educational marketplace. As part of the terms of the transaction, AIT received an equity stake in ChildU. Importantly, AIT has been retained to continually update the current curriculum, in addition to expanding into other grades. AIT has a 30-plus year history in creating education curricula. Specifically, it has developed more than 35 major curriculum series during the past quarter-century.



Source: ChildU web site.

Presently, AIT has developed curricula for first through six grades, with those for the seventh and eighth grades in development. Notably, the curricula are based on “respected and widely accepted” state standards. An important component in the product includes assessment and timely performance tracking which allows teachers to effectively monitor a student’s progress. In addition to the classroom benefits, the TLO plans can be extremely useful to homeschooled students, a group that has experienced rapid growth over the last several years. Also of note, the product includes the ability to track attendance and performance that meet individual state requirements, thus enhancing its use in the homeschool market. ChildU uses a subscription model with individuals paying \$69 per month (includes TLO teacher) or \$59 per month (excludes TLO teacher). With its B2G strategy, it charges \$750 per month per grade. We believe the company’s strategy to focus on schools through its B2G model, complemented by a B2C strategy in the homeschool and tutoring markets will prove successful.

Another company to watch on the K-12 market is Apex Online Learning. Paul Allen, co-founder of Microsoft, founded the company in 1997. Based in Bellevue, Washington, Apex Online Learning has to date targeted the Advanced Placement (AP) segment, an area that in many cases is underserved. In rural schools where a lack of students fails to justify offering individual AP classes, Apex provides the opportunity to offer AP courses. Currently, the company offers AP courses in Calculus, Statistics, Microeconomics, Macroeconomics, and U.S. Government and Politics. Of the roughly 30 AP subject areas, it is estimated that 80% of the students take the top 15 subjects. The company currently offers five courses. Additionally, Apex anticipates developing curricula on an additional 10-12 courses to be rolled out in fall 2000. Once that roll-out is complete, the company would offer the subjects in which a majority of the students take AP courses. Presently, there are an estimated 14,000 high schools worldwide that offer AP courses. Considering there are more than 20,000 secondary schools in the U.S. alone, we believe that there is ample potential for Apex to realize solid growth over the next several years.



Source: Apex Learning web site.

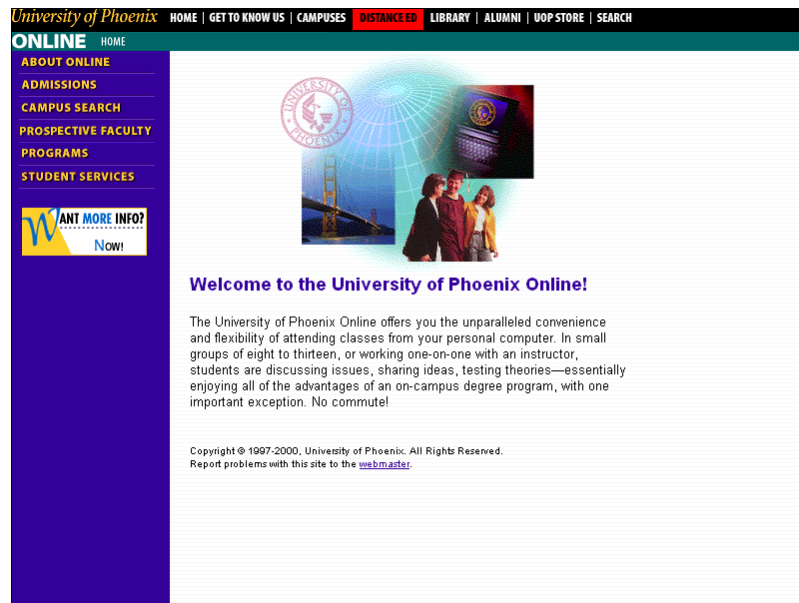
The Apex model is intriguing because it solves a problem many schools must deal with—not having enough demand to justify having instructor-led AP classes. In addition, it is primarily a B2G (business-to-government) company given that its target audience is individual schools and districts. An Apex course will cost the school \$395 per semester, with courses typically running two semesters. As previously mentioned, schools will be reluctant to incur costs associated with hiring an additional teacher to provide AP courses if it does not have a certain level of demand. Therefore, a student that would benefit from taking an AP course may not get the opportunity to do so. Apex gives the student that opportunity.

Currently, the company is preparing to ramp up its salesforce in preparation for the school-selling season. It is critical to have a successful spring as many school districts make their buying decisions for the following school year by June. In August 1999, Apex received \$10 million in funding from Edison Schools (EDSN—Not Rated). Additional funding has been provided by Warburg Pincus, Kaplan, and Maveron. Once its core business is fully operational, we anticipate that it will actively pursue other avenues for growth. Both Edison Schools and Kaplan, as customers and partners, offers compelling avenues for growth. In November, Kaplan announced it was joining with Apex to offer AP courses to its customers. Additional areas of interest could include teacher training (continuing education), an area in which e-learning could prove to be extremely effective.

Content in the P2 Sector.

The opportunities in the P2 content market are not as apparent as those opportunities in the K-12 segment. The individuality of higher education providers makes it difficult for one content player to have significant penetration throughout the P2 system. Specifically, each university or college markets its own content when attempting to drive new enrollments. Consequently, we believe that survival of a pure play content provider in the P2 area would be difficult at this time. Given our opinion, the rapid rate at which technology and specific certifications are gaining importance, we believe that there will be substantial opportunities for IT-focused content providers to target universities and colleges as an outlet for their products over time.

To date, leaders in the P2 content area have been recognized learning service providers, such as Apollo (APOL — Buy). In Apollo's most recent quarter, the company had 11,069 students enrolled in on-line programs. Growth in its distance education program has been substantial over the last several years, expanding more than 43% year-over-year in its last quarter. As one of the leading P2 learning service providers, the company has adapted its broad array of content from its classroom environment into online programs. Further, it has an extensive track record in providing degree program content online that dates back to 1989. Although many public universities and colleges are rapidly deploying content on the Internet (with distance education programs), we believe that Apollo will remain a market leader considering its focus is to deliver content to working adults.



Source: Apollo—University of Phoenix web site.

Content in the Corporate Training Sector.

There is a plethora of content providers serving the CT sector. With a total market size of nearly \$63 billion, there are plenty of opportunities for these numerous providers. With an increase of knowledge acquisition occurring in the workplace, the CT technology-delivered content sector should continue to grow over the foreseeable future. The need for corporations to have both standard and customized content is expanding. Considering the difficulty in retaining employees in this near-full employment market, proper training is critical to a corporation's success. The rapid change in technology, and therefore the continued evolution of products, creates a need to educate customers. The knowledge needs of both employees (internal) and consumers (external) will generate significant demand for training content. This phenomenon of using technology to deliver content began with industry leaders SmartForce (formerly CBT Systems) and NETg (a subsidiary of Harcourt) and their ability to offer a broad array of training content on CD-ROMs. With the development of learning management platforms, we expect a sizable amount of content delivery to shift from CD-ROMs to the Internet.

Notable producers of corporate and IT training content and curricula include Learn2.com (LTWO—Not Rated), Prosofttraining.com (POSO—Rated Strong Buy), and SkillSoft (SKIL— Not Rated), and SmartForce (SMTF — Not Rated). The entire corporate training market, both instructor-led, and computer-based) is extremely fragmented, with many providers supplying specific niche training products and services targeting a broad array of skills ranging from general business to IT training and certification. SkillSoft is a leading provider of general business skill content. The company has a library that includes more than 200 courses concentrating on professional effectiveness skills. In addition to its content, SkillSoft also provides online performance support tools and online mentoring.



Source: SkillSoft web site.

An example of a company solely focused on technology content is Prosofttraining.com. Specifically, Prosoft provides Internet training, Internet training courseware and Internet skills certification through third-party training companies. Additionally, the company has cornered the market with its Certified Internet Webmaster (CIW) certification program. Similar to an MCSE certification, CIW certification provides IT professionals with the necessary skills required to develop and implement e-business solutions. As the importance of the Internet takes hold in the business marketplace, Prosoft's CIW content should be in great demand. The company's recent announcement with SmartForce (SMTF—Not Rated), one of the leading training companies, demonstrates that the CIW content provided by Prosoft is regarded as the de facto industry standard.



Source: ProsoftTraining.com web site.

Content in the Lifelong Learning Sector.

The Lifelong Learning segment is relatively new, however, it offers an abundance of content, much of which is generated from Internet users. As illustrated in the content loop, information feeds off information. People use the Internet to obtain information. More than 85% of Internet users seek information on personal interests and hobbies. IDG Books Worldwide's (IDGB — Not Rated) Dummies site www.dummies.com or SmartPlanet's community are such sites. Much of the time the content is created by experts in the specified areas of interest. Users also play a role in the development of content via chat rooms and threaded e-mails. As the membership grows, so does the content. The Internet allows individuals to share their experiences and subject expertise with the world. With the power of the Internet, anyone and everyone can be a teacher or author, where once only a selected few had such a luxury. As more individuals become wired to the Internet, we anticipate that there will be an unlimited amount of content pertaining to hobbies and personal enrichment. The ultimate test for companies employing the user publishing model for courses will be to ensure that the quality of the content remains high.

As a leader in technology related publishing, including the Bible Series, Teach Yourself Visually Series (3-D), and Master Reference Series, IDG Books has also made its presence known in the self-interest segment. Leveraging the brand recognition created by the success of Dummies technology related publications, IDG expanded its offerings to include hobby and interest Dummies books authored by experts in their respective fields—bird watching, golf, stress management, and weight training. With a large library of content in hand, the logical step was for IDG Books to take it to the Internet. As result, the company has made its presence known with its Dummies website, CliffNotes.com, and Frommers.com. Considering the abundance of content already amassed by IDG Books, we look for the company to evaluate additional online opportunities.



Source: IDG Books Worldwide—Dummies web site.

Tools/Enablers — Providing the Platforms for Learning

The platform companies have the distinction of being the backbone of e-learning. These companies offer their customers the tools necessary to provide learning services, whether it is in a kindergarten class or in a Fortune 500 company. With the development of more robust video and audio technology, learning via the Internet should realize enormous growth. Companies providing the backbone to online learning will strive to incorporate these advancements into their technology to offer the most full-bodied learning management platforms (LMP). Still further, growth in broadband access will increasingly expand the use of learning platforms outside work and school and into the home.

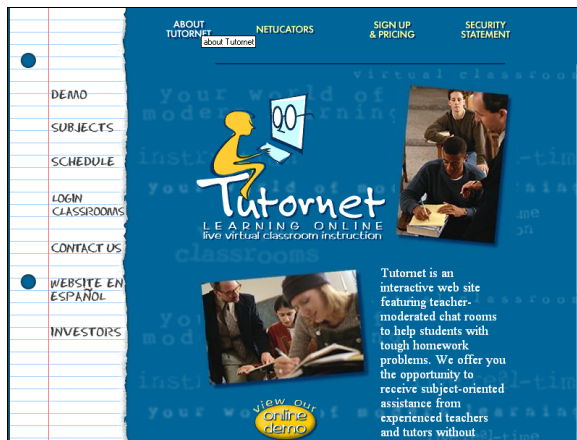
Learning management platforms come in many shapes and sizes. They can incorporate asynchronous, synchronous, or blended learning environments. Platforms have the ability to provide assessments of employees or students. In the corporate and K-12 environments, these assessments are used to guide an individual through a specified learning program. In the process, many platforms accumulate data, which gives users the ability to identify an individual's strengths and weaknesses. Managers or teachers can carefully monitor a student's attendance, progress during the program, and lastly, the learning outcomes. Certain product lines include authoring tools that enable customers to create their own customized content.

The enabling companies offer a variety of delivery methods. Options may include implementation behind a company's or school's firewall (on their own intranet) or through an application service provider (ASP) model (where the customer outsources its learning initiative to a company that hosts the site). We believe that the ASP model is a cost-effective way for a company or school to provide e-Learning programs. Through an ASP, the implementation time is greatly reduced as compared to installing the platform on a customer's network. In addition, considering the already time-strapped nature of internal IT staffs, a customer using an ASP e-Learning program does not have to worry about IT staffing implications. With respect to installing a platform internally, we expect that companies will continue to choose this option, until the ASP model becomes more widespread. Despite this, we believe the platform market will move towards the cost-effective ASP model over time.

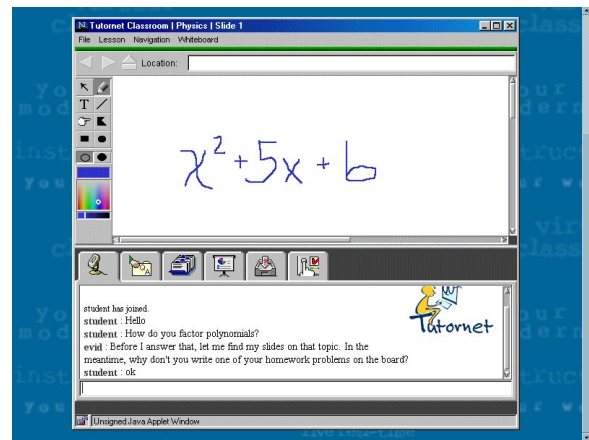
Tools/Enablers in the K-12 Sector.

With the K-12 Internet sector in its infancy, the platform segment is still up for grabs. The opportunities that could potentially exist for platform providers are staggering considering the K-12 sector is the single largest component of the education industry. In the K-12 sector, content is critical; therefore, curricula providers have led the Internet expansion into the segment. As the benefits of the Internet are fully accepted by the K-12 market, we believe that the demand for learning platforms will exhibit sizable growth.

Tutornet.com is a notable participant in the K-12 segment. The company has targeted the tutoring market as its focus area for the K-12 market. Although we would primarily classify the company as a learning service provider, it has developed a platform to deliver its tutoring services to the public. Tutornet incorporates the use of a synchronous classroom environment hosted by NetuCators™. These instructors use whiteboards and chat lines to teach and answer users' questions. The company has planned to incorporate live audio during 2000, further improving the effect of a "virtual classroom."

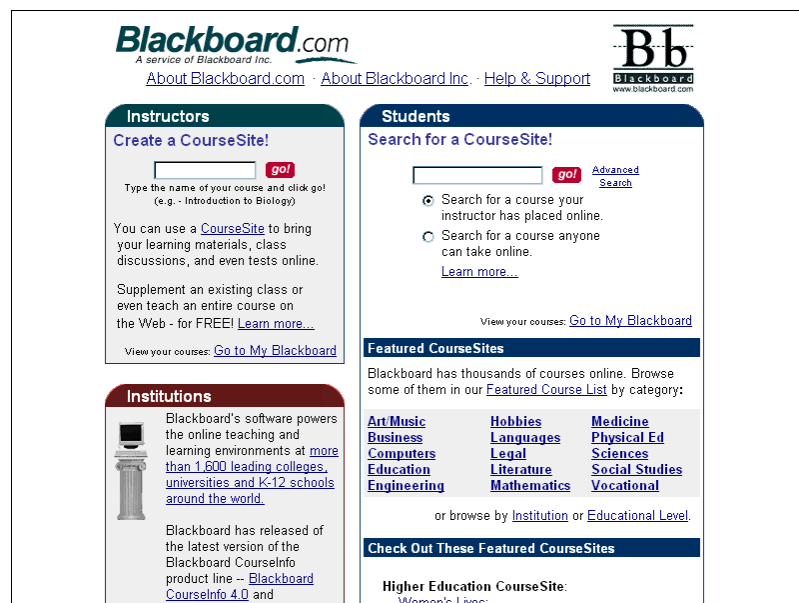


Source: Tutornet web site.



Source: Tutornet web site.

Another enabler that has a presence in the K-12 sector is Blackboard, Inc., which is a formidable competitor in the P2 segment as well. Unlike Tutornet.com, Blackboard focuses on the B2G segment by contracting directly with schools. The company can install its learning platform products, either Blackboard CourseInfo™ or Blackboard CourseInfo Enterprise Edition™, on the schools network or host the platform for the school. Schools enter into an agreement with Blackboard for a monthly subscription price; therefore, the company has a recurring revenue base. To date, Blackboard currently serves more than 1,500 customers represented by K-12 schools, P2 colleges and universities, and other organizations. Although we have described Blackboard as a K-12 enabler, its primary customers are colleges and universities. Considering that the company currently has a presence in the K-12 sector, we expect Blackboard will likely be the provider of choice for K-12 schools evaluating distance learning platforms. At this time, e-Learning platforms have just started to penetrate the K-12 market. We believe that there are plenty of opportunities in the sector as school administrators realize the substantial benefits that e-Learning provides; however, how quickly the platforms are adopted has yet to be seen.

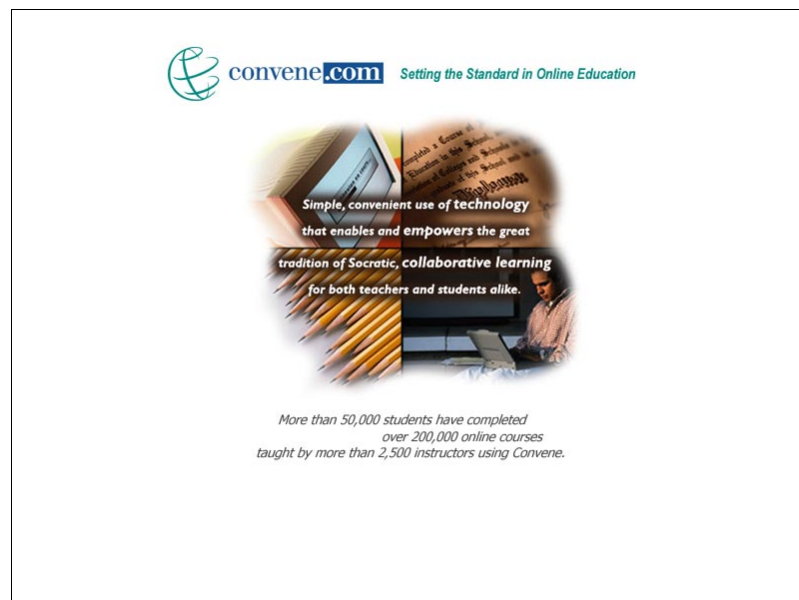


Source: Blackboard web site.

Tools/Enablers in the P2 Sector.

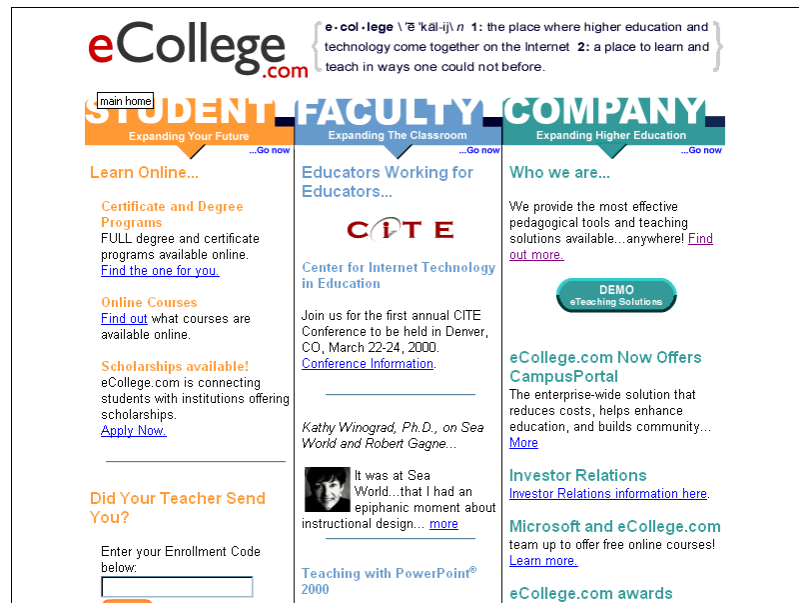
Unlike the K-12 market, whose relationship with the Internet has been cautious so far, there is a sense of urgency in the P2 market to incorporate online learning technology into the service offerings. The rush by universities and colleges to get online has created sizable demand in the P2 marketplace. With leaders such as Apollo's University of Phoenix Online well ahead of the competition, traditional schools have quickly begun to chase. With an increasing number of educational choices available to students, we believe that by 2005 a significant percentage of four-and two-year P2 schools will offer students a distance learning alternative. In 1996-97, there were more than 5,500 schools in these two groups, clearly indicating that there remains a sizable opportunity for platform providers targeting the higher education institutions. Thus far there have been three companies that have established themselves as leaders in the P2 enabling segment—Blackboard, convene.com, and eCollege.com.

Convene.com has the most extensive track record in the distance education marketplace. Founded in 1993 by Jeffrey Stein and Reda Anthanasios, the company has been instrumental in the expansion of distance education in the P2 marketplace. During 1999, it added formidable management to its team with new hire Terri Hedegaard, a founder of Apollo's University of Phoenix Online Campus in 1989. The company currently has more than 100 schools in its consumer base, including Education Management Corporation (EDMC—Not Rated). The ac@deme product provides schools interested in distance education with an efficient alternative. Operated under an ASP model, the ac@deme product offers a school an online learning alternative without having to allocate resources to expanding the IT staff or buying additional infrastructure. The company charges a set fee per student, per class. As a result, Convene's interests in the success of the program are in-line with the institution's. Another feature offered by Convene is its teacher training. A teacher interested in becoming an online instructor must complete a five-week training course. Once completed, an instructor will be capable of converting offline content and lesson plans to courses offered online. We believe that empowering the instructor with the ability to customize the content provided facilitates involvement in the online learning process. Convene offers distance education anytime, anywhere. Students can access courses and work online or simply download the coursework to their own computer. Impressively, the downloaded version retains the Web browser look.



Source: convene.com web site.

Another major participant in the P2 sector is eCollege.com (ECLG—Not Rated), previously Real Education. The company currently provides distance education technology products and services to more than 100 universities and colleges. eCollege.com generates revenues from development fees associated with the build out of an online campus, development and design fees for courses, and a fee per student enrollment. Generally, the company signs multi-year contracts with schools with a required minimum number of online courses. During 1999, eCollege experienced substantial growth, increasing the number of school contracts from 36 to 148. Courses offered online grew as well, increasing 448% from fall 1998 to fall 1999. In addition to offering distance learning, the company is expanding its product base into the knowledge hub segment with the development of its CampusPortal(SM), which provides schools with an enterprise-wide online campus. The portal allows students to access administrative services, collaborate with other students or teachers, and stay updated on activities. We believe that the college portal will be widely accepted, as universities attempt to stay competitive by meeting the demands of their technology-savvy customer base.



Source: eCollege.com web site.

Tools/Enablers in the Corporate Training Sector.

As we have previously discussed, the corporate training market has incorporated technology at a faster pace than other segments; thus, there is a multitude of platform providers targeting the corporate market. Increasingly there is a need to continuously educate both employees and customers and it is apparent that the Internet is an effective avenue to do just that. Therefore, we believe that learning management platforms (LMPs) will become a necessity for businesses, both large and small, to achieve continued success. We expect that there will be a rapid adoption of LMPs throughout the corporate environment just as businesses identified the need for enterprise resource planning systems (ERPs).

In the corporate marketplace, the need for just-in-time information and knowledge is critical to reaching stated goals. At the rapid rate at which products change in today's marketplace, it is critical for sales teams to have a solid understanding of the products and services they are expected to sell. If they are not capable of conveying the necessary information to customers in a clear manner, sales will ultimately be negatively impacted. Proper training, through either instructor or computer-based methods can dramatically improve results. A *Technology Training* (October 1999) article discussing GTE Learning Systems illustrates the effectiveness of online training when conducted in the proper manner. The findings of an internal study found newly hired sales employees performance was greatly enhanced with the use of the Integrated Learning Solution (a combination of several learning methods including instructors, web-based, self-paced training, and CD-ROMs). Specifically, the Integrated approach led to a 25% reduction in the number of days a newly hired salesperson completed their first sale. Further, the study found that the value of the first sale was 100% greater than the first sale by individuals who were not trained using the Integrated Learning System. The takeaway point, is that training, when effectively used, can dramatically improve a company's operations.

As illustrated by the GTE example, the impact of effective learning is critical in today's knowledge economy. Learning management platforms can be the difference in providing the knowledge that workers need to be competitive in the marketplace. We are at the beginning stages of what we believe will be the rapid adoption of LMPs by corporations both large and small. Of note, small companies that may not have the necessary funds to implement their own LMP onsite do have options available to them. Providers such as Headlight.com, target small-and medium-sized companies. Still further, the emergence of the ASP model to provide learning gives companies the ability to participate without having to purchase expensive hardware or hire additional IT staff to support on-site learning platforms.

A veteran of technology-based training and an innovator in the emergence of web-based training is click2learn.com (CLKS-Not Rated), formerly known as Asyemtrix Learning Systems. The company, founded in 1984 by Paul Allen (co-founder of Microsoft), has established itself as one of the premier destinations for corporate and technical knowledge for individuals at work and home. The company was one of the first to offer "outside-the-firewall" learning management products through an ASP model. Click2learn provides a broad array of learning products and services including authoring tools that enable customers to use their own content to create customized courses. The company's Ingenium and Librarian products provide customers with a complete learning management system. In October 1999, the company changed its name to click2learn to reflect its focus on the delivery of learning through web-based methods.

Through the click2learn portal, the company offers individuals and corporate customers access to a large catalog of courses through licensing agreements with several of the leading content providers such as Learn2.com, NETg, and SkillSoft. The company is a leading aggregator of content. Additionally, customers may make their customized courses available on the portal. Click2learn is essentially a warehouse for content. We believe that click2learn's ASP model will increasingly become the preferred method to deliver both general and customized content throughout an organization. The ASP model will allow the client to access content as needed without the cost and time of installing a "behind-the-firewall" LMP. Notable customers of the click2learn product offerings include American Express, Fidelity Investments, GE, New York University, and Nortel Networks. Click2learn has therefore emerged as a leader in the B2B e-Learning industry.



Source: click2learn.com web site.

Another platform provider targeting the corporate marketplace is Docent. The company's product offerings include its Enterprise 4.0 system, which was awarded PCWeek's Shoot-Out Award as the top web-based learning management system. Docent's Enterprise product's measurability features, such as assessments and progress tracking, were given high marks by the Shoot-Out judges. The company's ASP product aims to connect content providers with large and small businesses. With content partners such as C3I, a provider of sales automation training, and Miller Heiman, a leader in sales training products, Docent has aligned itself with well respected content partners. Current customers include AltaVista, Ariba, Lucent Technologies, Merrill Lynch, and Sun Microsystems. The Ariba contract calls for Docent to provide learning services to Ariba's customers, employees, and partners. In addition, Docent and Ariba will share revenue from the Ariba online training and product certification courses and exams. We believe that this partnership further demonstrates the vital role e-learning plays in today's technology-based economy. Ariba's relationship with Docent will allow its customers to better understand the Ariba product line, which should ultimately lead to a more satisfied customer and better brand loyalty. This demonstrates the use of e-Learning as a tool to gain a competitive advantage over rivals.

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DOCENT VIEW NEWSLETTER
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—Dave Ellett, President and CEO at Docent

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- Partner Application
- FAQ's

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- Submit Your Information

EVENTS

- Calendar
- Submit Your Information

MARKET INSIGHTS & OPPORTUNITIES

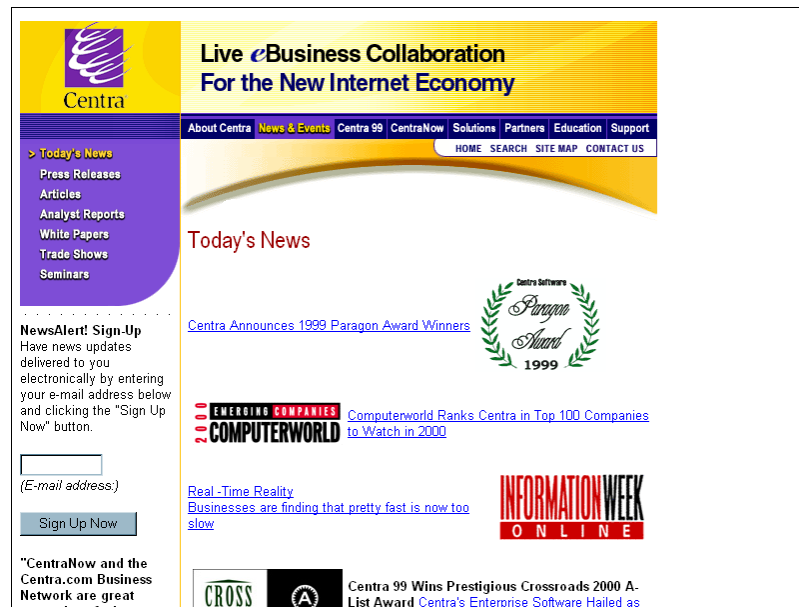
- Point of View
- Ask the Experts
- Press Releases
- Success Stories

Source: Docent web site.

The recent initial public offering of Centra Software (CTRA-Not Rated) illustrates some of the interest in the knowledge technology area. Centra is a true platform provider and in many cases provides its platform to other e-learning service companies, such as Docent and click2learn. Centra product offerings include live Internet collaboration technology. Companies such as Docent and click2learn employ the use of Centra's products to offer their clients the ability to create a virtual classroom. Otherwise known as a synchronous learning platform, live collaboration is extremely effective to instruct either students, customers, or employees. Centra has focused its efforts towards improving the manner in which businesses interact with employees and customers.

Centra has developed an extensive customer base that totaled more than 170 customers at the end of 1999. Notable customers include MCI WorldCom, PricewaterhouseCoopers, Schering Plough, and the University of Tennessee. By employing Centra's technology, clients can efficiently disseminate information as it changes. Previously, the primary method for conducting seminars, presentations, and training was to travel to off-site classes or meet by video and teleconferencing. With the development of synchronous learning platforms, salespeople in various geographic regions can participate in seminars, presentations, and training at lower costs than those associated with gathering individuals into an actual classroom setting or videoconferencing. The synchronous learning platform allows an individual to present visual materials coupled with voice interaction. This virtual classroom enables participants to interact with the instructor and other individuals, thus creating an open flow of information.

Through the company's products, Centra 99, CentraNow, and Centra BCN, it provides a turnkey solution to clients' collaboration needs. Centra 99 is the company's web-based enterprise software product which offers scaleable collaboration services that can be implemented on intranets, extranets, and the Internet. Customers may purchase or rent the necessary software and hardware. The company also offers customers hosting alternatives. The CentraNow Web Service product is targeted to spur the expansion of collaboration over the Internet. This product allows a few individuals to communicate in a synchronous environment. The company will begin charging a fee for this service in 2000. The final component of the Centra product offering is Centra Business Collaboration Network, otherwise known as Centra BCN. This product is a network that includes Centra customers and users, as well as other content and service providers. The network provides an avenue for the aggregation and distribution of content supplied by users, in addition to synchronous collaboration services. Like the CentraNow offering, Centra BCN is an effort to create awareness of the benefits of synchronous dissemination environments.



Source: Centra Software web site.

Tools/Enablers in the Lifelong Learning Sector.

Like the K-12 market, many of the platform providers in the lifelong learning segment also play significant roles in the content and learning service provider areas as well. The two most prevalent companies with platforms focusing on the sector would include Learn2.com and SmartPlanet. Learn2.com, which offers IT-related training products and courses is also a participant in the self-interest area. The company employs the use of its patented StreamMaker™ plug-in. This product, which is downloaded from the Learn2 site, provides the ability to utilize multimedia technology for the delivery of animation, graphics, and audio in an interactive learning environment. We do expect the use of lifelong learning sites to expand; however, it is not an area that we expect one platform provider to dominate. Like the K-12 market, we anticipate that the content and LSP providers will develop their own platforms rather than licensing them from an enabling technology provider.

Learning Service Providers — Transforming Information into Knowledge

As we have discussed, the importance of high-quality technology and content are key to the success of the e-Learning experience, and we believe that solid learning service providers (LSP) complete the process. There are several methods by which LSPs can deliver content, which vary by the amount of interactivity between the LSP and the learner. The technology on our desktops and in our homes will dictate the type of learning environment that best fits our needs. The use of state-of-the-art video and audio streaming might experience delays when used with a slower Internet connection. Such delays would surely lead to a negative learning experience. Thus, it is of great importance for users to know the courses and programs best suited to their technology in order for the learning experience to be a pleasant one.

Of note, the concepts of anytime, anywhere learning and Internet-based learning are not entirely interrelated. There are various ways for learning service providers to reach the student. Where once distance education meant correspondence courses, now it represents classes connected to or downloaded from the Internet. The learning experience can include self-paced courses, where students progress at their own speed. It could also include an asynchronous class, which involves interaction between students and teachers, but falls short of the virtual classroom. In this model, collaboration occurs over a period of time. Interactivity between participants includes threaded discussions and e-mails. In contrast, a synchronous learning setting is a classroom on the virtual level—a classroom without walls. The synchronous model has time and location issues, while self-paced courses that are downloaded from the Internet are free of time and location constraints. The synchronous model enables students to see the teacher’s presentation, either on a whiteboard or PowerPoint presentation. While the teacher is presenting, students can often ask questions of both the teacher and fellow students.

In comparing the various forms of distance learning side-by-side, each method has both its benefits and drawbacks. Interestingly, we believe a student can benefit greatly from incorporating all forms of distance education. In doing so, one maximizes the benefits of technology-based learning while limiting the drawbacks. A company that incorporates all forms of distance education into one package is EPICLearning, Inc. Specializing in IT certification, EPIC conducts real-time classes, in addition to providing downloadable content (self-paced) materials. The blended learning environment can be extremely productive.

ONLINE LEARNING METHODS		
	Positive	Negative
Asynchronous	Anytime, Anywhere	Less Human Interaction
Synchronous	Substantial Human Interaction	Time Constraints
Blended (Asynch. & Synchronous)	Substantial Human Interaction Anytime, Anywhere	-

Source: SunTrust Equitable Securities.

LSPs in the K-12 Sector.

As we have indicated previously, many of the K-12 companies that are classified as LSPs are also considered to be major participants in the content and tools/enablers segments. These companies typically develop both the platform and the content to be delivered to customers in the K-12 system. With the Internet viewed currently as a supplementary tool for the K-12 market, we believe that K-12 companies must participate in multiple segments—content, tools/enabler, and knowledge hubs/portals/communities. As a result, we have not seen the emergence of many solely-focused platform and learning service providers. Ultimately, there is the potential for a significant amount of learning to take place on the Internet. Although we believe that the shift will take longer in the K-12 market than in the other segments, when it occurs there will be enormous potential for companies targeting the market. It will be only a matter of time until each student has a portable computer at his/her fingertips and the educational benefits of technology and the Internet are accepted by our children’s teachers. The moment is nearing when learning over the Internet is the norm for our children. As the balance of power shifts towards e-learning, we believe that solely-focused tools/enablers and LSPs will emerge on the K-12 front. Notable LSP participants include the previously mentioned Apex Online Learning, ChildU, and Tutor.net.com.

Additional LSP providers targeting the K-12 market include e-Tutor, Homeworkhelp.com, and NovaNET. E-Tutor provides content in four subject areas: language arts, mathematics, science, and social studies. Of significance, the company serves all levels of the K-12 market. E-Tutor’s curriculum includes three stages. First, the student is informed of the goals and objectives of a specified lesson. During the lesson, the student must use online educational resources through Internet links included in the lesson plan, a prime example of the interactivity created through online learning. Finally, the student is assessed on his/her performance.



Source: e-Tutor web site.

Homeworkhelp.com, formerly known as the Super Tutor Company, is a provider of interactive educational content and educational web sites. The company has attempted to incorporate traditional teaching methods with advancements in technology. The lessons allow students to interact with the information being delivered. By viewing animation, completing practice skills, and using quizzes, the student plays a significant role in the learning process. In December 1999, the company rolled out a new Internet Learning Center platform to supplement the more than 2,500 lesson plans available. The Internet Learning Center will attempt to fully integrate the parent, student, and teacher in the learning process in an effort to fully maximize the student's educational performance.



Source: homeworkhelp.com web site.

NovaNET Learning provides a wide variety of curricula combined with collaborative learning services to customers ranging from at-risk youth, K-12, and post-secondary students. The company employs mastery-based lessons that allow for self-paced learning; however, the student is provided with immediate feedback regarding performance. Additionally, the company offers students the ability to interact with their instructor or fellow students through e-mail, discussion forums, and chat rooms.

LSPs in the P2 Sector.

Like the LSP of the K-12 market, post-secondary LSPs are also tools and enabling companies. Unlike the K-12 market, content and curricula providers have not been a significant force in the post-secondary sector. In many cases, a university or school will outsource its distance education program to a platform provider operating an ASP model or simply buy the necessary hardware and operate the system themselves. Competition for students and growing demand for distance education is driving both two- and four-year schools to evaluate offering online courses. IDC predicts that the number of students enrolling in distance learning courses is expected to grow from roughly 700,000 in 1998 to more than two million by 2002. We anticipate that the current platform and learning service providers (Blackboard, Convene.com, and eCollege.com) will continue to be successful as additional schools choose to go online. Interestingly, IDC predicts that by 2002, 85% of two-year schools will be offering education over the Internet and 84% of four-year schools will. This compares to 58% and 62%, respectively, in 1998.

One company in the post-secondary sector that has been gaining exposure is the Masters Institute. The company is an active provider of online IT certification. Courses offered by the company include Associate of Applied Science in Systems Administration, Microsoft Certified Systems Engineer (MCSE), Novell Certification, A+ Certification, and Cisco Certification. Importantly, the company has been granted the opportunity to participate in the U.S. Department of Education's Distance Education Demonstration Program. The Masters Institute, along with Quest Education Corporation (QEDC—Strong Buy) are the only for-profit providers participating in the pilot program. The Demonstration Program allows students taking distance education courses from the 15 institutions selected the ability to obtain student financial aid. Previously, aid was not available if over 50% of the student base was enrolled in distance education or if the academic year was less than 30 weeks. Through its selection in the Department's Demonstration Program, the Masters Institute has an advantage over the other providers of distance education programs. We look for the company to take full advantage of the opportunity that lies ahead over the next two years. In the third year of the program, the Department will evaluate allowing additional providers into the program.



Source: Masters Institute web site.

LSPs in the Corporate Training Sector.

The corporate market has accepted the Internet as an effective learning tool at a faster pace than the other customer segments. This acceptance has led to the emergence of numerous companies focused on delivering learning services through the B2B channel. In many cases, the company does not create the content, but is only providing a vehicle to deliver it to the end user—corporations. In essence, these companies offer B2B services in the form of training content. In addition to companies that focus on the corporate market, there are providers that have courses available to the consumer market as well. The desperate need for qualified IT workers has led industry participants to focus on providing IT certification over the Internet. The substantial demand for qualified IT workers by corporations, both big and small, makes this an intriguing opportunity for LSPs targeting the B2C marketplace. The rate at which technology changes and the continued evolution of products and services have led to the need for an equally quick learning environment. The only method to keep pace with such changes is e-Learning. This continuously evolving marketplace provides a surfeit of opportunities for companies targeting the B2B channel as well as those in the B2C market.

Headlight.com is a true example of an LSP aggregator focused on the B2B market. Specifically, the company has signed agreements with many of the leading corporate training content companies. While other providers serving the corporate market have targeted larger corporations, Headlight is targeting small- to medium-sized businesses, many of which could not afford expensive training services. By selling to smaller companies, Headlight is concentrating on penetrating a customer base that has been significantly underserved by the traditional training providers. The company has an extensive catalog that includes more than 1,000 titles from content providers such as ActiveEducation, Digital University, Learn2.com, NETg, and SkillSoft. Ease of use is a tremendous advantage for the company. Customers need only have a computer and access to the Internet to participate. Customers may pay as they go, typifying the just-in-time benefit associated with e-Learning. We fully expect Headlight will be widely accepted in the corporate marketplace. Although other providers' lifelong learning networks do offer alternatives, Headlight has amassed significant content relationships that at this time set it apart from several of its competitors.

Source: Headlight.com web site.

While Headlight serves the B2B market, EPIC Learning has primarily targeted the IT certification consumer marketplace. As previously discussed, EPIC provides individuals the opportunity to obtain IT certification through the use of a blended learning platform. This includes the use of synchronous technologies and the distribution of CBT (computer based training), self-paced content. The student is able to experience the benefits of instructor-led learning, while supplementing it with CBT content. Further, the presence of online mentors gives the student access to experts when assistance is needed outside the virtual classroom. We anticipate that the company will begin a national marketing campaign to ramp up its consumer-based initiative. Presently, EPIC offers Microsoft (MCP, MCSE, MCSE+I), Novell (CNE, CAN), and Oracle (ODA, OAD) certifications. Once enrolled, a student's study program is outlined for him/her. With the rapid rate at which technology changes, there is a continual need to acquire additional training and knowledge. Through its homeroom page, EPIC is attempting to be the lifetime learning site for its users. The addition of a career center will assist in retaining students as they move through the certification programs and into the IT workforce. Although the B2C market is not the most attractive at this time, we believe that the IT certification focus, and the immediate need for certified technology workers, does create a sizable market opportunity.



Source: EPIC Learning web site.

KnowledgeNet is another participant striving to capitalize on the shortage of qualified IT employees. With a management team that possesses substantial experience in the typical "bricks and mortar" IT training industry, we believe that the company is well-positioned for solid growth into the Internet training market. KnowledgeNet's origin dates back to a company by the name of Mastering Computers. Following the sale of Mastering's traditional IT training business lines, former management set out to pursue opportunities in the e-learning industry. Management retained KnowledgeLink, the Internet training unit of Mastering, under terms of the sale to Platinum Technology. The company now offers one of the most robust, interactive IT certification programs. Students proceed through the program in visually dynamic labs that allow them to gain hands-on experience; however, it is all completed at the computer. In addition, the company does provide live, synchronous classes. These classes are typically delivered once a week for three hours over a three week period. Students also have mentors available should they need further assistance. We expect the company to roll out additional programs during the next twelve months, further supplementing its current program offerings of Microsoft, Cisco, and A+ certification. We believe that KnowledgeNet has the potential to achieve solid growth. The learning experience provided through its leading-edge technology will keep users engaged.



Source: KnowledgeNet web site.

Like click2learn, TrainingNet has been successful in the aggregation of a wide array of training products and services. The company's list of training partners includes 1,200 of the leading providers of corporate learning products and services. TrainingNet has established a reputation of being the one-stop-shop for training managers. The company's catalog of courses is several hundred thousand and growing. In association with its long list of training partners, the company offers its clients an avenue to access classroom, onsite, online, books, videos, and CD-ROMs products. Through corporate intranets, TrainingNet can offer clients a private, personalized training site to its employees. Clients can offer company-specific customized courses on their personalized site as well. Notable intranet clients include CMGi, Genzyme, and Harley-Davidson. The company offers co-branded training sites with strategic partners such as Dow Jones, HeadHunter.net, Kaplan Education, IDG.net, and SuccessFactors.com. These co-branded sites allow clients of these partners to access the wide array of training product and services offered by TrainingNet. These relationships greatly enhance the services offered by TrainingNet's strategic partners.

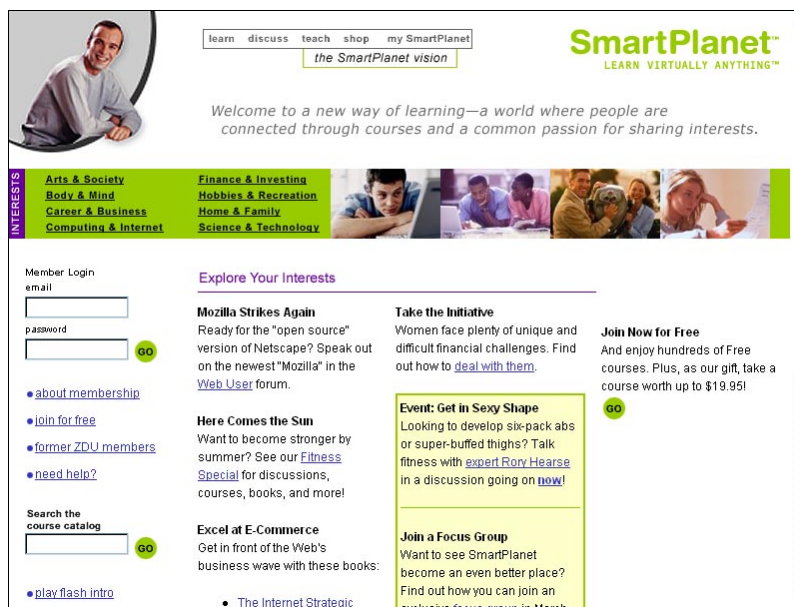


Source: TrainingNet web site.

LSPs in the Lifelong Learning Sector.

Although the Internet is quickly becoming well entrenched in the corporate market, opportunities within the lifelong learning sector are just now beginning to take shape. The key to success in the lifelong learning market will be whether users will open their own wallets to acquire the vast amount of knowledge that is made available through lifelong learning sites. There are several LSPs that distribute content into the B2C lifelong learning market, some of which include click2learn.com (CLKS-Not Rated) and SmartForce (SMTF-Not Rated); however, this market segment is not their primary focus. In fact, the above-mentioned companies are attempting to only supplement their B2B services with the B2C channel. There are several participants whose primary focus is the lifelong learning marketplace, with the most significant being SmartPlanet.

SmartPlanet, a subsidiary of Ziff-Davis (ZD—Not Rated), is the former B2C division of ZD Education. Through its relationship with ZD Education, one of the premier content and online learning providers, SmartPlanet provides its customer base a broad offering of technology related courses. It also has an extensive catalog of courses created by experts and users in the personal interest and hobby areas. Courses offered by SmartPlanet are segmented into eight subject areas: Arts & Society, Body & Mind, Career & Business, Computing & Internet, Finance & Investing, Hobbies & Recreation, Home & Family, and Science & Technology. In addition to SmartPlanet's relationship with ZD Education, the company has an agreement with ZDNet for an exclusive co-branded learning center. The company has multiple sources of revenue; however, we expect subscriptions will be one of its primary sources of revenue going forward. In addition to paid memberships, the company offers free memberships. This is to get the users involved, with the intention that they will convert to paid members. Some courses are not available to free members, although a user may purchase a course on a pay-per-use basis. These "a la carte" courses range from \$9.00 to \$19.95 for Standard and from \$30 and up for Premium courses. Presently, the company is averaging approximately 30 pay-per-view purchases a day. A user can become a member for \$89.95 annually or \$15.95 on a monthly basis. Both the monthly and annual memberships allow the user to take unlimited courses, both free and standard. At this time, SmartPlanet has approximately 175,000 members (137,000 free and 38,000 paid members). The verdict is still out on the success for companies in the B2C lifelong learning segment. Despite the uncertainty, we believe that Smart Planet's strong relationships with ZDNet and ZD Education provide a steady base of potential members.



Source: SmartPlanet web site.

Knowledge Hubs/Portals/Communities — Banding Together for the Common Cause

One of the most dynamic developments of the Internet has been the portal. A portal is a “doorway” to areas of interest. Although some portals do nothing but link users with a specified site of interest, there are many portals in the knowledge area that provide much more than the ability to link to other sites. While many portals are launching pads to other areas, a hub attempts to keep users at their site. These sites are created around a specific subject area or demographic group. Also known as vortals, these portals supply users with information related to a specific industry or demographic group. This information may include news items, related events, research, and product and service offerings in addition to links to other Web sites. These vortals, or hubs, effectively allows a user to “weed out” unnecessary information that may overwhelm. Vortals create an efficient avenue to convert information into knowledge, and provide users with similar interests with a channel for communication. Again, due to the make-up of the education industry (four distinct customer bases), we believe that these hubs will play an important role in the development of the e-Learning industry.

K-12 Knowledge Hubs/Portals/Communities.

The knowledge hub is extremely well-suited to the K-12 market. We believe that hubs targeting this market can add tremendous value to the learning process. In our opinion, an increased awareness and interaction between the three major participants in the sector (parents, students, and teachers) will ultimately lead to improved performance. Many of the problems in the educational system pertain to lack of awareness or involvement. The development of the K-12 hub improves awareness and involvement. Students become involved in the learning process. Rather than being lectured to, students learn through experience. The Internet levels the playing field between the student and teacher. Both are involved in the process—it is a two-way street. Finally, parents can become aware of daily lessons, develop knowledge of their child's academic progress, or simply learn more about learning products and services. The quality of our educational system remains one of the most controversial issues in this country. More parents are willing to take matters into their own hands, either through enrolling their children in charter schools or providing education in a homeschool environment. These sites provide valuable tools for families with an interest in a child's education. With more than 110,000 schools, 3.1 million teachers, and 53 million teachers nationwide, the market opportunity is clear. The race is on to become the leading destination for the K-12 market.

Lightspan Partnership, Inc. (LSPN—Not Rated) is clearly a leading K-12 hub. Formed in 1993, Lightspan has developed a wide variety of products and services aimed at improving the educational performance and experience of students. Products include Lightspan Achieve Now (a K-8 interactive software program), The Lightspan Network (a subscription-based online site marketed to schools), Lightspan PageOne (a customizable home page service for teachers co-developed with Yahoo!), StudyWeb (an educational and resource research site created for parents, students, and teachers), and The Lightspan Learning Store (distribution outlet for educational products).



Source: Lightspan Partnership web site.

FamilyEducation Network is also a leading K-12 destination. Where Lightspan is more focused on students and teachers, FamilyEducation is slanted towards parents. The company recently announced the acquisition of funbrain.com, a leading interactive K-12 web site. The transaction provides FamilyEducation with a wide array of educational games, activities, and quizzes thus expanding the content available to its student and teacher users. The transaction is significant considering that it nearly doubles the company's audience. Through the company's Web sites, familyeducation.com (parents), teachervision.com (teachers), infoplease.com (research), and myschoolonline.com (school community), it creates a dynamic information sharing environment. Of note, the company has gained the acceptance of many of the major power brokers in the K-12 segment, an achievement that should not be overlooked. Specifically, the company has relationships with the American Association of School Administrators (AASA), National Association of Secondary School Principles (NASSP), and the National Education Association (NEA). The company is also the exclusive partner of the National PTA. Major sponsorships include American Online (AOL-Not Rated) and Harcourt General (H-Not Rated).



Source: FamilyEducation Network web site.

While Lightspan and FamilyEducation's primary objective is to improve learning and provide parents with information, Highwired.com's attention is on developing school community sites—primarily high schools. Through the use of publishing tools, Highwired allows participating schools to create online communities for their school's guidance office, newspaper, sports teams, activities and events. As students create content for their school's site, they are simultaneously learning and getting hands-on Internet experience. The company has a large base of schools totaling more than 8,000 worldwide. The Highwired network enables students to keep current on homework assignments, student meetings, and other events while on vacation or at home sick—anytime and anywhere. With the school receiving free tools and services from Highwired, where does the revenue come from? The company expects to generate revenue through several e-commerce initiatives, including a school store and other learning products. Additionally, the company will generate revenue through sponsorship and advertising, although we expect this to be only a small portion of total revenues. Notably, Highwired maintains the highest integrity with strict standards on the type of advertising that occupies its site. The company does offer the school the opportunity to sell banner advertising space on individual pages to local business. The Student Advertising Initiative (SAI) allows the school to keep all of the funds. Further, privacy of users is highly regarded and no students' or teachers' names, nor any other user data is released without the consent of the individual or legal guardian. Considering Highwired's rapid expansion, 8,000 schools since being founded in April 1998, we consider the company a leader in the high school Internet community. This leadership position should make it an attractive choice for additional schools as they evaluate building an online community for their own students.



Source: Highwired.com web site.

P2 Knowledge Hubs/Portals/Communities.

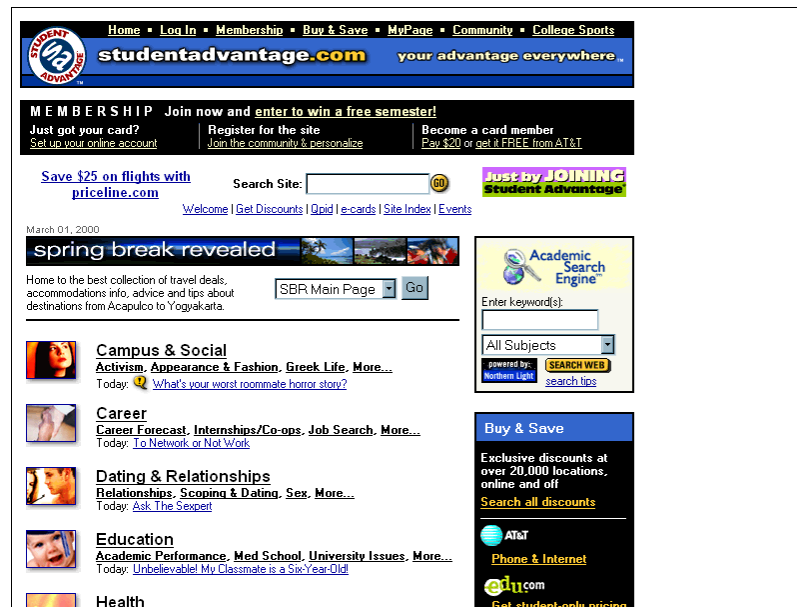
While we believe that knowledge hubs will be integral to improving the educational process in the K-12 market, they play more of a societal or community role in the post-secondary sector. Companies such as college411, CollegeClub, and Student Advantage create online communities for colleges and universities. With a student population approaching 16 million, the target market is rather small; however, this group is quite comfortable with technology and the Internet. According to Student Monitor, this group spent more than \$105 billion on various products and services in 1998. Considering the spending pattern of the group and the heavy use of the Internet, we believe that there are substantial opportunities for companies solely targeting the college population. Student Monitor stated that college students logged onto the Internet for nearly 17 hours per week in 1998, a number we believe has increased as connectivity and the popularity of the Web have grown.

One company that stretches beyond the post-secondary customer base is Freescholarships.com, a subsidiary of MathSoft (MATH—Not Rated) and a recent arrival to the Internet. The concept behind Freescholarships is to create a community by giving away money to pay for school. The company gives away a \$10,000 scholarship daily. In addition, once a month a \$25,000 prize is given away; \$50,000 is awarded once a quarter. Like other promotional sites such as iWon, FreeLotto, and Publishers Clearing House (pch.com); Freescholarships attracts users to its site through a give-away, but in this case the money is for school. The money does not go directly to a student but instead to the school, or creditor owed for student loans, or to a custodial account for a child. Interestingly, the money can be used for preschool, K-12 private school, college, or by a graduate to satisfy educational loans. By stretching outside the P2 population, the company's target audience grows from nearly 15 million college students to parents of younger children and grandparents. Simply stated, a large percentage of the total U.S. population. The more a user signs on to the site, the probability of winning increases. We anticipate that the company will soon roll out an extensive e-commerce site that will include auctions, shopping, games, career information, and financial services. Again, the more users click through and participate in activities on the site, their chances for winning improve. The "viral" effect created by giving away money is significant, we believe. In our society, we are attracted to the thought of easy money. In this instance, free money is good money in that it ultimately educates an individual. Although the site is new, we believe that traffic will be high considering there is an opportunity to win. We fully expect that the company will make progress in adding quality content in order to retain users.



Source: FreeScholarships.com web site.

One company that has solely focused on the post-secondary population is Student Advantage (STAD—Not Rated). The company, through its Student Advantage Membership program (offline) and studentadvantage.com (online), has an extensive reach into the 15 million person college population. Through Student Advantage, individuals receive discounts from companies ranging from AT&T to edu.com (which offers a multitude of products and services). On its studentadvantage.com site, the company has created a destination for students to log onto for all of their Internet needs. A user is able to find travel prices, information on educational products, social life, and career information. The company has an established track record serving the college market. In our opinion, the site is more commercially oriented than several of the college portals in its peer group. Specifically, companies such as College411 tend to integrate social issues and student views into their content.



Source: Student Advantage web site.

Corporate Training & Lifelong Learning Knowledge Hubs/Portals/Communities.

There have been several sites attempting to emerge as the destination of choice for the lifelong learner—those users that seek information relating to personal enrichment, finance, hobbies, or even technical training. In addition to companies solely focused on the lifelong learning, companies such as click2learn (CLKS—Not Rated) and Smartforce (SMTF—Not Rated) have consumer-oriented portal sites aimed at lifelong learning business professionals. In click2learn's case, users are allowed to publish courses for other users to take. This enables members to actively participate in the community and share in the revenue generated as well. For click2learn, the portal allows the company to continue to build its catalog of content.

We believe that there is plenty of opportunity for lifelong learning hubs; however, it has yet to be seen whether users will be repeat customers for an extended period of time. We remain steadfast in our belief that the B2B channel provides a stable opportunity for companies in the short-run and long-run. We anticipate that as more individuals come in contact with e-Learning in the marketplace, interest levels in the B2C channel will experience noticeable growth. We remain confident that, in time, individuals will increasingly use the Internet as a tool to enhance their education or gain personal enrichment and as a result, we expect to see lifelong learning companies succeed over the long-run.

HungryMinds has created a consumer-based learning hub that links other online learning providers. The company has an extensive catalog of courses offered by colleges, universities, and corporate training companies. The company's catalog includes tutorials from learn2.com and eHow. Further, HungryMinds has partnered with some of the most recognized Internet companies to develop and deliver content on the HungryMinds site. Examples of these strategic relationships include The Industry Standard and Monster.com. Additionally, the company has teamed up with Blackboard to create People's U., a catalog of courses by the people and for the people. By using publishing tools, users will be able to create courses for others to enjoy, further expanding the company's growing catalog of content.



Source: HungryMinds web site.

Educational e-Tailers — Targeting a Captive Audience

In addition to the platform, content, LSP, and hub providers, we have encountered several companies focused on the distribution of educational products via the Internet in an attempt to capitalize on numerous market opportunities. As previously mentioned, unlike other e-tailers, those focused on the educational sector have a captive audience. Companies selling textbooks online can direct their marketing to college campuses, gaining exposure to their potential customer base of 15 million-plus students who **NEED** to buy books two to four times a year. Although Amazon.com has a larger potential customer base (the world), its customers are not required to buy books. College students spend more than \$100 billion on goods and services annually. Further, Student Monitor noted that 95% of students use the Internet. As it pertains to the K-12 market, parents are concerned with the quality of the educational system; as a result, more parents are looking for ways to improve their children's learning experience. Parents are increasingly researching and purchasing educational materials. In addition to targeting the K-12 and P2 consumer groups, there remains the potential for companies to penetrate the lifelong learning market. The acceptance of the Internet as an avenue for commerce is gaining acceptance by the middle-aged and older generations. As these age groups increasingly accept the Internet as a vehicle over which to purchase products and services, we believe that a large number will shop for knowledge and information. Therefore, we anticipate that vertically oriented sites with knowledge-based products will gain exposure with Internet users.

One of the most noticed categories in the educational e-tailing sector is the college textbook market. There are several participants competing with the traditional on-campus bookstores for the wallets of the 15-plus million college students. The National Association of College Stores (NACS) has estimated that new college textbook sales were \$5 billion in 1998. As reported by *Almanac 1998-99*, published by *The Chronicle of Higher Education* students spent \$610-\$634 annually for books and educational supplies. We all remember standing in those lines at the college bookstore. Moreover, our eyes all popped when the cashier range up the total. The online textbook companies saw a problem and offered a solution, and it appears that students are taking notice.

Despite warnings made by the NACS regarding the quality of online competition, we believe overall that the online textbook companies are doing a decent job. Of greater importance, these companies are improving. The NACS warns that oftentimes online prices, after shipping is added, are similar to college bookstore prices. Some companies, such as BIGWORDS.com have a best price guarantee. BIGWORDS' policy is to refund the price differential to the student if notified within 15 days of purchase. The NACS also warns of hidden shipping costs. Many of the companies have free shipping. Using BIGWORDS again, shipping is free for regular 3-5 day delivery. Assuming the student needs the book sooner, certain fees are charged. Another online provider, eCampus.com, offers free shipping all the time.

Based on our experience, we believe that the online booksellers are providing a service that the student population appreciates. The captive nature of the students, having to buy books two to four times per year, provides an opportunity to offer complementary products and services geared toward this demographic group. We fully expect several of the online textbook companies to move towards becoming a college hub site, offering much more than only books. These new services could be career enhancement products or even online seminars or courses. This is a sizable market (\$105+ billion spent by students) and is growing. Moreover, it is a demographic group that is expanding. It is also an age group that uses technology, with average Internet use stated at 17 hours per week in 1998. In order for these companies to be successful, we believe that conversion of users into buyers is critical. New customers must come from low cost means, such as word of mouth. As we have seen in the proprietary education sector, companies that are able to control student acquisition costs through less expensive recruitment (direct mail versus television) and improve lead to conversion rates, often produce solid financial results.



Source: bigwords.com web page.



Source: eCampus.com web page.

K-12 Market

Market Opportunities Abound.

The K-12 market consists of approximately 112,000 schools in 15,000 school districts. According to the Department of Education, there are 3.1 million teachers and 53 million students nationwide. The proliferation of companies servicing this market, including publishers, special education, and tutoring companies proves that the opportunity of selling to schools has enormous potential. This is despite the highly bureaucratic and fragmented nature of the U.S. education system. K-12 schools spend \$9 billion annually on textbooks and other academic materials, \$6 billion on education technology, and \$650 million on standardized testing. We believe e-Learning companies will gain a significant foothold in the K-12 market due to the inherent advantages of using the Internet as a complementary tool in an instructor-led learning environment.

The power of the Internet to transform the K-12 market lies in the ability to create and adjust lessons that can be customized for every student. There is enormous public and political pressure for increased testing and accountability in our nation's schools. Forty-eight states now mandate statewide testing. Teachers are forced to conform their lessons to state standards and education leaders stake their careers on next year's test results. The ability of the Internet to reach each child on his or her own level is one of the true benefits created by e-Learning. Assessment tests can be given frequently and lessons can be customized for each child based on objective diagnostics that adjust learning to each child's progress.

As teachers become more accustomed to using the Internet, they will become "guides" to all the great educational web sites and products. E-Learning companies that are able to connect with teachers to drive student traffic to their sites will gain access to a population that spends \$130 billion annually on discretionary items. Teachers can also "guide" parents to products that assist in the learning process. According to recent surveys, the number one concern of parents is their children's education. Still further, parents spend \$19 billion annually on educational products.

The potential for all-inclusive web communities is enormous. The Internet enables teachers and parents to share student information on an ongoing basis. Parents can now gain real time access to their child's attendance and academic performance. For Parents, this promotes a proactive approach to their children's learning. No longer do they have to wait for report cards to view their child's progress. Children will get help in subjects before they become hopelessly behind and fall through the cracks of our school system.

Although the use of the Internet in the K-12 segment is still in its infancy, rapid penetration by early movers is well under way. Headbone Interactive already has a registered user base of over 220,000 members. Its web site, www.headbone.com, recently topped Nintendo, Nickelodeon, and Yahoo!igans as the number one site for kids based on traffic. MaMaMedia.com has over 650,000 registered users for its portal designed for children aged 12 and under. MaMaMedia.com recently signed a strategic alliance with InfoSeek (NASDAQ: SEEK), whereby MaMaMedia.com will be a prominent feature on InfoSeek's GO Kids Center.

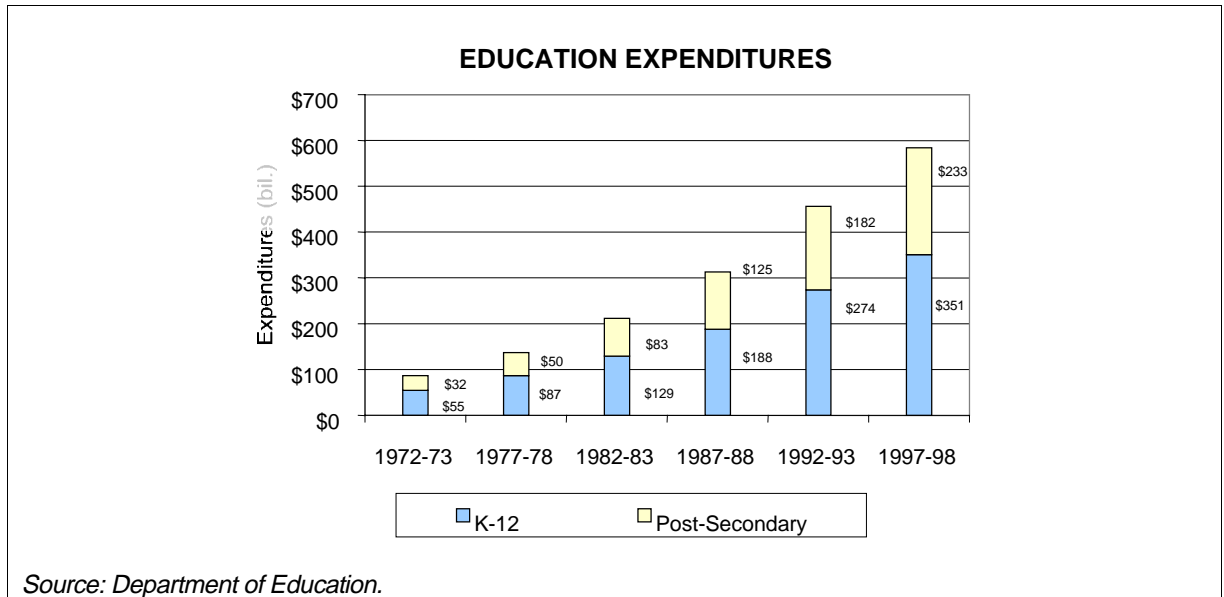
Home Connectivity is Key.

Today, more than 50% of households with children own personal computers. This number continues to rise with the advent of lower-priced PCs and the availability of trade-ins. Increased affordability has expanded the PC customer base to include the full spectrum of household incomes. Because of the proliferation of cheaper PCs, Internet access in America has grown at impressive rates. There are now 36 million homes connected to the Internet and this number is expected to grow to 61 million by 2002 (IDC).

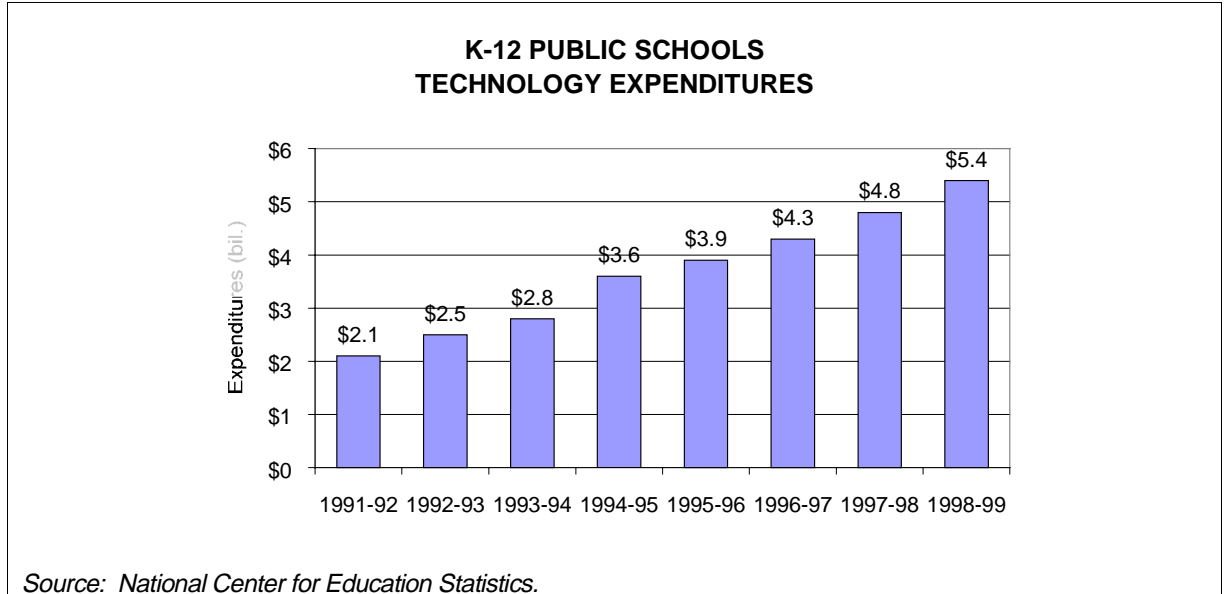
Although school connectivity represents a critical first step to incorporating technology in the classroom, ultimately home connectivity will be the deciding factor in the use of the Internet for education. As previously mentioned, by 2003 close to 60% of the U.S. population will be online, up from around 42% today. Currently, over five million students are online. This number is expected to grow to 21 million students by 2002. Student interest is stimulated by their experiences in the classroom. The real power of technology will not be completely realized in education unless learning continues at home and parents get involved. Home connectivity is key. It is important to note that the number one reason for individuals with children to buy computers is education.

The Government's Role.

Access to the Internet remains the most significant obstacle to technological literacy in the classroom. However, the E-rate program or Universal Fund, created under the Telecommunications Act of 1996, addresses this problem by providing discounts for schools and libraries to purchase high speed Internet access and telecommunications services. This \$2.5 billion fund is used by schools and libraries that apply for the program, to help them defer costs associated with accessing the Internet. All schools and libraries qualify for E-Rate funds. Since its inception, \$1.9 billion has been provided to connect 47,000 schools, libraries, and more than 30 million students to the Internet. Another \$1.3 billion will be made available in 2000 to continue the linking of America's schools.



Annual funding for education by the government is substantial. K-12 institutions receive more than \$320 billion in public sector funds each year. K-12 expenditures in 1997-98 were \$351 billion, for both public and private schools. Moreover, technology spending is rapidly increasing in this segment. Specifically, K-12 technology expenditures are expected to more than double to \$10 billion by 2002. IDC projects that spending on educational software and training is projected to grow to \$1.4 billion by 2002. These figures demonstrate that technology and its use in the classroom should only increase.

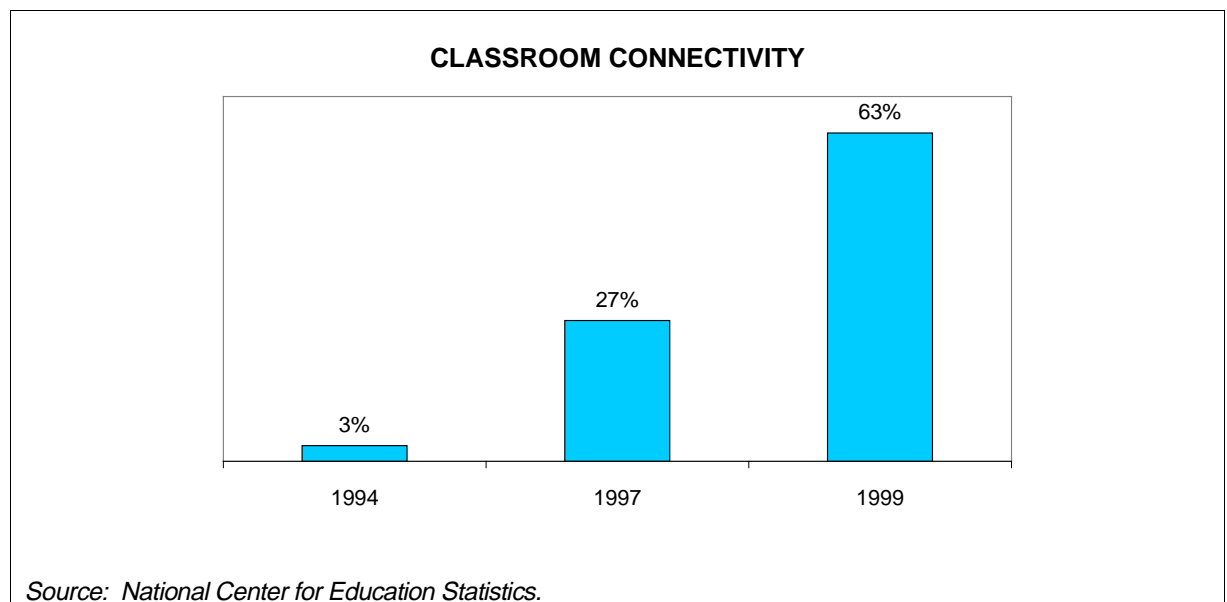


In 1997, President Clinton challenged the public and private sectors to work collectively towards ensuring the technical literacy of all children by the turn of the 21st century. The most instrumental program in the advancement of technology in the classroom is the Technology Literacy Challenge Fund. This program provides funding to help states and local districts meet the Administration's goals on educational technology. States are encouraged to devote at least 30% of their Technology Literacy Challenge funds to provide teachers with the professional development they need to use technology effectively in the classroom. President Clinton pledged \$2 billion in support by 2002 for this program. Simply stated, our teachers need to be educated in order to educate our children.

Another popular program is the Technology Innovation Challenge Grant. This competitive grant program demonstrates innovative uses of educational technology by building partnerships between local school districts, universities, businesses, libraries, software designers, and others. Partners in the Challenge Grants continue to match federal funds by well over three-to-one. In 1998, for the first time, new awards focused specifically on projects that developed or adopted innovative strategies to reach new and current teachers, administrators, and other educators to help them use and integrate advanced technology to improve teaching.

Teacher and School Connectivity.

Until recently, the growth of e-Learning companies has been limited due to the lack of Internet connectivity at schools. Connectivity is now increasing at a rapid pace due to enormous political pressure and a generous funding environment and the infrastructure is now in place for Internet curriculum and content delivery to teachers. The direct to home market is also wired with 36 million homes now connected to the Internet. This number should increase to 61 million homes by 2002 (Jupiter Communications). For e-Learning companies, clearly the time is now.

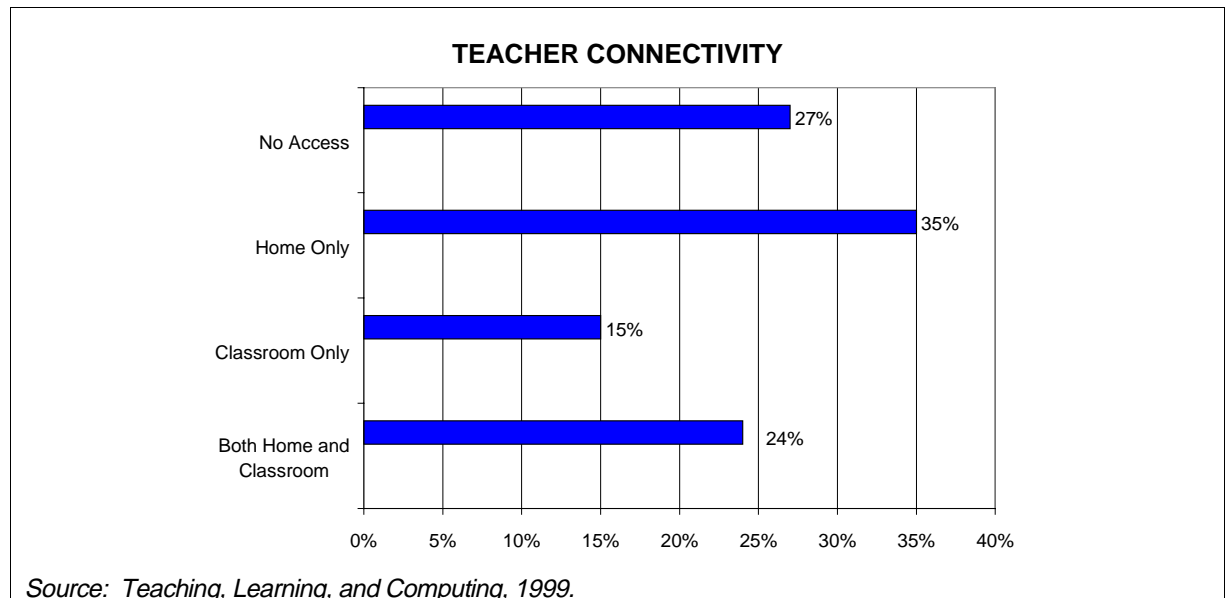


According to the U.S. Education Department's Office of Educational Technology, 63% of instructional rooms were connected to the Internet in 1999, up from 27% in 1997. In 1994, only 3% of instructional rooms were connected to the Internet. While more than half of the nation's classrooms are now online, close to 95% of U.S. public schools have some sort of Internet access, growth of 60% over the last five years as stated by Department of Education. By the end of 2000, every school in the country should have an Internet connection. An important distinction to make is that although a school may have an Internet connection, the connection may not be available to the students. For e-Learning to succeed in the K-12 segment, connectivity must occur in the classroom. It is important to note that 79% of schools without Internet workstations plan to acquire them within

the next 12-18 months. Given the increasing rate of school connectivity, Internet education will soon become an integral component in the learning process.

Internet access penetration levels have grown exponentially over a short period. This rapid growth is attributable to aggressive government initiatives as well as educators' recognition of the Internet potential in the classroom. The day will come when every student has their own computer at school with an Internet connection. Can you imagine the possibilities?

Only 27% of teachers have no Internet access at home or at school. This compares to 59% who have some sort of Internet access at home. It is clear that teachers have begun to accept the Internet as an information and communication resource in the classroom and at home. This is evidenced by the percentage of teachers connected. Strikingly, the percentage of teachers with some form of Internet access is substantially higher than the national average, 73% versus 42%.



K-12 Distance Learning.

Although distance learning in the higher education and corporate markets has taken off rapidly, it has yet to generate the same kind of interest in the K-12 market. We believe that this will change dramatically over the next several years. According to IDC, distance learning in K-12 school districts increased 26% from 35% in the 1996-97 school year to 44% in 1997-98 school year. Companies such as Apex and ChildU have the first mover advantage as they target this burgeoning segment. The challenge for these companies will be to continue to expand and add quality content to their curriculum while building interest in distance learning in general.

Homeschool Market Offers Sizable Opportunity.

With more than 110,000 schools and 53 million students, there is an abundance of opportunity in the public and private school market. One group of students that should not be overlooked is the rapidly growing homeschool market. According to Homeeducator.com, there are approximately 2.2 million children schooled in the home, thus illustrating the potential market opportunity. Further, the home schooled population is projected to grow by nearly 15% annually. Homeeducator.com states that, on average, a homeschooler spends roughly \$626 annually on educational materials, implying a total market size of \$1.3 billion annually. Considering the parent is making the curricula-buying decisions, we believe that e-Learning companies can realize significant market penetration. Home schooled children tend to perform above national averages. Specifically, a Pennsylvania

study showed that homeschoolers, on average, scored at the 86th percentile in reading and the 73rd percentile in math, as compared to the 50th percentile national average. In addition to the Pennsylvania study, there are additional results that illustrate homeschooled students excel over their school-bound counterparts. This demonstrates that the home learning environment is effective. We fully expect that K-12 e-Learning companies will be successful in realizing solid growth from this expanding customer base.

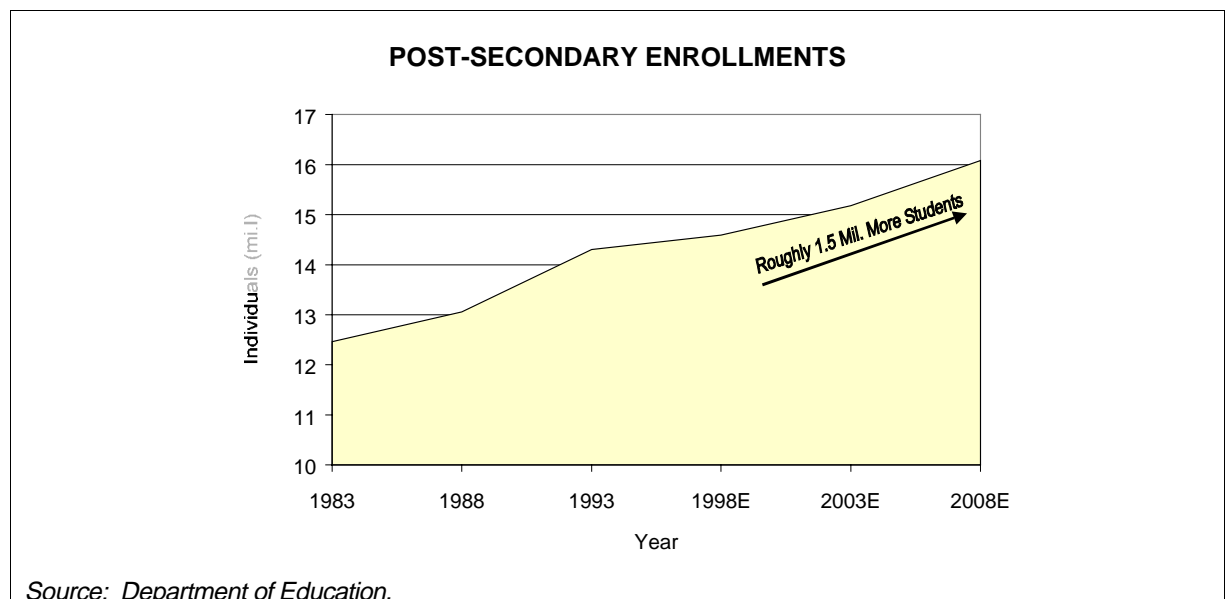
Summary.

The K-12 Internet land grab is just getting underway. The prize: 3.1 million teachers offering a gateway to over 100 million students and parents. Surprisingly, a dominant leader has yet to emerge in the K-12 segment. The next 12-18 months will be critical for e-Learning companies as they seek access to the teacher's desktop. At this time, the school selling season is beginning to heat up. This is the time for companies to make great strides in building a solid foundation. As we have stated previously, there is an abundance of opportunity present in the K-12 market. Despite this, we believe that those companies with successful selling periods this spring will position themselves as industry leaders.

Post-Secondary Market (P2)

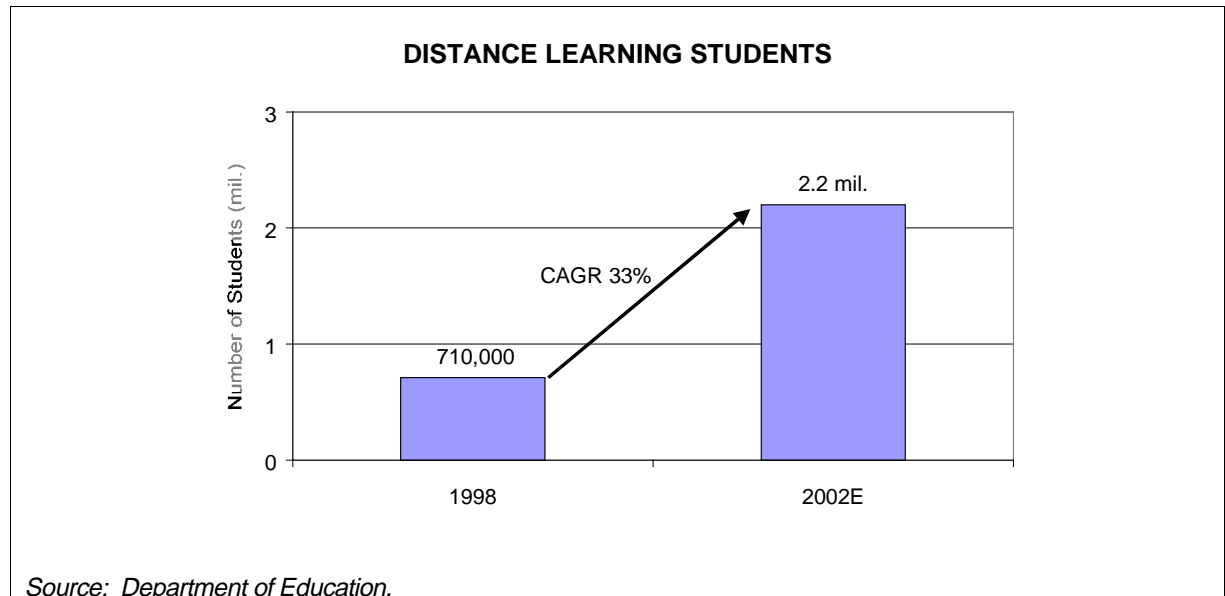
The most important force driving post-secondary education, and online learning specifically, is the dramatic shift in student demographics. Today's university has a much greater percentage of older students than ever before. International Data Corporation estimates that adults over the age of 24 comprise 43.5% of higher education enrollees. Adding fuel to the fire is the fact that 75% of students over the age of 24 work while attending school. The key to success in this environment is to make the learning experience more accessible and enjoyable for the older student.

Higher education expenditures exceeded \$232 billion in 1996, the last year for which data is available from the Department of Education. In 1996, the post-secondary population included 15 million students, one million professors, and 1.7 million administrators (U.S. Department of Education). These figures are expected to grow as children of the baby boomers, or echo boomers, reach college age. The National Center for Educational Statistics predicts that an additional 1.1 million students will enter college over the next nine years as total student enrollment grows to 16.1 million in 2008.



Distance Learning.

The Internet now serves as an inexpensive and efficient platform from which to deliver educational content. The popularity of distance learning also stems from the growing need on the part of many higher education institutions to reach out to nontraditional students, reduce costs, and increase enrollment. Distance learning will be one of the main issues dealt with by higher education institutions over the next several years. Those institutions that fail to adopt distance programs will ultimately be at a disadvantage.

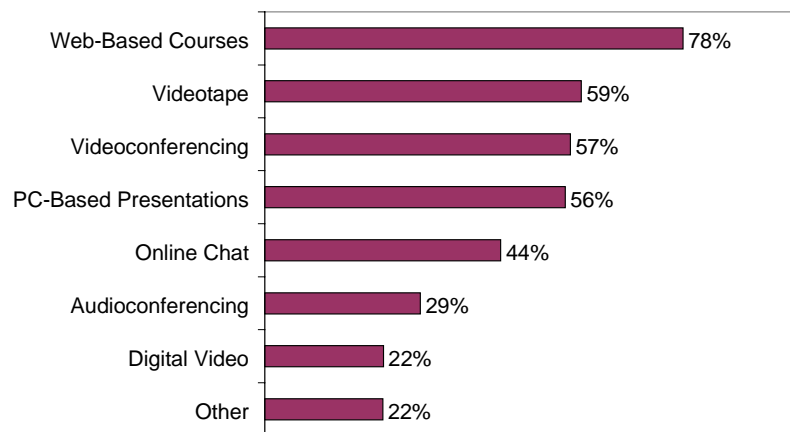


As indicated by an IDC report, the number of students enrolled in distance education courses is expected to realize a 33% compound annual growth rate from 710,000 in 1998 to 2.2 million by 2003. We believe that these estimates will prove conservative considering the rate individuals are accepting the Internet as a viable vehicle over which to conduct commerce.

In 1999, institutions spent about \$305 million, or about 9.8% of their IT budgets, on distance learning technology. This number is expected to grow to \$379 million in 2000. IDC estimates that spending on content creation accounts for the largest share (21%) of the distance learning budget. Items in this category include electronic textbooks, study guides, lab manuals, and other materials for lesson plans. Hardware was the second largest category at 19%.

Two years ago, videotape was the most frequently cited technology used for distance learning. Currently, web-based courses are most popular. As the following chart shows, 78% of the institutions that offer distance learning courses use web-based technology. This is due in large part to the increased speed of computers and the increasing availability of high-speed Internet connections. As bandwidth improves we will see this trend intensify.

POST-SECONDARY DISTANCE LEARNING TECHNOLOGY USE



Source: International Data Corporation.

Two-year institutions are more likely than four-year institutions to use distance learning. We believe the main reason for this is the smaller percentage of students living on campus at two-year institutions as compared with the percentage at four-year institutions. Part-time or off-campus students often find distance learning a better way to meet their education needs. Despite this, four-year institutions have bigger budgets for distance learning solutions than two-year schools. In the highly competitive environment for students, we expect both two and four-year schools will evaluate implementing distance learning strategies over the next several years. Therefore, the P2 platform leaders (Blackboard, convene.com, and eCollege.com) will realize substantial growth.

Business is the most common academic area for distance learning, followed by computer science. An emerging area for distance learning is the rapidly expanding MBA market. Many universities such as Columbia, Duke (Pensare's platform), NYU (click2learn's platform), and Purdue have distance learning programs that target the professional community. With the strong economy exhibiting no signs of slowing down, we anticipate that more business school programs will also go the distance learning route. These programs give the student the opportunity to retain their current job as they advance their education. This presents an attractive alternative in today's economy.

The Internet is at the very heart of distance learning. However, an institution may use a combination of web-based courses, videotape, and videoconferencing to support remote learning. We believe web-based courses will remain the most popular way to implement distance learning because of prevalent Internet access and the relatively low cost of implementation, especially with the ASP models now offered by several of the platform providers.

Creating a virtual campus is not an easy task. Universities are realizing that there are significant cost savings and competitive advantages to outsourcing the creation and management of their online campuses. This segment offers a significant investment opportunity in the online higher education market. We believe the outsourcing opportunity will continue to thrive for several reasons. First, over the past several years colleges and universities have invested millions of dollars building out their IT infrastructures and creating network backbones that can support online learning. In most cases, the universities had to hire outside IT help because they lacked the necessary resources. As the universities layered on additional applications such as online content, they continue to need outside IT help. Second, enablers have established core competencies in migrating content, creating interfaces, and developing communities. These core competencies can provide significant cost savings to colleges and universities. Additionally, the platform companies can shorten the time required to render distance learning program operational. For example, eCollege.com states that it can deliver an online program, including

training of professors and administration, within 60 business days. This is a compelling alternative for school administrators.

Today's online enablers have developed two separate revenue models. In the first, vendors sell their services on a per course and per student model. In the beginning, they charge an initial fee to develop the online campus and a fixed number of courses. They then charge on a per course and per student basis. This model requires schools to act as their marketing partner. The second group of vendors, made up of companies such as Blackboard, Inc., charges their customers a flat yearly fee to utilize their platform. This allows the university to create and offer an unlimited number of courses without regard to cost. Vendors design their campuses to be highly scalable.

The key factor inhibiting mass migration to online universities is the continued need for low student/faculty ratios. Online courses require significant input from the instructor and most schools minimize the student/faculty ratio below their typical classroom level. High growth rates are attainable, but education quality is the key to success. A New York Times article reviewing a report by the University of Illinois stated that online learning can be "a great educational experience." Still further John R. Regalbuto (Chemical Engineering Professor at University of Illinois) stated in the article, "And if it is done right, it is not a second-rate educational experience." Not all students will take programs online; however, an increasing number of students will demand to complete a portion of their education online.

Corporate Training Market (CT)

According to *TRAINING* magazine, domestic corporations with over 100 employees budgeted approximately \$62.5 billion for training in 1999. This compares to \$48.2 billion spent on training in 1993, a compound annual growth rate of nearly 4.5%. We fully expect training expenditures to steadily increase due to rapidly changing technology and the difficulty in recruiting and retaining employees in today's current economic environment. IT organizations must take swift actions to recruit and retain talent. One approach to attract and keep employees, notwithstanding improvement of the company's overall business operations, is to offer training service to your workforce. The current employment market is impacting many companies' ability to serve their customers, in addition to impacting expansion efforts. As stated in *Technology-Based Learning* by Marquardt and Kearsley, "Put very bluntly, organizations must learn faster in order to adapt to rapid environmental changes or they simply will die." The authors also state, "Within the next ten years, only learning organizations will have the adaptive capacities to survive." The current shortage of IT workers worldwide is critical and expected to continue for the next several years. This shortage causes competition and competition for the most talented employees causes inflation of salaries and labor costs, project delays, and employee attrition. We believe that skill development is one of the most important retention strategies that corporate America can employ.

Knowledge in the Workplace.

Marquardt and Kearsley state in *Technology-Based Learning*, "Learning has been steadily shifting from formal education in the classroom to the factory floors and corporate training centers in the workplace." The knowledge base of a firm's work force will determine how competitive it is in the market. The problem is that the technical knowledge and skills necessary to be competent in IT change just as rapidly as the technology itself. Further, the products and services that are consumed by businesses and individuals create a significant need for corporate learning. Companies must hire people who are competent and ensure existing workers remain competent through training, formal education, and self-study.

In the corporate world, companies are increasingly realizing the need for quality educational products and services. IDC estimates that Fortune 500 companies will lose an estimated \$12 billion in 1999 from ineffective knowledge management practices. To combat this, IDC forecasts a substantial increase in the implementation of knowledge management systems. Spending is projected to grow from \$2 billion in 1999 to more than \$12 billion by 2003. At a time when additional workers are hard to find, improving the knowledge and productivity of its

current workforce can give a company the competitive advantage it needs to succeed. Recognizing the growth in spending on knowledge management systems and the need to disseminate information as quickly as possible, we expect that Web-based learning will be widely adopted as the preferred method to educate businesses' employees and customers.

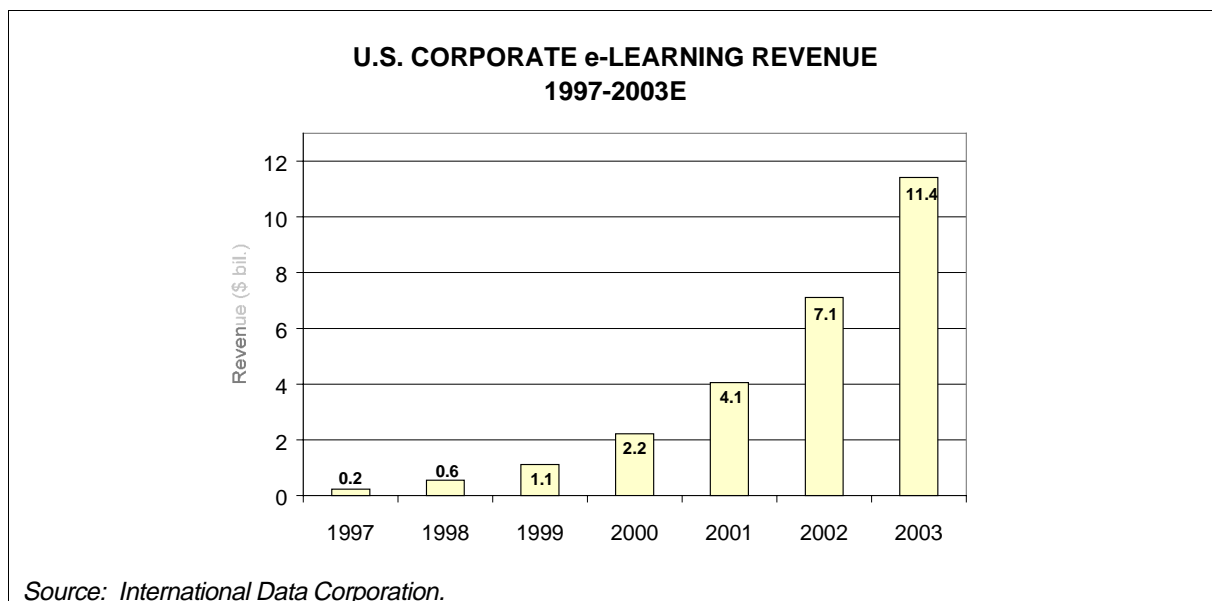
IT Labor Shortage.

The IT workforce shortage is a key factor in the increased need for corporate training. The current shortage is due to the rapid rate at which computer-based technologies for commerce and business applications has grown, and is also due to the insufficient development of workers with technical understanding. In the United States alone, there is a current shortage of 722,000 IT workers. IDC forecasts this number is expected to reach 847,000 by 2000. As a result, an increasing amount of corporate training is associated with IT skills. In 1999, *TRAINING* magazine stated that 33% of employer-sponsored training pertained to IT skills. Further, IT skill training is expanding, having increased from 25% in 1993.

In the U.S., the issue of skills development and continuous learning for IT workers is always the first or second most important concern of employers and employees alike (IDC). Because of the rapid rate of new technology adoption and the economic growth over the last decade, staying competent has become one of the most important issues of the IT workforce.

As the demand for qualified IT professionals continues to grow, IT training vendors are forging alliances to increase the number of training programs and delivery options they bring to market. IT training vendors such as Global Knowledge Network are viewing Internet-based learning programs as viable extensions of their traditional classroom training portfolio. Today, less than a third of Internet-based training purchases include live training facilitated by an instructor. We believe that the market share of live Internet-based courses will expand due to the continuing introduction of increasingly robust and interactive Internet platforms. Companies that will greatly benefit from this convergence include Centra Software.

Although there will always be a need for traditional training, we remain steadfast in our view that the future lies with corporate e-learning. Recent forecasts by IDC anticipate that Internet-based learning revenue will reach \$11.4 billion by 2003, up from \$234 million in 1997. This represents an 83% compound annual growth rate.



It appears that corporations are increasingly realizing the benefits of e-Learning. Previous estimates by IDC projected that web-based learning in the corporate market would reach \$5.5 billion. Now e-learning revenue is estimated at \$7.1 billion in 2002 and then rising to \$11.4 billion in 2003. We believe that these estimates will prove conservative as the Internet's importance in every day business activities rises.

Technology-Based Training.

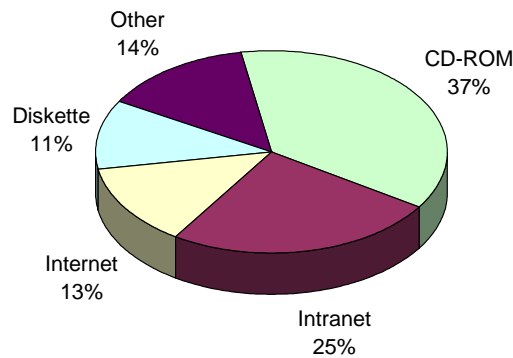
Technology-based training continues its steady rise as the second most popular method of delivery for IT training (IDC). However, nearly 70% of respondents to an IDC survey still prefer traditional instructor-led courses, including seminars and classroom/lab-based training. We believe the dominance by instructor-led courses will decline as the availability of bandwidth and interactivity increases. Also in the IDC survey, training purchasers acknowledged that from 1997 to 1998, technology-based IT training gained five percentage points in net share and accounted for 18% of the IT training services provided by external suppliers. The survey found that the larger the company, the greater the use of technology-based IT training as compared to other formats. We believe that this primarily related to the ability to disseminate information quickly and efficiently through the Internet.

Enthusiasm for Internet-based training (IBT) revolves around flexibility, convenience, and cost effectiveness. Decreased travel costs are also a significant benefit. Twenty-five percent of the companies interviewed for the IDC survey used IBT. Of those companies, only 62% have been using IBT for at least 18 months. At this time, larger companies appear to be heavier users of Internet-based technology as opposed to their smaller counterparts. Despite this, only 40% of large organizations started to use IBT less than 12 months ago. This illustrates that substantial opportunities remain for further market penetration by e-Learning companies. Additionally, the emergence of the ASP model to deliver training to customers will allow more small and medium-sized business to access training that was often financially out of reach. Companies such as Headlight.com are effectively penetrating the small and medium-sized corporations, a group that was largely underserved.

Self-paced training constitutes the majority of courses delivered via the Internet. Less than a third of Internet-based training purchases is comprised of live training facilitated by an instructor. Business unit managers are the strongest advocates of live training via the Internet. In 1998, live training via the Internet accounted for 41% of unit managers' total IBT purchase. As mentioned previously, we believe that the continuing introduction of increasingly robust and interactive IBT solutions will lead to increased market penetration of live Internet learning and collaboration products.

The lack of human interaction is the most cited reservation to IBT (IDC). We believe that such a reservation will diminish with the advent of better-refined and more widely available interactive IBT tools. The second most often mentioned reservation regards the inadequacy of IBT to educate students on complex technical topics (IDC). Again, the introduction of increasingly sophisticated interactive IBT systems will resolve this dilemma. Most IT training purchasers agree that Internet-based training is best when offered in combination with other training delivery methods such as instructor-led, CD-ROM based, or text based. According to *TRAINING* magazine, 36% of online training is delivered through platforms upon which the student interacts with his/her instructor and fellow students, while 64% of trainees only interact with the computer. In 1999, CD-ROMs (37%) remained the leading method to train via a computer, followed by online intranets (25%). Web-based training reached 13% of all training delivered through the use of a computer.

DELIVERY OF COMPUTER-BASED TRAINING



Source: TRAINING.

Concerns about limited access, lack of human content, and lack of management conviction need to be addressed for Internet-based training suppliers to significantly garner market share. According to industry forecasts, access issues will quickly decline as an obstacle over the next few years. The obstacle linked to the lack of human interaction will progressively diminish as live IBT becomes more widely available. Finally, the high satisfaction rate of current users of IBT can only have a positive impact on management teams not yet convinced of the benefits of such a training delivery medium. According to IDC, word of mouth remains the best marketing tool for training suppliers. Firms should not hesitate to advertise success stories of current IBT users. Though IBT usage is still small, it will grow exponentially as the ability produce positive, measurable results is disseminated.

Summary.

In today's economy, the learning process does not stop upon graduating from college. In Technology-Based Learning the authors state, "Academic institutions alone cannot possibly provide for the continuously burgeoning learning requirements of workers." The products that we use to conduct our business and the products that our businesses produce and sell change so rapidly that continuous education is essential. More and more knowledge is obtained on the job. With the rate at which information must be transformed into knowledge, bringing sales teams or employees together from different regions is too time consuming and costly. Learning over the Internet will become second nature in time. There is no better alternative for delivering information and knowledge as quickly and efficiently than through e-Learning. In order for companies from the old and new economies to survive, technology-based learning must be utilized.

Lifelong Learning Market (LL)

The Web has become much more than a place to track down driving directions and look up restaurant reviews. It has become a primary source of information and a part of a daily interactive ritual for a wide variety of people, where we seek and share knowledge on our passions and interests in life. It has become a place where we learn how to live a more fulfilling life.

According to IntelliQuest, 87% of people who visit the Web do so in order to pursue a hobby or a lifelong interest. These are not people shouldering the task of learning because their bosses order them to or because of degree requirements; these are people who love to learn and who aspire to reach their many personal and professional goals through the help of this new, dynamic environment.

Lifelong Learning portals recognize this passion, and have created a dynamic personal learning community where people enrich their life through exploration, transformation, and shared experience. SmartPlanet, for example, helps people pursue their interests—everything from cooking to money management to Web development—and advance their careers through professional development courses.

The dynamic, active content available on the Web lends itself to a unique, empowering experience. Lifelong Learning portals provide a more effective way of learning — where people can study, teach, share, and then act on their new knowledge, creating a uniquely rich and diverse experience. Through these integrated areas, people can directly exchange information and advice with like-minded people, easily review and buy services or products that make their passions come to life (e.g., cookbooks, travel gear, lessons), and access a wide variety of content that helps them to “see the whole picture.” Lifelong Learning sticks with this unique combined approach.

Lifelong Learning content is generated from a mix of professionals, professors, authors, celebrities, and regular people. SmartPlanet's community authors, SmartPartners, are an integral part of the business model. They provide content, commerce, and community, and in return receive an entrée into a lucrative market with an efficient co-branded extension on the Internet.

Most portals offer hundreds of courses in a variety of formats. Online instructor-led courses are taught by experts who present engaging lessons, hands-on projects, and answers to your questions. Other students in these classes often share great tips and tricks as well. Students can take self-paced courses that use a variety of knowledge builders, quizzes, streaming audio, and simulations to help you learn. Many of the self-paced courses are even created by portal members, eager to share their expertise.

Public Company Valuations

The publicly traded investment community began to take notice of the e-Learning sector in November 1999. The Internet's value to corporate learning was bolstered by computer-based training leader CBT Systems' (now SmartForce) announcement that it was going to employ a Web-based delivery platform for its content rather than CD-ROMs. Additionally, this evolution by SmartForce authenticated the business model of click2learn.com, one of the early adopters of Internet delivery. Recent public offerings such as Centra Software have been well received by investors, in part because they are viewed as providing business-to-business internet solutions.

The average market capitalization to projected fiscal 2000 revenue multiple for pure play e-Learning companies is 10x. This compares to companies with a blended strategy (traditional product and service delivery and an online component) which trade at 2.5x projected fiscal 2000 revenue. Leading the pure play group is Centra Software at nearly 50x projected fiscal 2000 revenue, further demonstrating that the investment community is valuing the company as a B2B play. Considering that other platform and learning service providers (SmartForce and click2learn.com) also are primarily B2B companies, we look for their multiples to expand as the market begins to realize that these are not traditional training companies.

As mentioned above, the pure play e-Learning group is trading at roughly 10-11x projected fiscal 2000 revenue; this is a discount to other Internet sectors. Specifically, Internet banking companies are trading at approximately 25x, while Internet security firms are trading at roughly 50x projected 2000 revenue. Further, pure play Web hosting companies are currently trading at nearly 90x projected fiscal 2000 revenue. With the e-Learning companies providing services similar to other groups, except that the product is knowledge, we believe that there is ample room for substantial multiple expansion within the e-Learning sector.

e-Learning and Knowledge Technology

* This is not an inclusive list, but a sampling of opportunities that exist within the STES e-Learning space.

	Sector	Co. Name	IPO Date	Last FY End	Price 03/10/00	Mkt. Cap	1999 Price Change	YTD Price Change	52Week. High	Low	EPS	2001E P/E	IBES Est. FY00 Rev.	Mkt. Cap /FY00 Rev.	IBES Est. FY01 Rev.	Mkt. Cap /FY01 Rev.	Enterprise Value/LTM Rev.	3-5 Yr Growth Rate	LTM Rev. (\$M)	EBITDA (\$M)	Fully Diluted Shares	Enterprise Value (\$M)	
		RUT Russell 2000 Index		NM	594.7		19.6%	17.8%	606.9	382.0													
		COMP Nasdaq Composite		NM	4,897.2		85.6%	20.3%	5,007	2,306													
		SPEP S&P Technology Sector Index		NM	2,276.2		74.8%	8.5%	2,321	1,251													
		CTN CSFB Technology Index		NM	560.1		89.2%	19.5%	577.7	197.1													
		HHIK Merrill Lynch Internet Index		NM	163.4		56.1%	-2.7%	191.3	103.1													
		HQIK H & Q Internet Index		NM	1,156.2		248.4%	26.7%	1,156.2	349.5													
Pure Play																							
	content	INFONAUTICS CORP -CL A	05/03/96	12/98	\$10.75	125.7	55.6%	53.6%	17.38	3.63	-		\$23.80	5.3x	\$16.70	7.5x	5.7x	-16.8x	22.0	-7.5	11.7	126.7	
	content	PROSOFTTRAINING.COM INC	04/03/96	7/99	\$27.94	402.6	348.6%	169.3%	28.13	2.00	0.32	87.3x					38.4x	-154.6x	50%	10.5	-2.6	14.4	405.2
	content	SCIENTIFIC LEARNING CORP	07/22/99	12/98	\$21.56	226.1	103.5%	-40.9%	41.00	15.88	-		\$25.10	9.0x			27.3x	-16.6x	40%	8.3	-11.6	10.5	192.7
	content	SKILLSOFT CORP	02/04/00	1/99	\$25.38	319.3		66.4%	30.00	13.75	-										12.6	319.3	
	content/LSP	SMARTFORCE PUB LTD -SP ADR	04/13/95	12/98	\$59.00	3,251.4	125.2%	76.1%	60.88	8.56	0.28	210.7x	\$186.62	17.4x	\$256.87	18.1x	128.5x	28%	179.9	24.8	55.1	3,181.9	
	content	ZDNET	03/31/99	12/98	\$30.13	2,211.3	-41.7%	43.5%	55.50	13.38	0.20	150.6x	\$144.60	15.3x	\$188.38	25.3x	190.6x		87.5	11.6	73.4	2,210.8	
	e-tailer	SMARTERKIDS.COM INC	11/23/99	12/98	\$5.13	99.2	-48.2%	-29.3%	17.13	5.00	-1.21	NM	\$39.70		\$91.00	18.3x			5.4		19.4	86.0	
	e-tailer	VARSITYBOOKS.COM INC	02/15/00	12/99	\$9.00	140.5		-8.9%	13.13	8.38	-										15.6		
	enabler	ZAPME CORP	10/20/99	12/98	\$6.06	218.7	-9.2%	-29.7%	13.75	5.31	-0.41	NM	\$35.05	6.2x	\$121.60	86.0x		70%	2.5		36.1	206.8	
	enabler	CENTRA SOFTWARE INC	02/03/00	12/99	\$30.50	709.1		-8.3%	40.38	25.00	-						82.5x		8.6		23.3	702.0	
	enabler/LSP	CLICK2LEARN.COM INC	06/12/98	12/98	\$15.75	227.5	154.3%	41.6%	22.94	3.66	-0.62		\$51.30	4.4x		26.2x	-23.3x		32.8	-9.1	14.4	213.4	
	enabler	ECOLLEGE.COM	12/15/99	12/98	\$8.78	121.7	-23.2%	-19.7%	17.50	8.13	-1.01	NM	\$14.72	8.3x	\$38.89	3.1x	26.2x		4.7		13.9	119.5	
	portal	ABOUT.COM INC	03/24/99	12/98	\$90.00	1,098.5	88.9%	0.3%	100.00	19.50	-0.67	NM	\$84.87	12.9x	\$162.43	6.8x	68.2x	-20.7x	63%	16.1	-50.8	12.2	1,051.9
	portal	LIGHTSPAN PARTNERSHIP INC	02/10/00	1/99	\$21.25	909.9		57.4%	21.75	10.75	-						66.5x		13.7		42.8	888.6	
	portal	LEARN2.COM INC	10/20/04	12/98	\$6.13	312.3	23.5%	86.7%	10.00	2.78	-		\$33.00	9.5x	\$50.00	6.2x	14.3x	-35.1x		21.8	-8.6	51.0	301.3
	portal	STUDENT ADVANTAGE INC	06/18/99	12/98	\$18.25	631.6	177.3%	-17.7%	29.50	7.25	-0.43	NM	\$36.50	17.3x	\$53.00	11.9x	27.1x	-35.8x	50%	23.3	-17.4	34.6	624.8
AVERAGE						687.8	79.6%	27.5%			149.5x		10.6x		7.1x	36.5x	1.8x		31.2	-7.9	27.6	708.7	
AVERAGE EX HIGH AND LOW						546.8	65.4%	22.3%			150.6x		10.5x		6.8x	34.9x	-2.8x		21.2	-6.5	25.5	566.4	

Publishers w/Significant Internet Investment

H	HARCOURT GENERAL INC	content/LSP		10/99	\$34.13	2,462.7	-10.7%	-15.2%	46.12	32.63	2.35						0.4x	5.4x	15%	5,589.7	705.3	72.2	3,802.3
IDB	IDG BOOKS WORLDWIDE INC	content	07/31/98	9/99	\$16.00	239.6	-33.0%	38.4%	26.00	8.63	1.25	12.8x				1.3x	11.3x	15%	179.8	28.3	15.0	319.5	
IHI	INFORMATION HLDGS INC	content	08/07/98	12/98	\$40.75	698.0	40.2%	40.2%	46.00	16.88	0.55	74.1x	\$75.40	9.3x	\$84.00	8.3x	12.9x	52.7x	25%	53.9	13.3	17.1	697.8
JW.A	WILEY (JOHN) & SONS -CL A	content	4/99	\$14.38	927.6		-30.7%	-14.2%	23.13	13.94	0.90	16.0x	\$1,248.90			1.7x	11.9x	23%	550.0	91.3	64.5	1,089.9	
SCHL	SCHOLASTIC CORP	content	02/28/92	5/99	\$51.00	933.3	16.0%	-18.0%	70.75	39.00	3.68	13.9x				0.7x	11.0x	20%	1,289.1	114.3	18.3	1,257.9	
AVERAGE					1,052.2	852.9	5.2%	6.2%			29.2x		9.3x		8.3x	3.4x	18.5x	20%	1,532.5	190.5	37.4	1,433.5	
AVERAGE EX HIGH AND LOW						852.9	-8.5%	3.0%			14.9x		9.3x		8.3x	1.2x	11.4x	19%	673.0	78.0	33.3	1,015.2	

Blended Strategy

ALSI	ADVANTAGE LEARNING SYS INC	enabler/LSP	09/26/97	12/98	\$15.56	534.2	-66.0%	39.1%	43.00	10.00	0.82		\$113.70	4.7x	\$144.60	3.7x	6.7x	14.8x	39%	79.5	33.5	34.3	494.8
CINR	CINAR CORP-CL B	content	07/29/94	11/98	\$7.00	286.4	-3.4%	-71.4%	30.25	5.44	0.97	7.2x				2.3x	9.0x	25%	126.3	34.4	40.9	308.3	
CLBR	CALIBER LEARNING NETWORK INC	enabler	05/08/98	12/98	\$6.00	74.1	-32.4%	108.7%	9.50	1.06	-					3.2x	-3.8x		23.1	-19.1	12.3	72.9	
LTRF	LEARNING TREE INTL INC	LSP/content	12/08/95	9/99	\$30.19	666.9	209.0%	7.8%	33.88	6.25	1.35	22.4x	\$203.40	3.3x	\$243.00	2.7x	3.4x	18.2x	15%	193.6	34.1	22.1	621.9
NEVH	NEW HORIZONS WORLDWIDE INC	LSP	06/30/99	12/98	\$15.63	158.4	-35.8%	31.6%	20.25	10.94	1.37		\$615.84	0.3x	\$716.81	0.2x	1.6x	8.9x	15%	101.1	18.8	10.1	166.4
NLCS	NATIONAL COMPUTER SYS INC	enabler	1/99	\$44.75	1,483.5		1.7%	18.9%	45.75	23.00	1.43	31.3x	\$140.00	10.6x	\$161.00	9.2x	2.5x	15.9x	20%	600.3	91.5	33.2	1,457.6
POVT	PROVANT INC	LSP	05/01/98	6/99	\$6.13	135.5	16.1%	-75.7%	26.00	5.94	0.90	6.8x	\$223.07	0.6x	\$262.50	0.5x	0.7x	6.2x	25%	195.9	28.5	22.1	177.0
TUTR	TRO LEARNING INC	content	12/31/92	10/99	\$9.13	71.8	-32.8%	69.8%	9.88	4.38	1.18		\$55.20	1.3x	\$68.00	1.1x	1.6x	8.2x	25%	44.1	9.7	7.9	79.4
VCMP	VCAMPUS CORP	content/enabler/LSP	11/29/96	12/98	\$14.69	71.1	-47.4%	370.0%	19.00	2.19	-		\$12.64	5.6x			5.7x	-17.7x		12.4	-4.2	4.8	73.6
WAVT	WAVE TECHNOLOGIES INTL INC	LSP/content	08/31/94	4/99	\$7.06	29.4	-32.5%	109.3%	12.50	2.56	-						0.8x	6.0x		37.7	4.8	4.2	28.9
AVERAGE						351.1	-2.4%	60.8%			16.9x		3.8x		2.9x	2.8x	6.6x	23%	141.4	23.2	19.2	348.1	
AVERAGE EX HIGH AND LOW						249.8	-20.8%	39.2%			14.8x		3.1x		2.0x	2.6x	8.1x	22%	100.2	20.0	18.4	249.3	

e-Learning Participants

Company Page Key

The learning marketplace is substantial, only second to healthcare as a percentage of GDP. As a result, there are a sizable number of participants in the various customer groups identified. The following pages include a description of companies targeting the e-Learning market. By no means is this an all-inclusive list. Included in each company page is the e-Learning segment and the customer base served. Additional information includes company description, investors, sponsorships/partnerships, and recent highlights and developments. As evidenced by the number of providers targeting the market, individuals are steadfast in their belief that there is significant opportunities created by combining technology and the Internet with education and knowledge.

Segment — e-Learning Market Niche

Content/Publishing

Tools/Enabler

Learning Service Provider

Portal

e-Tailer

Subsegment — Customer Base Served

Preschool and K-12 (preK-12)

Post-Secondary (P2)

Corporate Training (CT)

Lifelong Learning (LL)



SEGMENT:
PORTAL

SUBSEGMENT:
LL

About.com (BOUT – Monitoring)

VITAL STATISTICS

Location: New York, NY
URL: www.about.com
Management: Scott Kurnit, CEO

TRADING DATA

Price (3/8/00)	\$90.00
52-Week Range	\$100.00-\$19.50
Shares Outstanding (mil.):	15.4
Market Capitalization (mil.):	1,381.3
Float (mil.):	10.0
Average Daily Volume (000s):	345
Officers/Directors Hold:	34.8%

BOUT DAILY PRICE CHART



STES PERSPECTIVE

As one of the ten most visited properties on the Internet and the fastest growing of the top 20 properties, we believe BOUT's strategy of niche vertical sites with human guides will continue to grow. BOUT's network of web sites make the process of knowledge aggregation much easier.

COMPANY DESCRIPTION

About.com is a network of more than 700 highly targeted, topic-specific web sites designed for both users and marketers. Each of the web sites within the Company's network is managed through the efforts of a knowledgeable human guide. The sites provide high-quality original articles, moderated forums and chat rooms, newsletters, easy access to related sites, tools and functionality within the About.com network and extensive hand-picked links to web sites outside of About.com.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ On January 24, BOUT announced YOY revenue growth of 65% to \$13 million as ad sales increased. In the January Media Metrix data, BOUT was ranked as the 10th most visited property with 13.1 million unique visitors. Loss per share was \$8.3 million or \$0.57 per share.
- ◆ On January 20, BOUT announced the acquisition of ExpertCentral.com, a site that connects users with specific questions to over 5,000 experts on a variety of topics.
- ◆ On January 11, BOUT and MyPoints.com (MYPT) announced a strategic alliance to develop a user reward program to increase traffic, membership and user duration.
- ◆ On December 29, BOUT launched four new channels dedicated to kids, teens, autos and the Internet.
- ◆ On December 6, BOUT announced the acquisition of North Sky, Inc., which operates freeserve.com and provides web site development tools and hosting services for over 700,000 web sites.
- ◆ On October 29, BOUT completed a follow-on offering of 3.5 million shares at \$49.875 per share. Three million shares were offered by the company and 500,000 were sold by selling shareholders.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT/LL

Acadio Corporation (Private)

VITAL STATISTICS

Location: Seattle, WA

URL: www.acadio.com

Management: Steven Sperry, CEO

INVESTORS

Trans Cosmos, Inc.

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

Founded in April 1999 by Steven Sperry, founder and former Chairman and CEO of Primus Knowledge Solutions (NASDAQ: PKSI), Acadio is aggregating supply and demand in the very large, yet highly fragmented, continuing education industry. Acadio's Web site will provide valuable information and resources to help people build strengths, sharpen skills, focus direction and expand life experiences.

COMPANY DESCRIPTION

Founded in 1999 and headquartered in Seattle, Acadio is dedicated to helping people reach their full professional and personal potential through self-directed education. Acadio intends to be the premier online destination for professionals worldwide seeking information, products, and services related to continuing education. Consumers will be able to quickly and easily find, evaluate, compare, and purchase learning products and services from www.acadio.com. The Acadio web site will provide valuable information and resources to build strengths, sharpen skills, focus direction, and expand life experiences, giving people the edge they need to improve their lives.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In January, Acadio Corporation announced a multi-million dollar capital equipment financing agreement with Silicon Valley Bank. The agreement, effective immediately, will enable Acadio to finance nearly \$2 million worth of capital equipment to fuel the company's rapid growth. Acadio and its Web site, www.acadio.com, set to launch in first quarter 2000, intend to be the premier online destination for products and services to facilitate the achievement of continuing education goals.
- ◆ Acadio is aggregating supply and demand in the very large, yet highly fragmented, continuing education industry. Acadio will package more than 20,000 business, computing and lifestyle learning products and self-study courses in the most comprehensive, compelling and informative format available on the Web. Along with learning products and materials, Acadio will post independent product reviews, expert commentary, ratings and skill assessment tools to assist self-directed learners in making informed purchase decisions that best meet their interests, time and budget. To support the development and marketing of the site, Acadio has brought on over 65 employees and has developed relationships with over 80 continuing education resource providers.
- ◆ Acadio completed a \$3 million seed financing from strategic funding partners last November. The infusion, which included \$750,000 from Sperry and \$1 million from Tokyo-based Trans Cosmos, Inc., will help Acadio build a site for people seeking to enhance their careers and lifestyles through learning.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
CT

ActiveEducation, Inc. (Private)

VITAL STATISTICS

Location: Lakewood, CO
URL: www.activeeducation.com
Management: Mike Jossi, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Southwest Airlines
Lucent Technologies
Microsoft Press
Intuit

STES PERSPECTIVE

ActiveEducation books have been designed with the input of instructors. Each lesson is a stand-alone module, which enables instructors to teach students precisely the skills they need without having to move through subject matter they already know.

COMPANY DESCRIPTION

ActiveEducation develops and sells online training products for today's most needed information technologies using a mass-customizable delivery platform to businesses and schools. Students receive dynamically generated courses tailored to their individual needs, are supported online by instructors, and training managers can track student progress. According to the Company, training from ActiveEducation is like taking a one-on-one session with an expert rather than sitting in a lecture hall with many other students.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ ActiveEducation was named to the Deloitte & Touche prestigious "Fast 50" Program for Colorado, a ranking of the fastest growing technology companies in the state. ActiveEducation's five-year revenue increase of 355% placed it number 26 in the 1999 rankings.

◆ In October, ActiveEducation announced strategic alliances with two major online learning portals. ActiveEducation will provide its Personalized Web-based Training for Microsoft Office applications at www.click2learn.com, the web portal for click2learn.com, Inc. (NASDAQ: CLKS). In a separate agreement, ActiveEducation will distribute its Personalized Web-based Training for Microsoft Office applications at www.tscentral.com. TSCentral is a leading provider of trade show, seminar, conference, and convention services.

◆ In July 1998, ActiveEducation signed a contract with Microsoft Press to write and develop three Microsoft Press Step by Step titles for the computer-book retail market. By March 1999, all three titles, *Microsoft Internet Explorer 5*, *Microsoft FrontPage 2000*, and *Microsoft Publisher 2000* were completed and on the shelf. ActiveEducation was so successful with the previous Step by Step books, ActiveEducation has won a contract with Microsoft Press to write and develop *Windows 2000 Step by Step*, the flagship book of Microsoft Press's Step by Step series, due out later this year.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12

Advantage Learning Systems, Inc. (ALSI - Monitoring)

VITAL STATISTICS

Location: Wisconsin Rapids, WI
URL: www.advlearn.com
Management: Judith Paul, Chairman

TRADING DATA

Price (3/8/00)	\$15.56
52-Week Range	\$43.00-\$10.00
Shares Outstanding (mil.):	34.3
Market Capitalization (mil.):	534.3
Float (mil.):	8.5
Average Daily Volume (000s):	289
Officers/Directors Hold:	75.2%

ALSI DAILY PRICE CHART

ADVANTAGE LEARNING SYSTEMS COM
3/8/99 to 3/8/00



Chart Courtesy of FactSet Data Systems

STES PERSPECTIVE

A large and growing body of research demonstrates the effectiveness of Reading and Math Renaissance and Accelerated Reader and Accelerated Math.

COMPANY DESCRIPTION

Advantage Learning Systems, Inc. is a leading provider of learning information systems to kindergarten through senior high ("K-12") schools in the United States and Canada. The Company's learning information systems consist of computer software and related training designed to improve student academic performance by increasing the quality, quantity and timeliness of performance data available to educators and by facilitating increased student practice of essential skills. Learning information systems provide to educators benefits similar to those management information systems provide to business managers. Last year the Company sold its products to approximately 43,400, or approximately 40%, of the K-12 schools in the United States and Canada.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ The nonprofit Educational Productivity Council at the University of Texas conducted a study correlating Accelerated Reader points earned and quiz percent correct to the probability of students passing the reading portion of the Texas Assessment of Academic Skills (TAAS). Fifth-grade students at Barbers Hill Intermediate School were studied during the 1996-1997 school year. Results indicated that students who earn more than 55 AR points and score greater than 85% correct on AR quizzes have a 95% chance of passing the TAAS reading exam. Students below these levels of AR performance have a 17% chance of passing this exam.

♦ In Bryan Independent School District, Bryan, Texas, AR was implemented district-wide in 14 elementary and 3 middle schools for approximately 10,000 students. The total growth in pass rates on the Texas Assessment of Academic Skills (TAAS) ranged from 12.3% in reading to 23.4% in math. When compared to the overall growth in Texas pass rates, Bryan ISD surpassed those for the state in every subject. Additionally, Bryan ISD's attendance rates increased and dropout rates decreased.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
CT

Allen Communication (Subsidiary)

VITAL STATISTICS

Location: Salt Lake City, UT
URL: www.allencomm.com
Management: Dr. Steven Allen, Founder

INVESTORS

Gilat Communications, Ltd.

SPONSORS/PARTNERSHIPS

Saba Learning Content Alliance

STES PERSPECTIVE

Allen's offerings span all aspects of technology-based training, including courseware development services, high-end Internet compliant software tools, consulting services and enterprise engagements. Consulting services and enterprise engagements along with its Internet-based Allen learning environment, i-discover™, are recent additions to Allen's offerings and provide clients a variety of solutions for improving performance and maximizing return on investment.

COMPANY DESCRIPTION

Allen Communication, founded in 1981, is in the business of improving human performance through teaching, training and informing and offers custom courseware development and consulting services as well as a variety of commercial tools. Based in Salt Lake City, Utah, Allen has additional development offices in Philadelphia, PA, and San Antonio, TX, and sales offices nationwide. From the beginning, the Company has provided services in all facets of interactive multimedia training and communication-courseware, hardware and software. As such, it has positioned itself uniquely as both a software and courseware development company, offering clients a complete solution, from beginning to end, for their multimedia training needs.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, Gilat Communications Ltd. (NASDAQ: GICOF), announced an agreement to acquire Allen Communication. As a new, wholly owned subsidiary of Gilat, Allen will continue to supply custom courseware development services and consulting, as well as commercial development tools, including Designer's Edge, Manager's Edge, Quest and Net Synergy. Additionally, it will expand its content management design and delivery offerings based around its proprietary i-discover electronic performance support system engine. It will enhance its marketing effort in the US and abroad, offering Gilat's expanded distance learning solution set to its installed base and prospective clients.

◆ In October, Allen Communication joined the Saba Learning Content Alliance to support Saba customers in distributing online learning to their customers, partners, employees and suppliers. Allen's 18-year history in the learning industry will help businesses on Saba be successful building online learning that delivers knowledge to learners throughout the extended enterprise value-chain. As a new member of Saba's Learning Content Alliance, Allen Communication is working with Saba to ensure that the online learning developed with Allen Communication's tools fully integrates with Saba's e-Learning infrastructure. By supporting industry standards such as AICC, IMS, IEEE and ADL, Allen Communication and Saba are helping to consolidate the fragmented learning industry and deliver increased value to customers.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12, P2

American Education Corp. (AEDU - Monitoring)

VITAL STATISTICS

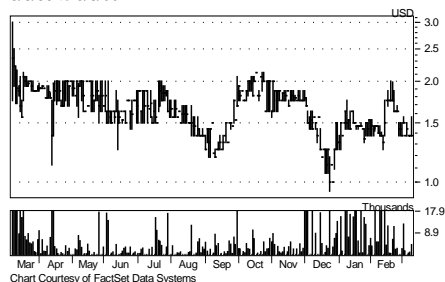
Location: Oklahoma City, OK
URL: www.amered.com
Management: Jeffery E. Butler, CEO

TRADING DATA

Price (3/8/00)	\$1.38
52-Week Range	\$3.00-\$0.94
Shares Outstanding (mil.):	13.7
Market Capitalization (mil.):	18.8
Float (mil.):	2.9
Average Daily Volume (000s):	7
Officers/Directors Hold:	78.8%

AEDU DAILY PRICE CHART

AMERICAN ED CORP COM
3/8/99 to 3/8/00



STES PERSPECTIVE

A+LS curriculum content features 72 titles containing over 3000 individual lessons, including complete integration of the *MediaWeaver* product line from Humanities Software, Inc. This extensive body of published work is fully correlated to leading national and state learner objectives, principal adult literacy objectives and major textbooks, and provides students with a total learning environment rich in graphics, recorded voice and content.

COMPANY DESCRIPTION

American Education Corporation's primary business is the development and marketing of educational software to elementary, middle and secondary schools, adult literacy centers and vocational, junior and community colleges. The Company's revenues are primarily derived from the sale the A+vanced Learning System. A+LS is currently shipping in version 2.12. The Company acquired two businesses in 1998, Projected Learning Programs, Inc. (PLP) and Learning Pathways, Limited (LPL). These organizations are primarily resellers and operate as subsidiaries of the Company and represent new channels of distribution new market access for the Company.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ♦ The A+LS Management System is a software-based class and student management system designed for computer-aided instruction. The system allows for the deployment and management of third-party software; the design of individual educational plans for classes and students and class/student reporting features. A+LS also allows for lessons, graphics and tests to be printed for use in the classroom or for homework assignments. This industry-unique design feature allows for a building block strategy for schools to acquire a fully managed and completely integrated courseware solution over time. The A+LS manager also features a full multimedia authoring capability, providing educators the ability to update, expand and customize A+LS's curriculum content to meet their needs.

- ♦ A+LS curriculum content features 72 titles containing over 3000 individual lessons, including complete integration of the *MediaWeaver* product line from Humanities Software, Inc. This body of work is correlated to leading national and state learner objectives, principal adult literacy objectives and major textbooks, and provides students with a total learning environment rich in graphics, recorded voice and content.

- ♦ AEC has the capability to provide remote on-line assistance to customers who need diagnostic help on their networks. Via a modem-to-modem or Internet connection, technical support professionals can access the server, observe problems, and implement solutions via remote access.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
PreK-12

Apex Learning, Inc. (Private)

VITAL STATISTICS

Location: Bellevue, WA
URL: www.apexlearning.com
Management: Sally Narodick, CEO

INVESTORS

Vulcan Northwest
Edison Schools
Kaplan Education
Maveron

SPONSORS/PARTNERSHIPS

Michigan Virtual University

STES PERSPECTIVE

APEX Learning expands Advanced Placement options with easy-to-implement learning tools and services. The Company's Online Courses, ClassTools and AP Exam Review instantly and conveniently connect teachers and students to award-winning curriculum and teaching tools from any school or home computer.

COMPANY DESCRIPTION

APEX Learning is a Seattle-based company dedicated to expanding access to learning opportunities that help students reach their next educational and professional goal through online learning. Founded as a demonstration project in 1997 by Paul Allen, the Company provides effective products by combining the interactivity and accessibility of the Internet with the experience of master teachers and content specialists. APEX's current programming includes Advanced Placement online courses in five subject areas and AP Exam review.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ APEX Learning, Inc. was recently honored with a *Technology & Learning Software Award of Excellence* for its Calculus AB and U.S. Government & Politics courses and its CramCentral Web site. *Technology & Learning* is a leading education technology magazine for K-12 educators. The awards are voted on by a panel of educator-judges, kids, and the editors of *Technology & Learning* after hours of test-driving. Evaluation was based on the educational merits of a program and its ability to take coursework beyond traditional approaches.

♦ In August, Michigan Virtual University (MVU), a leader in providing quality distance education programs, selected APEX Learning, Inc. to meet one of their strategic goals to expand the accessibility of Advanced Placement (AP) courses to students across the state.

♦ Paul Allen, co-founder of Microsoft, began APEX in 1997 to bring the full power of computers and the Internet to online learning for Advanced Placement students and instructors. Using the latest in Internet technology, APEX supports schools and students in expanding and enhancing AP curriculum.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
P2

Apollo Group, Inc. (APOL - BUY)

VITAL STATISTICS

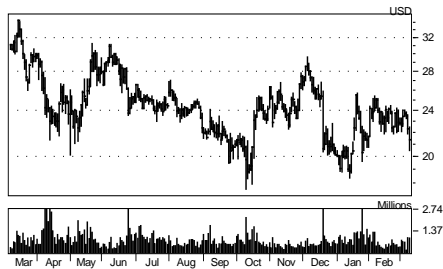
Location: Phoenix, AZ
URL: www.apollogrp.com
Management: Todd Nelson, President

TRADING DATA

Price (3/8/00)	\$21.38
52-Week Range	\$34.25-\$17.56
Shares Outstanding (mil.):	75.3
Market Capitalization (mil.):	1,610.0
Float (mil.):	48.2
Average Daily Volume (000s):	804
Officers/Directors Hold:	36.0%

APOL DAILY PRICE CHART

APOLLO GROUP INC CL A
3/8/99 to 3/8/00



STES PERSPECTIVE

Apollo's distance education program is the premier online program. Since its inception in 1989, the online program has experienced significant growth. At the end of November, the Company had 11,069 students. This represents an increase of 43%. We believe that there is hidden value in UOP's distance learning program that the market has yet to fully recognize.

COMPANY DESCRIPTION

Apollo Group, Inc., through its subsidiaries the University of Phoenix, Inc., the Institute for Professional Development, the College for Financial Planning Institutes Corporation, Western International University, Inc. and Apollo Learning Group, Inc., is one of the largest providers of higher education programs for working adults in the United States, with total degree-seeking enrollment of 87,255 students. Educational programs and services are currently offered at 52 campuses and 85 learning centers in 35 states, Puerto Rico and Vancouver, Canada.

Apollo Group, Inc. was founded in 1973 in response to a gradual shift in higher education demographics from a student population dominated by youth to one in which approximately half the students are adults and over 80% of whom work full-time.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In December Apollo Group, Inc. reported that at November 30, 1999 there were 68,597 students enrolled in degree programs at its wholly owned subsidiary, the University of Phoenix, representing a 23% increase over the prior year. Apollo Group, Inc.'s total degree student enrollment at November 30, 1999 was 87,255 compared to 73,019 students enrolled in degree programs at November 30, 1998 representing a 20% increase in degree enrollments.

- ◆ University of Phoenix campuses established prior to fiscal 1995 grew 16% to 56,495 degree-enrolled students at November 30, 1999 compared to 48,689 degree-enrolled students at November 30, 1998. The University of Phoenix's Online campus grew 43% to 11,069 degree-enrolled students at November 30, 1999 compared to 7,729 degree-enrolled students at November 30, 1998.

- ◆ Also in December, Apollo Group, Inc. announced that the U.S. Department of Education has revised the 1997 – the most current data available – student loan default rate for the University of Phoenix to 5.6% from the previously reported 5.7%. The national student loan default rate for 1997 was 8.8%.



SEGMENT:
E-TAILER

SUBSEGMENT:
P2

BIGWORDS.com (Private)

VITAL STATISTICS

Location: San Francisco, CA
URL: www.bigwords.com
Management: Matt Johnson, CEO

INVESTORS

21st Century Internet Partners
Geocapital Partners
Attractor Investor Management
Media Technology Ventures
St. Paul Venture Capital
Trans Cosmos USA, Inc

SPONSORS/PARTNERSHIPS

Yahoo
US News & World Reports
Sega
MasterCard
MTV

STES PERSPECTIVE

Several things impressed us with the BIGWORDS.com operation. First, they offer free delivery on all orders of \$35 or more. This makes a big difference to the price conscious student. Second, BIGWORDS.com is the only online textbook e-tailer with complete control of its ordering and distribution. The Company even offers a low price guarantee; find a lower price anywhere and they will match it.

COMPANY DESCRIPTION

Launched in 1998, BIGWORDS.com is a popular online textbook retailer. As part of the Company's mission to provide students with a one of a kind experience, BIGWORDS.com has built the first distribution model for textbooks. The Company has a unique advantage by having all the textbooks that a student needs ready to ship from its 90,000 square foot distribution center. BIGWORDS.com can reach 80% of all college students with one-day delivery.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ After leading all textbook retailers in unique visitors and reach in November and December, BIGWORDS.com has accelerated its leadership position during the current semester's selling period. With its metrics increasing across all categories, BIGWORDS.com led all online textbook retailers in reach, unique visitors (580,000) and page views (5,538,000), according to PC Data Online's Web site usage report for the week ending January 22, 2000. Beyond the textbook category, BIGWORDS.com has become the No.3 overall online book retailer, following only Amazon.com and barnesandnoble.com.

◆ In January, BIGWORDS.com announced it had received an additional \$30 million in financing. Attractor Investor Management lead this third round of funding and is joined by Media Technology Ventures, St. Paul Venture Capital, Trans Cosmos USA, Inc. and existing investors 21st Century Internet Partners and Geocapital Partners.

◆ This fall's on-campus "Do Not Panic" guerilla campaign reached 2,500 campuses with an army of student representatives spreading the word to fellow students. "Do Not Panic" was done in partnership with MTV Online, MasterCard, Sega, and CapitalOne.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
P2, CT, LL

Blackboard, Inc. (Private)

VITAL STATISTICS

Location: Washington, DC
URL: www.blackboard.com
Management: Louis Pugliese, CEO

INVESTORS

Matthew Pattinsky, Founder
Novak-Biddle Venture Partners
Carlyle Venture Partners
Internet Capital Group
Aurora Funds, Inc.
Merrill Lynch Kecalp, LP

SPONSORS/PARTNERSHIPS

Archipelago
GEO Interactive
Houghton Mifflin
KPMG LLP
NextEd
Norton Publishing
Microsoft
PeopleSoft
Sun Microsystems
Sylvan Learning Systems

STES PERSPECTIVE

At more than 1,600 institutions in every state and more than 70 countries - students, teachers and administrators are collaborating in online teaching and learning environments powered by Blackboard. The company is well positioned to remain a market leader in P2 sector.

COMPANY DESCRIPTION

Blackboard is the leading online education company. It provides one of the most popular and effective platforms for teaching and learning over the Internet. Blackboard powers the online learning environment for some of the nation's most prestigious colleges and universities. The Company's online technologies are helping to transform the Internet into a powerful environment for teaching and learning. Blackboard is the only company to provide Universal Learning Solutions, a road map for educators to host single course Web sites free with Blackboard.com, multiple course Web sites with Blackboard CourseInfo, and entire campuses with Blackboard Campus.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ In February, Blackboard Inc. and Tegrity Inc., the provider of WebLearner announced an agreement that will enable faculty to post multimedia recordings of classroom lectures to their online courses using the Blackboard CourseInfo platform. This agreement will allow students who may have missed all or part of a lecture to view it on any Internet browser at any time and for faculty to share their lectures easily with colleagues. For example, a journalism professor may wish to provide a clip of her presentation on election coverage to a political science professor's course Web site on the presidency.

♦ As of January, Blackboard CourseInfo Enterprise Edition is the first enterprise-grade software platform designed specifically from the ground up to power large-scale, customizable online teaching and learning environments. The Company also announced an enhanced new version of its renowned Blackboard CourseInfo product. The release of Blackboard CourseInfo Enterprise Edition comes in response to demand from institutions worldwide that, while able to bring their courses online, are unable to integrate that academic function with other critical areas of the institution and launch large-scale online education initiatives.

♦ Blackboard has first mover advantage in the online education market and is quickly becoming the platform of choice through which colleges and universities offer courses online. By fall 1999, more than 300,000 people will teach and learn in virtual classrooms powered by Blackboard software. In September, page views at Blackboard.com jumped five-fold to nearly 2 million since June.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT, LL

Caliber Learning Network, Inc. (CLBR - Monitoring)

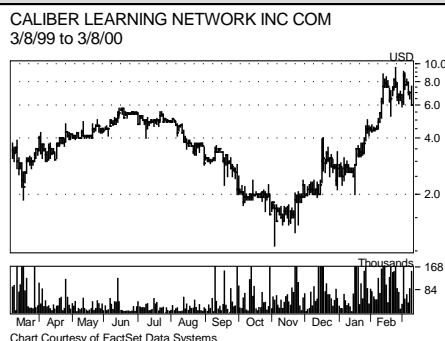
VITAL STATISTICS

Location: Baltimore, MD
URL: www.caliberlearning.com
Management: Chris Nguyen, CEO

TRADING DATA

Price (3/8/00)	\$6.00
52-Week Range	\$9.50-\$1.06
Shares Outstanding (mil.):	12.4
Market Capitalization (mil.):	74.3
Float (mil.):	5.2
Average Daily Volume (000s):	65
Officers/Directors Hold:	58%

CLBR DAILY PRICE CHART



STES PERSPECTIVE

Caliber's vision is to extend the best qualities of a superior live classroom experience across distances. Going forward, that number will grow dramatically as Caliber configures the new broadband Internet technologies to bring this intellectual engagement to desktops all over the world.

COMPANY DESCRIPTION

Caliber Learning Network, Inc. is a leader in Internet-based learning services. Through its WebCORE suite of learning products and services, Caliber enables its corporate clients to transform their traditional classroom programs either for live Internet broadcast to WebCORE classrooms, workplace desktops or home PCs - or for access through WebCORE on-demand hosting services. Caliber's partnerships with leading universities and other providers of professional development, training and education programs further extend their clients' access to content targeted to their specific learning needs.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In February, Caliber Learning Network, Inc. reported financial results for the fourth quarter and the year ended December 31, 1999. Net revenues for the fourth quarter of fiscal 1999 increased 63% to \$7.5 million, compared to \$4.6 million in the fourth quarter of fiscal 1998. For the fiscal year ended December 31, 1999, net revenues were \$26.0 million, compared to net revenues of \$15.4 million in the corresponding period last year.

◆ Also in February, Caliber Learning Network, Inc. announced that IBM will use Caliber to produce live training sessions, in support of its recently announced S/390*Application Development Solution. These sessions will then be enabled for Internet delivery and hosted on Caliber's servers for global on-demand (asynchronous) IBM customer access.

◆ In November, Caliber Learning Network, Inc. and the University of Southern California (USC) Marshall School of Business announced that they had entered a two-year agreement with the Building Owners and Managers Association (BOMA). Under the agreement, Caliber and USC will deliver a executive education program that will provide non-degree Master's level education to real estate professionals throughout North America.



SEGMENT:
TOOLS/ENABLER, PORTAL

SUBSEGMENT:
P2

Campus Pipeline (Private)

VITAL STATISTICS

Location: Salt Lake City, UT
URL: www.campuspipeline.com
Management: Chad Muir, CEO

INVESTORS

Oak Investments
Dell Computer
Inktomi
Amerindo

SPONSORS/PARTNERSHIPS

Amazon.com
Dell
SCT
Sun Microsystems

STES PERSPECTIVE

In our view, Campus Pipeline is a true online education leader. The ability to offer institutions of higher learning integrated web based solutions to pick up captive student users is truly revolutionary. This is a business model that will survive after the Internet craze is over.

COMPANY DESCRIPTION

Salt Lake City-based Campus Pipeline, Inc. links traditional higher education systems with the limitless capabilities of the Internet to create a customized campus experience. The Company steps beyond the destination Web site to create a personalized pipeline that integrates students, faculty, staff and administrators with their campus community, academic resources and administrative services — all online. By opening 24x7 access to back office systems and campus resources while allowing institutions to retain control of their private networks, Campus Pipeline makes campus processes more manageable and secure and reduces operating costs for institutions of every kind and size.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In January, Campus Pipeline, Inc. and Inktomi Corp. (NASDAQ: INKT) announced an alliance that will enhance the online shopping experience for college students, faculty and staff. The Campus Pipeline platform, which has been licensed by more than 500 campuses in the United States, has now integrated powerful commerce capabilities using the Inktomi Shopping Engine. Using these tools, Campus Pipeline can help students find the products they need, from software to music to urban fashion, while simultaneously maximizing value and convenience.

◆ In December, Campus Pipeline, Inc. announced ten strategic alliances. Companies including Dell, Decide.com, Della.com, Evite.com, Gamefever.com, HearMe, Listen.com, Reel.com, Software Buyline and SwapRat.com have forged agreements to bring their content, e-commerce and technology to students, faculty and staff through the Campus Pipeline platform.

◆ In November, Campus Pipeline, Inc. and iRenaissance, Inc. announced their collaboration to bring higher-education students, faculty, and staff a powerful Web-based calendar that will enable individuals to select the types of campus, classroom and community events in which they are interested. The calendar will update and maintain the separate event calendars and will integrate personal calendars, making it easier to manage information and coordinate schedules.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
CT

Centra Software, Inc. (CTRA - Monitoring)

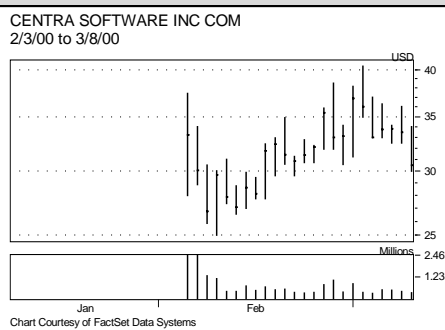
VITAL STATISTICS

Location: Lexington, MA
URL: www.centra.com
Management: Leon Navickas, CEO

TRADING DATA

Price (3/8/00)	\$30.50
52-Week Range	\$40.38-\$25.00
Shares Outstanding (mil.):	23.3
Market Capitalization (mil.):	709.1
Float (mil.):	5.0
Average Daily Volume (000s):	1,091
Officers/Directors Hold:	78.5%

CTRA DAILY PRICE CHART



STES PERSPECTIVE

Centra is a leading provider of e-collaboration platforms, with many clients in the e-Learning sector, such as click2learn and Docent. We believe that the company's market leader position will only grow as more companies look to access technologies that allow for real-time information dissemination.

COMPANY DESCRIPTION

Centra is a provider of Internet solutions for live eBusiness collaboration. Products include: Centra 99, an enterprise-class, Internet application for sales, marketing, services and training; CentraNow Web collaboration service - a Web destination for live, voice-enabled business meetings; and events featuring the Centra Business Collaboration Network (CentraBCN), a marketplace for online events. Centra's customers include Fortune 1000 companies such as Armstrong, Kraft, Nationwide, Compaq, and Viacom. Headquartered in Boston's technology corridor, Centra has sales offices in North America, Europe, and Japan.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ In November, Centra announced that *Computerworld* magazine named them as one of the top 100 emerging companies to watch in 2000. *Computerworld's* expert panel of information technology industry executives selected the 100 finalists. Companies were evaluated on their ability to demonstrate value to the corporate information technology (IT) operations of Fortune 1000 companies, product innovation, and their ability to execute corporate growth strategies.

♦ Also in November, Centra announced that Centra 99 won a Crossroads 2000 A-List Award. Sponsored by Open Systems Advisors, a business technology consulting firm, the award program highlights products and services that represent proven solutions for supporting today's accelerated business environment. Centra 99, Centra's enterprise-class live eBusiness collaboration software, was selected in the category of "Excellence in Execution."

♦ In October, Centra and Ariba, Inc. (NASDAQ: ARBA), a business-to-business electronic commerce company for operating resources, announced that the companies will work together to bring live, collaborative eCommerce capabilities to businesses via the Internet. Ariba will use CentraNow, the voice-enabled live eBusiness collaboration destination from Centra for use in eCommerce processes via the Ariba Network platform, the industry's leading open, global platform for business-to-business commerce on the Internet.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
PreK-12

ChildU.com (Private)

VITAL STATISTICS

Location: Ft. Lauderdale, FL

URL: www.childu.com

Management: Scott R. Udine, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

tutor.com

funschool.com

STES PERSPECTIVE

In our view, ChildU is one of the more innovative e-knowledge companies. ChildU has over 600 lesson plans for every subject from K-6. No other competitor comes close. The Company is also currently expanding its lesson plans to include the whole range from K-12. In our opinion, ChildU is the leader in K-12 distance education.

COMPANY DESCRIPTION

ChildU, Inc. is a distance learning company headquartered in Ft. Lauderdale, Florida. The Company's primary product is "The Learning Odyssey" (TLO), a comprehensive, interactive curriculum available 24 hours per day, 7 days a week via the Internet. "The Learning Odyssey" was developed by the Agency for Instructional Technology in 1997. AIT, a not-for-profit educational agency established in 1962, has developed innovative educational products and exceptional classroom technologies that reach more than 34 million students in North America each year.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ ChildU has been named by *digitalsouth* Magazine as one of the "Top 50 Companies to Watch in 2000". *digitalsouth's* editors chose the 50 candidates based on the caliber of each firm's founders, its product or service, market, competitors, and investors as well as the amount of capital each company has raised.

♦ In November, ChildU, Inc. announced that two of the leading childhood education and enrichment sites have agreed to make ChildU their "preferred" online instruction program. The agreements are with New York based tutor.com and California based funschool.com. Both sites reach large audiences of parents and professional educators. Under the terms of the tutor.com agreement, tutor.com will provide complete information about ChildU and The Learning Odyssey to its thousands of registered users.

♦ Homeschoolers and traditional students find "The Learning Odyssey" to be an excellent alternative to traditional educational materials. TLO offers an interactive, comprehensive curriculum that allows each student to access his or her individual education plan from anywhere in the world via the Internet. A ChildU teacher is assigned to each student to provide academic assistance as well as to track the student's progress throughout The Learning Odyssey. TLO allows the student to continue learning when they get home from school in a familiar and comfortable environment. The Learning Odyssey is delivered via the Internet and is designed to be a fun and interactive learning tool.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
PreK-12

Cinar Corp. (CINR - Monitoring)

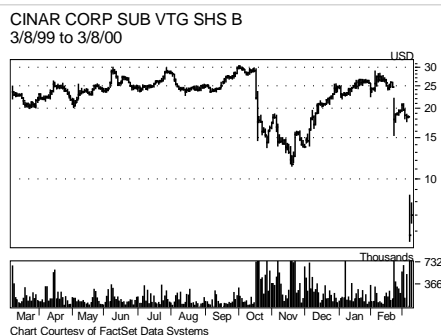
VITAL STATISTICS

Location: Montreal, Quebec
URL: www.cinar.com
Management: Richard Weinberg, CEO

TRADING DATA

Price (3/8/00)	\$7.00
52-Week Range	\$30.25-\$5.44
Shares Outstanding (mil.):	26.9
Market Capitalization (mil.):	231.7
Float (mil.):	26.1
Average Daily Volume (000s):	327
Officers/Directors Hold:	3%

CINR DAILY PRICE CHART



STES PERSPECTIVE

Through CINAR's diverse programming, licensing and merchandising of entertainment-related products and its array of supplemental education products, the Company intends to appeal to children worldwide, throughout their entire day.

COMPANY DESCRIPTION

CINAR Corporation is an integrated entertainment and education company involved in the development, production, post-production and worldwide distribution of non-violent, quality programming and educational products for children and families. CINAR Entertainment's original productions include two-time Emmy award-winner *ARTHUR* (with WGBH Boston), *The Busy World of Richard Scarry*, *Are You Afraid of the Dark?*, *Wimzie's House* and *Lassie*, as well as mini-series and family films, which are seen in over 150 countries.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, CINAR Corporation announced that it had concluded an agreement to broadcast the two-time Emmy winning animated series, *ARTHUR* on China Central Television (CCTV), the largest broadcaster in the country which reaches over 900 million viewers. CCTV's initial commitment is for 52 episodes, which will be broadcast on a daily basis on CCTV-1.

◆ In November, CINAR Corporation announced that it had acquired the Wonderworks library of award-winning family films from Bonneville International Corporation, a company based in Salt Lake City, Utah. The acquisition includes all of Bonneville's interests in copyright and distribution of the library, which includes 57 feature-length films. Fifty-five titles are live-action while two are animated features.

◆ Also in November, CINAR Corporation and The Lightspan Partnership, Inc., a leading U.S. educational online and software company, announced the signature of a strategic investment partnership agreement. The agreement grants CINAR an ownership position in Lightspan and contemplates a series of strategic joint projects combining each of the companies' complementary strengths in the children's education and entertainment market. In addition, CINAR President and co-CEO, Ronald A. Weinberg, will join Lightspan's Board of Directors.



SEGMENT:
PORTAL

SUBSEGMENT:
PreK-12

Classroom Connect (Private)

VITAL STATISTICS

Location: Foster City, CA
URL: www.classroomconnect.com
Management: Judith Hamilton, CEO

INVESTORS

Brentwood Associates
Hillman Corp.
Intel
Media One Ventures
Cambria Group
Media Tech Ventures
U.S. Trust

SPONSORS/PARTNERSHIPS

American Museum of Natural History
Yahooligans!
J. L. Hammett Company
CNN.com
Discovery Channel School
Princeton Review

STES PERSPECTIVE

Classroom Connect, Inc., a leader in Internet-based curriculum and professional development for K-12 education, fosters interaction among teachers, students and families by providing compelling content, functionality and interactivity in a Web environment.

COMPANY DESCRIPTION

Classroom Connect, Inc. is a leader in the development and delivery of content and community for the K-12 market. Based in Foster City California, the Company is the single organization that meets all of the Internet needs of education from courses for teachers on how to use the Internet in the classroom to award-winning Internet curriculum for students. The Company's online teacher community, Connected Teacher, is quickly becoming a leading online community for teachers. Classroom Connect's supplemental offerings, which are correlated to state and national standards, leverage the Internet to create dynamic and effective learning experiences.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ Classroom Connect recently announced that it has partnered with Discovery Channel School, the leading source for high quality media for the classroom. The companies are working together on the development, marketing and sales of a series of science Internet curriculum products for grades 5 through 9, called HotLinks. HotLinks will be developed by Classroom Connect and will be included in Discovery's newly introduced Middle School Science Collections, a broad assortment of print, video, online and innovative hands-on tools for teachers. The two companies are bringing multimedia resources to the study of science for this age group and helping teachers integrate the Internet into their science teachings.

♦ Classroom Connect has received one of education's most prestigious honors, EdNET 99's HERO award for for-profit companies. Beating out many education companies, Classroom Connect received the honor for its work in helping educators use technology and the Internet in classrooms. The HERO Award is given to organizations having made the most significant positive impact on education through educational technology and telecommunications in both non-profit and for-profit categories.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT, LL

click2learn.com (CLKS - Monitoring)

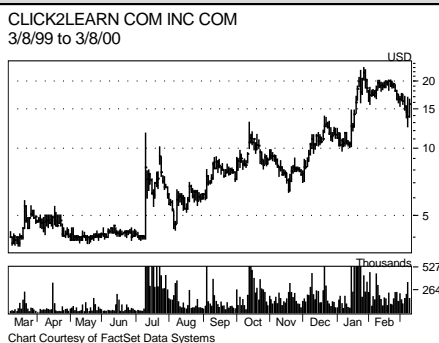
VITAL STATISTICS

Location: Bellevue, WA
URL: www.click2learn.com
Management: Jim Billmaier, CEO

TRADING DATA

Price (3/8/00)	\$15.75
52-Week Range	\$22.94-\$3.66
Shares Outstanding (mil.):	16.1
Market Capitalization (mil.):	253.1
Float (mil.):	6.5
Average Daily Volume (000s):	206
Officers/Directors Hold:	59.5%

CLKS DAILY PRICE CHART



STES PERSPECTIVE

click2learn.com is a premier platform for a vast inventory of industry-specific and general professional training. No other site gives direct access to such a complete range of computer-based training (CBT) subjects and formats. The click2learn.com catalog includes courses in a variety of formats: CBT, CD-ROM, video, audio, books, Instructor-Led Training (ILT), synchronous training, and eManuals.

COMPANY DESCRIPTION

Formerly Asymetrix Learning Systems, Inc., click2learn.com is designed to be the lifelong learning partner to business professionals by providing professional education and training on a variety of topics. Using the Internet to remove economic and logistical barriers to critical learning, it allows individuals and small to medium-sized businesses to access formal training online directly through www.click2learn.com in an engaging and highly interactive format with a standard web browser. Larger organizations can access click2learn.com using the increasingly popular Application Service Provider (ASP) model, seamlessly integrating a custom version of click2learn.com with their organization's intranets.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ The Company recently signed a three-year marketing, distribution and co-branding agreement with Go2Net to integrate click2learn.com into their network of sites. Go2Net also completed an equity investment in click2learn.com, inc. that represents approximately 2.5% of outstanding shares and received warrants to purchase an equal number of shares for \$3 million if exercised.
- ◆ Click2learn.com signed a multi-year marketing and distribution agreement with VerticalNet to integrate customized versions of click2learn.com into their network of vertical communities. Through this alliance, the Company has begun to add its learning channel to 20 business to business communities in the VerticalNet network of web sites.
- ◆ The Company has signed strategic content license agreements with NETg, Skillsoft, Competence Software, Crisp Publications, RunZebra.com, Learn2.com, Maxim Training, netSyndicate, Skills Online, Velocity Business Publishing, FirstNet and InfoSource. These firms will provide their content for distribution through the click2learn.com network.
- ◆ Recently, click2learn.com completed the acquisition of PixelMedia, Inc., of Richmond BC. PixelMedia will become the production studio for click2learn.com's 2MinuteTutors.



SEGMENT:
PORTAL

SUBSEGMENT:
P2

college411.com (Private)

VITAL STATISTICS

Location: San Francisco, CA
 URL: www.college411.com
 Management: Travis Bowie, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

eBay
 Universal Pictures
 Jobtrak
 Sparks.com
 Konami
 gay.com
 Evite.com
 AsiaCD
 eCoupons

STES PERSPECTIVE

Like most portals, college411 receives its revenue from six sources: advertising, sponsorship fees, associate fees, e-commerce, and syndication. What impressed us the most about the portal was the social aspects. College411 definitely has a community feel. Unlike other sites, members fuel the content of the site. In essence, it's a place for college students to "hang out" in cyberspace.

COMPANY DESCRIPTION

college411.com is a next generation college student portal, offering a large collection of student-oriented resources. To realize its broad vision of creating an information portal tailored to a specific demographic, the Company is utilizing a drill deep and leverage strategy. This approach is very similar to Amazon.com's "books first, other products later" approach. college411.com's long-run revenue model will be realized by capturing, maintaining, and monetizing a loyal user base.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ On a business development level, college411 has recently secured a number of prominent content, marketing and promotional deals, including eBay, Universal Pictures, Jobtrak, Sparks.com, Konami, gay.com, Evite.com, AsiaCD, and eCoupons. The Company is currently in later stage negotiations with several portals, including AOL, AltaVista, Yahoo!, and LookSmart to become their default college channel. On a publicity level, college411 has recently received national publicity in *Business Week*, the *Daily Variety*, and several national radio stations.

♦ On November 11th, college411 launched a six week, cross-country RV "Feed the Beast" tour at 30 college campuses. The 33-foot RV, packed with four people including a camera crew, will be inviting students to tell college411 what is important to them. Footage from the tour will be uploaded to the Company's web site. Selected individuals will have the chance of winning several prizes, including a day in Hollywood with "American Pie" producer Warren Zide.



SEGMENT:
PORTAL

SUBSEGMENT:
P2

CollegeClub.com (Private)

VITAL STATISTICS

Location: San Diego, CA
URL: www.collegeclub.com
Management: Michael Pousti, Chairman

INVESTORS

Seligman Technology Group
Sony Corporation of America
Convergence Partners

SPONSORS/PARTNERSHIPS

MCI WorldCom
Ericsson

STES PERSPECTIVE

The success behind the growing CollegeClub.com network is a suite of communications tools that help college students communicate with friends and family from wherever they are. By entering into a partnership with MCI, one of the major benefits for CollegeClub.com students is free phone access to e-mail (888-E-MAIL Me) and voice mail from anywhere in the country. In addition, CollegeClub.com offers universal messaging, instant messaging, web-based e-mail, voice mail, paging, chats and over 100,000 student run groups.

COMPANY DESCRIPTION

With over 1,800,000 registered members, the world's largest college community, CollegeClub.com is a leading facilitator of communication, education and commerce products and services designed specifically by and for college students. As audited by ABC Interactive, over 880,000 unique visitors per month from over 3,800 universities interact in over 35,000 online special interest groups on collegeclub.com.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ In February, CollegeClub.com and Ericsson Inc. (NASDAQ: ERICY) announced a comprehensive strategic alliance to develop mobile Internet applications, reciprocal wireless commerce services and products for CollegeClub.com's 1.8 million registered members. The joint efforts will enable users to wirelessly access CollegeClub.com's suite of communications services including e-mail, two-way instant messaging and e-commerce as well as customized content such as auction bids. As part of the agreement, Ericsson will develop the client/server technology that will provide students with access to CollegeClub.com using a variety of Wireless Application Protocol (WAP)-enabled mobile devices, including pagers, smart phones, digital phones and Personal Digital Assistants (PDAs).

♦ In the heated race for the attention of the web-savvy college market, CollegeClub.com led all college-oriented Internet sites in page views and time spent on the site in the fourth quarter of 1999, according to PC Data Online. CollegeClub.com also led all college community sites in the number of unique users with an average of more than 1.2 million unique visitors per month.

♦ In January, CollegeClub.com announced that it had completed a mezzanine round financing, which raised \$40 million - double its original goal. Deutsche Banc Alex. Brown was the agent for the private placement of series C convertible preferred stock. The financing was led by the Seligman Technology Group via its Seligman New Technologies Fund. All existing institutional investors including Sony Corporation of America (NYSE: SNE), and Convergence Partners reinvested as well.



SEGMENT:
PORTAL

SUBSEGMENT:
P2

CollegeHire.com (Private)

VITAL STATISTICS

Location: Austin, TX
URL: www.collegehire.com
Management: Jeff Daniel, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Tellme Networks
Living.com
Amazon.com
Royal Caribbean

STES PERSPECTIVE

Building on the founders' years of experience recruiting top students at the country's most prestigious colleges and universities, CollegeHire.com is a new and innovative way for employers to find those qualified college candidates who might otherwise be out of reach. The Company brings the best candidates right to the desktop.

COMPANY DESCRIPTION

CollegeHire.com reduces the cost and streamlines the process of reviewing thousands of resumes and conducting hundreds of interviews, enabling clients to focus on qualified recruits who are best suited to their business. With professional recruiters based on college campuses, CollegeHire.com pre-screens students against criteria established by companies to reduce the time and cost those companies would spend using conventional college recruiting methods. Additionally, CollegeHire.com provides an Internet community for both students and client companies, offering up-to-the-minute online access to a wealth of recruiting information and services. The CollegeHire.com site has received as many as 250,000 hits per week among its target audience.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ Recently, *PC Computing* named CollegeHire.com as one of the top five Internet job sites for targeting the best people. In the November issue, CollegeHire.com is listed as the place for tech firms to recruit the best recent graduates in "Nab New Talent: Instant HR." According to *PC Computing's* story, "Employee referrals, hiring from within, and newspaper classifieds are among the most common ways to advertise and fill positions. But when you need to cast a wider net for new blood, the Internet is the most powerful recruiting tool in your arsenal."

♦ In September, CollegeHire.com announced an aggressive, nationwide campaign to recruit the nation's top college talent to the world's leading online retailer, Amazon.com. Specific terms of the agreement were not released, but officials of both companies said CollegeHire's goal is to deliver leading IT graduates to Amazon.com. CollegeHire.com has recruited for Amazon.com on an as-needed basis in the past, but this latest agreement expands CollegeHire.com's role in the online leader's ongoing college recruiting effort.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
P2

CollegeLink.com (APS - Monitoring)

VITAL STATISTICS

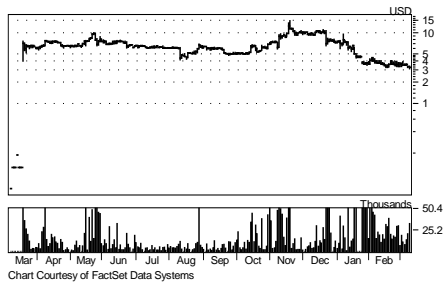
Location: Newport, RI
URL: www.collegelink.com
Management: Pat O'Brien, CEO

TRADING DATA

Price (3/8/00)	\$3.25
52-Week Range	\$14.75-\$0.06
Shares Outstanding (mil.):	12.4
Market Capitalization (mil.):	40.3
Float (mil.):	3.53
Average Daily Volume (000s):	17
Officers/Directors Hold:	41%

APS DAILY PRICE CHART

COLLEGLINK COM INC COM
3/8/99 to 3/8/00



STES PERSPECTIVE

With colleges increasingly moving their applications and admissions processes online, collegelink.com is in a clear position to dominate this market niche.

COMPANY DESCRIPTION

CollegeLink.com Incorporated (AMEX: APS) provides a range of pre-college services, including: college searches, virtual tours, test preparation, getting into top schools, promoting talents, finding scholarships, electronic college applications, paying for college and college success. Through its relationships with more than 900 colleges and universities and more than 3,000 high schools nationwide, CollegeLink.com will continue to leverage its leadership position in the marketplace to become the world's leading Web-centric teen success community and marketing/ information resource.

The company also targets students through its Making College Count and Making High School Count Presentation Programs. These advisory and training programs provide students with a template for success in both high school and college. Sponsors for the program include notable corporate clients such as IBM, Procter & Gamble, General Motors, and PNC Bank.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In February, CollegeLink.com Inc. announced that it had completed its acquisition of Student Success, Inc. Student Success is a highly rated national training and advisory group helping guide students to success in high school, college and beyond. The company has been featured in USA Today, Newsweek, The Chicago Tribune, among others, as well as broadcast features including MSNBC, CNNfn and CBS News. Through its "Making College Count" and "Making High School Count" In-School Presentation Programs, Student Success expects to reach more than 400,000 high school students during the 1999-2000 academic year.

◆ In February, The Company announced the appointment of Patrick O'Brien as chief executive officer. Mr. O'Brien's strong leadership experience includes Procter & Gamble brand management, Union Camp senior management and most recently, co-founder and president of Student Success, Inc. In March, The Company announced the appointment of Brad Baker as president. Mr. Baker was a co-founder and the chief operating officer of Student Success, Inc. and has worked in brand management at The Procter & Gamble Company and Kraft. Mr. Baker graduated a BS degree in Economics from Harvard.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
PreK-12

Computer Curriculum Corporation, Inc. (Subsidiary)

VITAL STATISTICS

Location: Sunnyvale, CA
URL: www.ccclearn.com
Management: Dr. Ronald Fortune, CEO

INVESTORS

Pearson Education, PLC

SPONSORS/PARTNERSHIPS

Apple
Compaq
Dell
Microsoft
Novell

STES PERSPECTIVE

To date, more than 10 million students have used CCC software. The Company's products are installed in more than 16,000 classrooms in all 50 states, as well as Canada, the United Kingdom, Japan, Australia and New Zealand. CCC's employees, many of whom are former teachers, are committed to providing accountability and learning results to education.

COMPANY DESCRIPTION

Computer Curriculum Corporation is an elementary publishing group within Pearson Education, the global education publishing business of Pearson PLC, the international media group. Pearson Education is the world's largest educational publisher, enlightening and enriching the lives of students of all ages, everywhere, with books, multiple media, and learning programs in all major academic disciplines. Its leading imprints include Computer Curriculum Corporation, Prentice Hall, Addison-Wesley, Scott Foresman, Allyn & Bacon, Macmillan, and Longman.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, Computer Curriculum Corporation announced a new partnership with DynEd International, Inc. that allows CCC to offer a complete English as a Second Language solution for K - 12 learners. Under the agreement, CCC will distribute the award-winning, market-tested Let's Go Professional Edition (ages 4 - 10) and New Dynamic English Professional Edition (young adult - adult), which are used in bilingual and English immersion settings to help nonnative English speakers become successful with English.

◆ In November, Computer Curriculum Corporation (CCC), a division of Pearson Education, unveiled CCC Destinations Internet, the world's most comprehensive online learning program geared toward the accelerated advancement of adolescent and adult learners in workforce training programs, alternative high schools, correctional education programs, community colleges and public housing education programs.

◆ In September, Computer Curriculum Corporation announced that Garland Independent School District of Garland, Texas had signed a contract worth \$2.4 million for CCC's elementary educational software. CCC will install the comprehensive package, which encompasses reading/language arts, bilingual and math interactive programs, in 44 sites throughout the district over the next year. In addition, CCC will provide professional development for teachers and technical services support.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
P2

Convene.com (Private)

VITAL STATISTICS

Location: San Francisco, CA
URL: www.convene.com
Management: Reda S. Athanasios, CEO

INVESTORS

New Enterprise
Kensington Value Fund, LLC
Podesta Education Investors, LLC Education Investors, LLC

SPONSORS/PARTNERSHIPS

IBM Global Network Services
Microsoft Education

STES PERSPECTIVE

Convene.com is a proven leader in distance education and collaboration solutions for schools. The key to Convene.com's success is they understand that just as no two schools are alike, neither will their online education needs be the same.

COMPANY DESCRIPTION

Convene.com is a leader and one of the largest providers of online education solutions in the world. Since 1993, the Company has been consistently putting together efficient and successful online education programs for schools and organizations around the world. More than 50,000 students have completed over 250,000 courses using Convene.com. Students can use virtually any computer with a modem to access their classes. Instructors interact with their students both individually and in groups, allowing them to give personal attention while maintaining important group dynamics.

Convene.com charges a simple, straightforward, per-student fee. How much that is will depend on the features and components the school chooses to include in its program. No matter how many courses it puts together, it's always a preset fixed amount—one that actually decreases as the program grows.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, Convene.com announced that it had closed a \$7.2 million mezzanine funding round led by the premier venture capital firm, New Enterprise Associates (NEA). Other participants include the Kensington Value Fund, LLC, the investment vehicle for the Charles R. Schwab family, Podesta Education Investors, LLC and Education Investors, LLC. Individual investors joining the round include Robert Ellis, publisher, lead investor and member of the board of directors of Xoom.com, who has joined the board of Convene.com.

◆ In July, Convene.com announced the release of ac@deme. This breakthrough technology provides a powerful and flexible new suite of online teaching tools that is sophisticated, yet simple to use, and unlike other products that force instructors to use inflexible templates that can impede academic freedom. In addition to leapfrogging the competition, ac@deme is the only platform that offers the option of bypassing the "world wide wait." Using ac@deme, students can work in real time over the Internet with a standard browser, or choose to download their coursework directly onto their computers. Whether working online or off, ac@deme's interface retains the familiar look and linking power of a web browser.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
P2, CT, LL

Digital Concepts, Inc. (Private)

VITAL STATISTICS

Location: Phoenix, AZ
URL: www.digitalconcepts.com
Management: , CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Cal Poly, Pomona
University of Phoenix

STES PERSPECTIVE

DCI's products provide the foundation of an e-learning solution that allows customers to transform their information into knowledge by adding to it structure, context, and their experience. Any school, university, organization, or agency that has an educational mission is a prime candidate for Digital Concepts' solutions and services.

COMPANY DESCRIPTION

Digital Concepts, Inc., based in Phoenix, AZ, provides advanced education and training solutions for corporate, government and education clients. Its knowledge management software, AladdinKM, transforms information scattered across multiple networks and systems into accessible, relevant and reusable knowledge. AladdinKM is web-based and user-friendly, allowing educators, students and independent learners easy access to knowledge resources.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ Digital Concepts, Inc. (DCI) has partnered with Cal Poly Pomona to build an Enterprise Knowledge Network comprised of a collection of course packages, content and supporting materials. These materials have been authored, identified and added to DCI's AladdinKM, a content and resource manager for on-line education, training and Enterprise Knowledge Management. AladdinKM was built on CA's Jasmine, an object-oriented database engine, providing the robust foundation needed for multimedia Internet applications and e-commerce.

♦ The University of Phoenix, College of Education engaged DCI to build an Enterprise Knowledge Network to support the University's educational philosophy and operational structure for collaborative and applied problem-solving learning. The University of Phoenix offers doctoral, graduate, and undergraduate degree programs as well as certificate and continuing education programs to working professionals around the world. The University identifies educational needs and provides, through innovative methods including distance education technologies, educational access to working adults regardless of their geographic location. The University of Phoenix recognizes DCI as a provider of critical Knowledge Management Technology and Education Services in support of their Philosophy and business practice.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
CT

DigitalThink, Inc. (DTHK - Monitoring)

VITAL STATISTICS

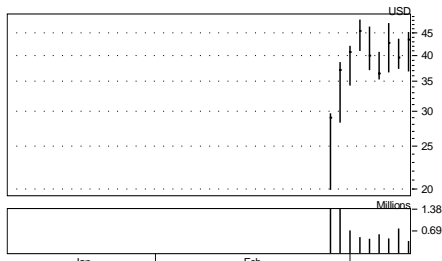
Location: San Francisco, CA
URL: www.digitalthink.com
Management: Pete Goettner, CEO

TRADING DATA

Price (3/8/00)	\$43.50
52-Week Range	\$48.00-\$20.00
Shares Outstanding (mil.):	32.9
Market Capitalization (mil.):	1,432.6
Float (mil.):	4.4
Average Daily Volume (000s):	1,492
Officers/Directors Hold:	87%

DTHK DAILY PRICE CHART

DIGITALTHINK INC COM
2/25/00 to 3/8/00



STES PERSPECTIVE

COMPANY DESCRIPTION

DigitalThink designs, develops and deploys e-learning solutions to Fortune 1000 companies. DigitalThink offers a fully integrated solution that combines course content aligned with its clients' business objectives, results-oriented e-learning experience, and robust technologies that are fully outsourced. DigitalThink helps companies sharpen their most important strategic weapon—what their people know. The Company's e-learning solutions are an effective way to get employees, sales channel and customers in the know. Solutions can include DigitalThink's existing off-the-shelf courseware, custom-tailored content, or anything in between.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In twenty-five day quiet period following initial public offering.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
CT

Docent, Inc. (Private)

VITAL STATISTICS

Location: Mountain View, CA

URL: www.docent.com

Management: David Ellett, CEO

INVESTORS

Invesco Private Capital

BancBoston Ventures

Comdisco Ventures

CS First Boston

Gilde IT Fund

Norwest Venture Partners

Advanced Technology Ventures

SPONSORS/PARTNERSHIPS

Ariba, Inc.

LearningAction, LLC

Miller Heiman, Inc.

Siebel Systems, Inc.

C3i

STES PERSPECTIVE

As one of the first e-learning companies to offer a complete application-hosting service, Docent is providing companies with the resources and expertise necessary for them to quickly and easily implement an effective online learning solution, allowing them to deliver the benefits to customers, partners and employees. We fully expect that Docent will be considered a top choice by companies seeking to implement knowledge management platforms.

COMPANY DESCRIPTION

Docent Inc., based in Mountain View, CA, is a global leader in Education Commerce, providing comprehensive learning solutions via the Internet. At the Enterprise Outlook Conference hosted by Technologic Partners in July 1999, Docent was awarded "Investor's Choice" honors as one of the top ten e-business companies "most likely to succeed" from among 88 privately financed technology companies. Docent enterprise learning solutions are currently installed at more than 80 corporate customer sites, including Merrill Lynch, Boeing, Lucent Technologies and TIAA-CREF.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ Continuing to expand its solutions-based partner community, Docent, Inc., announced an alliance with Centra Software (NASDAQ: CTRA), the recognized leader in live e-Business collaboration. Through the new partnership, the two companies plan to cooperatively integrate their products to produce a full array of Web-based learning solutions that directly impact business performance for clients' sales, marketing and customer care organizations. Centra joins the 20-plus content, technology, service and sales companies that comprise the Docent Partnership Program, including industry leaders Hewlett-Packard, Miller-Heiman, and C3i. Docent is also joining Centra's Learning Management Systems Partner Program.

◆ In November, Docent Inc. announced that it was evaluated in the most recent *PC Week* Shoot-Out that took place in Alexandria, VA, and was recognized for "[standing] out among field of seven learning management systems." Docent was evaluated with six of its competitors, among them click2learn's Ingenium 4.5, Lotus' Pathware 4, and KnowledgeSoft 3.3. Docent was recognized for its strong skills assessment, flexibility and its ability to customize courseware according to a company's specific needs, among other features.

◆ Also in November, Docent Inc. announced that it had been awarded a Crossroads 2000 A-List Award for its beneficial and outstanding enterprise technology solutions in the category of "Excellence in Execution for the Changing Business Landscape."



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12

EarthWalk Communications, Inc. (Private)

VITAL STATISTICS

Location: Manassas, VA
URL: www.earthwalk.com
Management: Evan McConnell, CEO

INVESTORS

NextGen Capital, LLC

SPONSORS/PARTNERSHIPS

Learn2.com
ED-e.com
Hitachi

STES PERSPECTIVE

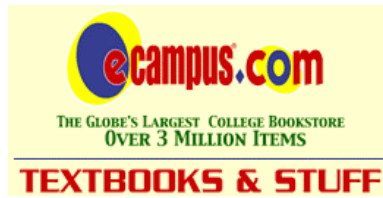
The NetWize system was engineered using input from educators to develop a unique system designed specifically for modern classrooms, taking into account that schools often don't have the infrastructure or resources to implement the modern technology their students need to succeed. Schools looking for innovative and creative ways to approach these issues are finding wireless technology to be the solution.

COMPANY DESCRIPTION

EarthWalk Communications, Inc. was established in 1997 with the purpose of being a leading provider of technologies and tools to enable teachers and students to effectively use the Internet and computers in the classroom. EarthWalk's flagship solution, NetWize, is a classroom learning environment incorporating a wireless mobile computer lab, classroom software tools, and Internet-based teacher training. Their established customer base is over 3,000 school districts throughout every state nationwide. EarthWalk has gained a reputation for solving problems and delivering cost-effective technology that enhances teachers' capabilities to teach and students' abilities to learn.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In February, EarthWalk Communications announced that it began shipping its NetWize wireless mobile computer labs to schools around the nation. Fifteen school districts, including Toms River, NJ, Union, OK and Las Vegas, NM, were the first to receive the NetWize systems.
- ◆ In January, Learn2.com (NASDAQ: LTWO), a leading provider of e-learning solutions, and EarthWalk Communications, Inc. announced a pre-paid contract which calls for EarthWalk to resell Learn2.com's web-based learning solutions to school districts nationwide. The on-line courseware will be bundled with Earthwalk's NetWize, a wireless mobile computer lab and network that will allow administrators, teachers, and students to access a comprehensive suite of Learn2.com training titles. Users can access the courseware through Earthwalk's eClassroom, a co-branded Learn2University site.
- ◆ Also in January, NextGen Capital, L.L.C., announced a \$1,000,000 equity investment in EarthWalk Communications, Inc. The capital will be used to increase marketing and product sales. In addition, Carl Eckstein, a director of NextGen Capital, joined EarthWalk's board of directors.



SEGMENT:
E-TAILER

SUBSEGMENT:
P2

ecampus.com (Private)

VITAL STATISTICS

Location: Lexington, KY
URL: www.ecampus.com
Management: Steve Stevens, President

INVESTORS

Individual Investors

SPONSORS/PARTNERSHIPS

Inktomi
i2
FairMarket Network

STES PERSPECTIVE

Having been online for less than nine months, ecampus.com, Inc. has experienced a remarkably high growth pattern. Ratings released by PC Data verify that ecampus.com reached the one million unique monthly visitors mark faster than any textbook site. However, we expect competition to remain intense in this sector as many companies target the 15 million college students in the U.S.

COMPANY DESCRIPTION

Headquartered in Lexington, KY, ecampus.com is a retail seller of books and textbooks (in all current and future formats), college emblematic and other apparel (for men, women and children), electronics, computers, office and general supplies, gifts and more. The site features over 3,000,000 items, including all books in print. ecampus.com has been designed for ease-of-navigation and convenience. Shoppers experience fewer clicks to checkout, almost no scroll bars and minimal effort finding the textbooks and materials they need for college and university classes. ecampus.com's unique "travelling book bag" stays with the shopper whenever and wherever they are on the site. The shopping total is always visible as well as the amount saved by shopping at ecampus.com.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ ecampus.com Increased Unique Visitors by 2000% since November. ecampus.com has experienced a 2000% increase in unique visitors during the holiday and January textbook rush season. The Company attributes this growth to its ability to offer students access to a database of every book in print, a growing inventory of collegiate merchandise and popular brand apparel.
- ◆ ecampus.com Ranked the Number 17 On-line Retailer by PC Data Online. In February, PC Data findings indicated ecampus.com, Inc. had reached the one million unique monthly visitors mark faster than any on-line textbook site. Rankings verify that ecampus.com has reached a position of distinct leadership in the on-line textbook market, earning placement as the number 17 top e-tailer during January.
- ◆ Ecampus.com joins Inktomi Shopping Platform. In February, ecampus.com, Inc., announced it will become an integrated member of the Inktomi shopping platform in March. Inktomi, created this platform to link the world's largest and most popular Internet companies.
- ◆ Recipient of Oracle Corporation's 1999 Stars of E-Business Award. In November, ecampus joined eToys.com, UPS, Cisco Systems, Travelocity.com, and General Motors as recipients of Oracle Corporation's 1999 Stars of E-Business award.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
P2

eCollege.com (ECLG - Monitoring)

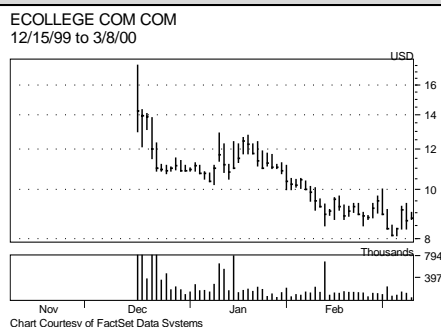
VITAL STATISTICS

Location: Denver, CO
URL: www.ecollege.com
Management: Robert Helmick, CEO

TRADING DATA

Price (3/8/00)	\$8.78
52-Week Range	\$17.50-\$8.13
Shares Outstanding (mil.):	13.9
Market Capitalization (mil.):	121.7
Float (mil.):	5.0
Average Daily Volume (000s):	369
Officers/Directors Hold:	64%

ECLG DAILY PRICE CHART



STES PERSPECTIVE

eCollege products are designed to be flexible to meet the online learning needs of colleges and universities and their students. We believe the company's focus of delivering a solution in an ASP model will enable schools to offer classes online faster and without the up-front costs and IT resources required.

COMPANY DESCRIPTION

eCollege.comsm, the provider of an Internet teaching platform, provides a total online environment to deliver distance education and an online component to traditional classroom education. Made up of educators and technologists, the company partners with institutions such as California State University, Hayward; University of Colorado; Drexel University; Keller Graduate School of Management; University of Pennsylvania; Seton Hall University; and the National Association of Realtors to deliver course content in a highly interactive and engaging educational environment. Currently, the company is focused primarily on the post secondary market.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ **Strong Revenue Growth in Fourth Quarter.** Revenue for the fourth quarter increased 178% to a record \$1.7 million, up from \$0.6 million reported in the same quarter of 1998. Revenue for the quarter was derived from campus and course development fees of \$0.8 million and student fees of \$ 0.9 million. Revenue for the twelve-month period increased 179% to a record \$4.7 million, compared to \$1.7 in the prior year.
- ◆ **CampusPortal, an Enterprise-wide Online Campus for Key Administrative and Educational Activities Introduced.** In February, eCollege.com announced the campus-wide availability of its online campus product, CampusPortal 3.0, to now fully support both on-campus and online educational communities. Through CampusPortal, eCollege.com's eTeaching Solutions are fully integrated to harness the power of the Internet to enhance the teaching and learning process within the classroom. CampusPortal also enriches the education experience and assists faculty by facilitating greater community interaction between the faculty, students, administrators, industry resources and alumni.
- ◆ **Microsoft Office 2000 Collaboration Project.** In February eCollege.comsm announced that in collaboration with Microsoft Corporation (MSFT), it launched the Microsoft Faculty Center to build awareness among educators of how Microsoft Office 2000 can be used to create dynamic course content for both on-campus and online delivery.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
PreK-12

Edmark Corporation (Subsidiary)

VITAL STATISTICS

Location: Redmond, WA

URL: www.edmark.com

Management: Donna Stanger, GM

INVESTORS

IBM

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

Edmark, an IBM company, is a developer and publisher of children's educational software. Edmark is recognized for the quality of its products and has been recognized with many awards. We think their content provides a very good interactive method to encourage learning from a young age.

COMPANY DESCRIPTION

Edmark, based in Redmond, Washington, was founded in 1970 as a developer of print materials for schools. In its early years, the Company focused on the special education market. In 1992, the Company broadened its management and development teams, which began developing and publishing a whole new generation of multimedia educational software products for children in both the consumer and education markets.

The team at Edmark is led by educators who believe that kids' intellectual capabilities are far more powerful than they are often challenged to use. That's why the Company designs products with the right combination of time-honored educational methodology and rich multimedia technology to inspire creativity, develop higher-level thinking and problem-solving skills and actively engage children in the learning process.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ Edmark Corporation is a leading developer and publisher of educational software with more than 25 years of experience applying proven educational concepts to the development of educational products for children. The Company develops products that run on Macintosh and Windows for both the consumer and education marketplaces. Edmark's award-winning line of educational software includes: *Let's Go Read!™ 1: An Island Adventure®*, *Let's Go Read! 2: An Island Adventure™*, *Thinkin' Science™* and *Thinkin' Science ZAP!™*; *KidDesk® Family Edition* and *KidDesk® Internet Safe*; the *Early Learning Series*, including *Millie's Math House®* and *Bailey's Book House®*; *Thinkin' Things® Collection 1, 2 and 3* and *Thinkin' Things® Sky Island Mysteries™*; *Strategy Challenges® Collection 1 and 2*; *Brain Bytes Series*; the *Imagination Express® Series*; and the *Mighty Math® Series*.

◆ In February, Edmark announced the release of *Thinkin' Things FrizzleTown*, the newest in an award-winning series of software programs designed to help students learn and test thinking strategies. With the new release for kindergarten to third grades, Edmark's *Thinkin' Things Series* continues to address the growing need for students to develop higher-order thinking skills, which are essential to building a strong platform for learning success in all curriculum areas.



SEGMENT:
E-TAILER

SUBSEGMENT:
P2

edu.com (Private)

VITAL STATISTICS

Location: Boston, MA
URL: www.edu.com
Management: Adam Kanner, Chm. & CEO

INVESTORS

Information Technology Ventures
Mayfield Fund
Student Advantage, Inc.
HarbourVest Partners
Banc One Equity Capital
General Catalyst
Arcadia Partners
Waterview Partners

SPONSORS/PARTNERSHIPS

IBM
Citigroup
Adobe
BankBoston
Apple
Microsoft
Fleet
AT&T
Student Advantage
Wells Fargo

STES PERSPECTIVE

With a strong network of partnerships and a clearly defined strategy which brings true value to today's college students, i.e. discounted prices on items they consumes, we believe edu.com has a very strong business model which creates a "win-win" situation for students, partners and advertising companies.

COMPANY DESCRIPTION

edu.com is the first national, students-only, online shopping destination where college students receive deep student-only discounts on the brand name products and services they need and want most. As the only e-commerce company exclusively serving college students, edu.com negotiates outstanding student-only discounts on goods and services from our partners who recognize the value of your business. We simply pass these special discounts directly on to you. At edu.com, students receive unparalleled value on top-tier brands in the following categories: computer hardware, computer software, books & magazines, telecommunications and financial services.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ On January 24, edu.com, announced the closing of \$30 million in second round funding. The round was led by strategic investor Student Advantage, Inc. (NASDAQ: STAD), with follow-on investments from first round participants Mayfield Fund and Information Technology Ventures and new investments by HarbourVest Partners, Banc One Equity Capital, General Catalyst, Arcadia Partners and WaterView Partners.
- ◆ On January 3, edu.com announced that it has signed an exclusive e-commerce partnership agreement with Mascot Network Inc. (www.mascot.com) the leading provider of campus portal services. edu.com will become a Mascot Network Premier Partner offering special - student only- pricing and best-in-market value on an exclusive basis on products and services in eight major commerce categories.
- ◆ On December 20, edu.com announced that it has established an e-commerce relationship with Snowball.com. The relationship positions edu.com as the primary commerce solution for Snowball.com's sites PowerStudents.com and InsideGuide.com offering special "student only" pricing and best-in-market value on products and services.



SEGMENT:
E-TAILER

SUBSEGMENT:
PreK-12

EduClick.com (Private)

VITAL STATISTICS

Location: Redmond, WA
URL: www.educlick.com
Management: Sean Muller, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

The range of educational products EduClick offers is rather large. The site does feature a wide variety of products sold in different mediums, including CD-ROM, books, audio, DVD, VHS and software. We anticipate that the company will shift its focus to providing a web-based automated platform for schools to make purchases of products and services without a credit card.

COMPANY DESCRIPTION

Educlick.com is a service of EduClick Inc., founded in April 1998, and located in Redmond, WA. The Company began as, and concurrently operates, an online bookselling service called Kingbooks.com. The Company only sells products used for educational purposes. Educlick.com is a service that is designed for teachers, academic institutions, parents, students, and anyone who is interested in advancing their own or a someone else's education. The company sells products that serve the following markets: early childhood, K-12, College, vocational, continuing education, special education, homeschooling, guidance & counseling, teacher resources, parenting and reference materials.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ EduClick Inc. is at the forefront of Internet Educational Retailing. The Company is developing new and unique services in the educational arena. EduClick Inc. boasts a talented management team as well as significant expansion plans.
- ◆ Educlick.com is one of the Internet's largest resources for educational products. The Company carries a large selection of educational books, software, audio, and video products. EduClick takes great pride in knowing that every product they ship is used for educational purposes. The Company's goal is to provide the highest quality of service to educators around the world, as well as providing the most comprehensive catalog of educational products.



SEGMENT:
PORTAL

SUBSEGMENT:
CT, LL

EduPoint.com (Private)

VITAL STATISTICS

Location: Solana Beach, CA
URL: www.edupoint.com
Management: Jeff Creighton, Chairman

INVESTORS

Enterprise Partners
Silicon Valley Bank

SPONSORS/PARTNERSHIPS

American Management Association
Institute of Electronic and Elect. Engineers
American Medical Association
American Society of Training and Development
National Teachers Association
Society of Human Resources Managers
American Engineers Association

STES PERSPECTIVE

EduPoint.com is establishing a new type of sales channel – one that leverages the influence of its corporate customers – to build stronger ties between the educational community and the fast-growing adult student population. These firms are making EduPoint.com a required part of their professional development programs, providing easy employee access to the portal via their Intranets.

COMPANY DESCRIPTION

EduPoint.com, was formed to create the paradigm shift necessary for continuing education to proliferate. Its new web marketplace, introduced in January 2000, is one of the Internet's largest, centralized sources for continuing education, providing access to more than 1,500,000 courses, certificates, degrees and training programs. Not merely a distance learning web site, it connects prospective students with more than 3,000 universities, community colleges, distance learning providers and training firms. Now, consumers have an easy, complete and intuitive way to access, research and register for classes that span the entire continuing education spectrum, from individual enrichment courses, to comprehensive programs for executive training, professional certifications, advanced degrees and more.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ The EduPoint.com marketplace represents the first effort to aggregate the entire professional and continuing education industry into a single, online location. Now, consumers have an easy, complete and intuitive way to search out and enroll in classes relevant to their careers and interests. Serving as a nationwide online registration system, the portal gives working professionals free and immediate access to educational opportunities nationwide. Its listings span the entire continuing education spectrum and include individual enrichment courses, comprehensive executive training programs, professional certifications and advanced degrees from universities, community colleges, distance learning providers and training firms.

♦ In January, EduPoint.com, Inc. introduced a new web marketplace that is by far one of the Internet's largest, centralized source for continuing education, listing more than 1,500,000 courses, certificates, degrees and training programs available through 3,000 different learning providers nationwide. The new offerings are designed to unite the interests of corporations, learning providers and prospective students behind a common goal of making education more accessible to working adults.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
P2, CT

Eduprise.com (Private)

VITAL STATISTICS

Location: Morrisville, NC
URL: www.eduprise.com
Management: Roger St. Germain, CEO

INVESTORS

Arena Capital Partners
Chase Capital Partners
Frontenac Company
Learning Tree International

SPONSORS/PARTNERSHIPS

PeopleSoft
SCT, Inc.
Collegis
Newsscan.com
PSINet
The IMS Project

STES PERSPECTIVE

Eduprise.com provides everything needed to take advantage of the Internet for web-enabled instruction, including strategy, planning, training, support, and a complete hosting environment. The Company believes in flexibility and customization and will work with clients to develop a solution that best fits their needs. Whether the goal is to augment the classroom environment or to provide complete distance learning, eduprise.com is the right partner to ensure the successful adoption of an online learning program.

COMPANY DESCRIPTION

Eduprise.com is an e-Learning services provider headquartered in Research Triangle Park, N.C., that provides enterprise-wide services and scalable technologies to enable rapid transition to Internet-empowered education, training, and management of knowledge resources. Eduprise.com is a leading applications service provider (ASP) in the e-Learning market.

The company's e-Learning solutions are built on: an infrastructure and technical support component (Core Services) to provide reliable and technologically advanced learning tools for end users. There is also a strategic professional services component (Life-Cycle Services) to provide the client organization with experienced professional assistance in developing a roadmap for entering the e-learning market. This allows for implementation of an enterprise-scale e-learning solution within 60-90 days - one that integrates with the organization's existing back office systems.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ On March 1, Eduprise and TrainingNet announced a partnership to enhance the breadth of services and content available to TrainingNet and Eduprise clients. The partnership will bring Eduprise's e-Learning ASP (Application Service Provider) services and TrainingNet's e-commerce marketplace to education providers and corporate clients.
- ◆ On March 1 Eduprise and COLLEGIS, the leading provider of technology solutions to the higher education market announced a partnership to deliver a range of instructional technology solutions to the COLLEGIS client base.
- ◆ On February 7, Eduprise announced that it had successfully secured \$18 million in private placement funding from Arena Capital Partners, Chase Capital Partners, Frontenac Company and Learning Tree International.
- ◆ On February 1, SCT, (Nasdaq:SCTC) the leader in providing academic and administrative solutions to the higher education market, and Eduprise, announced a partnership to develop a on-line learning solution targeted to higher education institutions. The partnership will bring Eduprise's e-Learning Services to SCT clients in conjunction with SCT's new Learning Suite solution for online learning.



SEGMENT:
TOOLS/ENABLERS

SUBSEGMENT:
PreK-12

Edventions, LLC (Private)

VITAL STATISTICS

Location: Chicago, IL
URL: www.edventions.com
Management: Lois Scott, CEO

INVESTORS

River Cities Capital Fund
M Group, Inc.

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

Unlike many other web-based services in use today, Starship School does not promote advertising to children. Rather, the Company uses advertising and e-commerce revenues from the adult community associated with Starship School to minimize the subscription cost that schools must pay. Commercializing children has been a hot topic at educator conferences nationwide. Starship School stands out from the crowd in its commitment not to sell to children.

COMPANY DESCRIPTION

Edventions builds the Internet-based computer products schools need. The Company's main product is Starship School. Starship School provides tools that let schools manage the Internet, let teachers publish assignments, homework, lessons, exercises and quizzes, let parents get involved in the education process, and let people with no technical background use and maintain the system. In short, Edventions provides a product that strengthens school communities through technology.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In February, the company raised \$8.8 million in venture funding from several investors including River Cities Capital.
- ◆ The Starship School solution is not a "come find me and figure me out" web service. Edventions actually installs a Starship server in each school. This provides four benefits:
 - ◆ First, it creates a tremendous emotional attraction for schools. There are many web services out there that feel anonymous, separate from who schools are and what they do. To our knowledge, no other service even attempts to understand who schools are and what they do. That work is left up to the teachers. Schools have a sense of ownership with Starship School.
 - ◆ Second, it gives real control over the Internet. Each school can decide what information comes into their school, who's allowed access, etc. Starship School offers a customized web environment for schools and tames the Internet to help students learn.
 - ◆ Third, the in-school server greatly enhances performance of the service in the school. The local server enables caching, dramatically reducing response time compared with web-delivered services. This is of critical importance for impatient students and teachers with 45 minutes to teach a specific topic.
 - ◆ Fourth, Starship School reduces the school's vulnerability to web outages. If the school's Internet connection goes down, all administrative data and information created by and for that school community is still accessible from the school.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT

ELearnX (Private)

VITAL STATISTICS

Location: Nashville, TN

URL: www.earnx.com

Management: Derek Crownover, President

INVESTORS

eConception

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

eLearnX is shaping the future of continuing professional education. Using audio, video, graphics, and interactive text the Company transforms live and home study courses into a very easy to use online multimedia experience.

COMPANY DESCRIPTION

eLearnX enables professionals in law, accounting; and real estate to fulfill their continuing education requirements online, 24 hours a day, 7 days a week. The Company merges information, education and Internet technology, providing an online multimedia experience for those seeking continuing professional education. eLearnX's delivery system delivers interactive education via the internet, therefore no additional software, other than commonly used plug-ins (Real Audio, Real Video, Quick-Time, etc.), is needed by the user. eLearnX's T.NAV system can be tailored to offer additional interactive features for stand-alone, network, and intranet/Internet environments.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ The company recently announced that \$2 million in seed-funding from eConception, a Nashville-based Internet business incubator. With the funding, the company will actively pursue further expansion into the online bar review and continuing legal education markets.
- ◆ The eLearnX system is a proven solution with nearly \$2 million in development and over 10,000 hours of professional education delivered to date. All a student needs is a computer with any web browser and common plug-ins such as RealPlayer and QuickTime. Each lesson is presented at the student's own pace. You can begin, stop, and re-start a lesson at any time without duplicating the information or education previously received.
- ◆ Features of the eLearnX Technology Infrastructure:
 - "Stop light" graphic metaphor—red for a course not taken, yellow for a course not yet completed, and green for a completed course
 - Bookmarking—you can stop in the middle of a course and come back to the same place you left off
 - Automatic remediation for incorrect answers (takes you to the area of the course with the correct answer)
 - Randomized testing to safeguard against cheating
 - Automatic scoring and benchmarking
- ◆ eLearnX's system architecture can be tailored to offer additional interactive features for a stand-alone, network, and intranet/internet environments.



SEGMENT:
TOOLS/ENABLERS

SUBSEGMENT:
P2

embanet Corporation (Private)

VITAL STATISTICS

Location: Carson City, NV

URL: www.embanet.com

Management: Waleuska Lazo, President

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Intralearn

SoftArc

Specialty Books

Harvard Business School Publishing

STES PERSPECTIVE

From the outset, Embanet has positioned itself in the marketplace more as a service provider than as a software developer. We believe that by collaborating with the best technology providers, the Company can concentrate its resources on what they do best: provide clients with leading edge technology, affordability and peace of mind.

COMPANY DESCRIPTION

Embanet Corporation was founded in 1995 in Toronto, Ontario, Canada and was incorporated in the US in 1996. The privately held Company has grown rapidly and has become a key player in the distance education community by offering a technology that incorporates all the tools required to successfully deliver education anywhere any time. Today, Embanet is servicing hundreds of institutions around the world.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In May, Intralearn Software Corporation, a provider of Internet-based learning management systems, announced an agreement with Embanet Corporation. Under the agreement, Embanet will incorporate IntraLearn software as the preferred platform for creating, uploading, delivering and managing highly interactive Internet-based training and education programs for its customer base of more than 200 institutions.

◆ Embanet is a leader in setting-up and managing 'virtual universities' for colleges that prefer to have a full-service supplier support their complete program. With IntraLearn software, Embanet can build and customize a complete virtual college, including multimedia classrooms, workgroups, announcement areas, student lounges and faculty areas. IntraLearn provides Embanet with a scalable platform that can support expansive growth, including global distance learning implementations.

**SEGMENT:**
PORTAL**SUBSEGMENT:**
P2

Embark.com (In Registration)

VITAL STATISTICS

Location: San Francisco, CA
URL: www.embark.com
Management: Young Shin, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

In Registration.

COMPANY DESCRIPTION

Embark.com is a provider of online products and services to facilitate the achievement of higher education goals. Embark.com's web-based services allow colleges and universities, high schools, middle schools, community colleges, community youth programs, students and parents to more efficiently manage critical steps in the transition to higher education, including school selection, recruiting and admissions.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In Registration.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT

eMind.com (Private)

VITAL STATISTICS

Location: Marina Del-Ray, CA
URL: www.emind.com
Management: Howard Marks, CEO

INVESTORS

Knowledge Universe
Rader Reinfrank and Co.

SPONSORS/PARTNERSHIPS

OnlineLearning.net
HungryMinds.com
NewsReal

STES PERSPECTIVE

eMind's Knowledge Hub presents a host of beneficial features that make online CPE convenient and easy. For example, the Course Tracker helps learners organize their CPE courses by providing a tool to record all the courses they've taken from any source. eMind courses are automatically recorded and learners can add their "offline" courses with details such as field of study, number of units and date of completion.

COMPANY DESCRIPTION

With over 500 current course offerings, eMind (formerly Yipinet) is a leading provider of Internet-based learning and testing for professionals. eMind's Knowledge Hubs are a full solution for professional development offering accredited courses, business news, community and a learning management system which gives administrators the ability to assign, track and report all learner progress by business unit, department or by individual employee. eMind currently offers Knowledge Hubs for accounting, insurance, securities, IT and professional development.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ♦ The company recently completed a third round of financing from investors including Knowledge Universe and Rader Reinfrank and Co.
- ♦ In December 1999, eMind announced an exclusive worldwide distribution agreement with Edward Fleur Financial Education Corporation, creator of PassPerfect, one of the premier test preparation product lines for the Series 6, Series 7 and several other securities licensing exams. Through this partnership, eMind will offer the most popular securities exam preparatory courses online. Approximately 300,000 people working in the insurance and securities industries take these tests annually. Starting with Series 7, the test preparation courses will be available on eMind in the first quarter of 2000. .
- ♦ In November, eMind announced a partnership with NETg, a global leader in Information Technology courseware. The combination of NETg's courses with eMind's learning management solution provides significant administrative functionality and reflects eMind's aggressive commitment to provide full learning solutions to all professionals through their Knowledge Hubs. Through the partnership with NETg, eMind will license over 200 IT courses, which will be available on the eMind site beginning fourth quarter 1999.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT, LL

EpicLearning.com (Private)

VITAL STATISTICS

Location: Atlanta, GA
URL: www.epiclearning.com
Management: Burr Warne, CEO

INVESTORS

Individual Investors

SPONSORS/PARTNERSHIPS

NETg
Learn2.com
Washington State University
Novell
Kinko's
Randstad
Amazon.com

STES PERSPECTIVE

The Company offers a differentiated Blended Learning product to make the learning process more effective, more convenient, and more accessible. This product includes live instructor-led virtual classrooms, online coaching, interactive computer-based training, and hands-on exercise labs. We like this multi-media approach to training and believe that it provides a more meaningful learning experience, both in terms of knowledge retention and application. Also, through the company's membership program, IT users, regardless of expertise, are part of a learning community that allows them to take part in online chats, post questions and read research..

COMPANY DESCRIPTION

EpicLearning.com is a membership-based distance learning company providing education, training, and career development to individual customers, corporate accounts, and strategic partners. The Company uses its Blended Learning methodology to deliver these services via the Internet. EpicLearning was founded in 1994 and has assembled high quality course content, instructors, and product managers to develop and deliver its IT training and certification curricula, desktop software training, and customized training programs to students anytime, anywhere in the world. EpicLearning.com seeks to gain value from the online community by focusing on a number of training specialties within key market segments.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ Bridging the "Digital Divide". On February 2, President Clinton featured, EPIC Learning President, David Stirling and AOL Chief Executive, Steve Case, during a presentation at Ballou High School in Washington D.C. They took part in a presentation of new federal initiatives to provide computers, connectivity and technical training aimed at helping to close the "digital divide"; i.e. connecting those who are not currently using the Internet.
- ◆ Learn2.com Signs Epiclearning.com in License Agreement. Learn2.com (NASDAQ: LTWO), and Epiclearning.com announced a pre-paid agreement for 500,000 online licenses of Microsoft Office 97 tutorials. This courseware will be a key element of Epic's Blended Learning program.
- ◆ Epiclearning.com "talks" with Students via eShare Technologies. In December, Epiclearning.com announced it selected eShare Technologies (NASDAQ: ESHR) and NetAgent to provide Epic students and visitors with customer service interface on the Internet. In October, the company announced that it was selected as the first authorized Novell Online Training Provider (NTOP).
- ◆ Epiclearning.com Shifts from "brick and mortar" Learning Centers to its Global, Web-Based Virtual Classroom. In November, Epiclearning.com announced the gradual conversion of its physical learning centers in Atlanta, Seattle and San Diego as part of its expansive move into 100% web-based delivery. Now, with this new web-based delivery of classes, geographical boundaries no longer apply.



SEGMENT:
E-TAILER

SUBSEGMENT:
PreK-12

ePLAY.com (Private)

VITAL STATISTICS

Location: San Francisco, CA
URL: www.eplay.com
Management: Jill Arnold, CEO & Founder

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

ePlay unifies the education market with a scalable web-based distribution model. Because of its economies of scale, the web creates a cost-effective vehicle for ePlay to distribute content, classroom management tools, games and activities, plus related e-commerce products. ePlay projects a profitable business with a minimum of \$64 million in sales by year five by capturing less than one percent of current expenditures in key market segments, such as learning toys, school supplies, tutoring, and advertising.

COMPANY DESCRIPTION

ePlay, a privately owned company based in San Francisco, California, is the first free educational web site designed to help kids, parents and teachers to connect, learn and share at school and home. It is the one place on the web that features homework help resources, educational tools, games and activities, plus related products offered through the ePlay Store. Created by education and research specialists, the activities, resources and materials found on the site help to enhance children's learning by drawing on their individual learning styles and strengthening confidence and self-esteem.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In October, building on its early successes and responding to visitor requests, ePlay launched version 2.0, becoming one of the first Web sites to connect school and home through free online homework resources and educational tools. These tools include Classroom Management Tools for teachers, One-step Web access for kids, an online ePlay store, curriculum-based Classroom Materials, curriculum-based Homework Help Resources, and Educational Games and Activities.

◆ In September, ePlay, Inc. announced that E*TRADE Group, Inc. had invested \$1 million to support the launch of ePlay.com version 2.0. ePlay is the first company to combine, in one place, the four segments of the \$12 billion learning market: print resources and supplemental materials, school and learning products, edutainment software, and tutoring. Created by dedicated education and research specialists, ePlay's primary goal is to ensure a safe place on the Web where kids and classes can learn and play. To do this, ePlay created a curriculum-based Internet community that uses solid educational research and activities to support and strengthen children's skills, intellectual growth and self-esteem.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
PreK-12

e-Tutor, Inc. (Private)

VITAL STATISTICS

Location: Park Ridge, IL
URL: www.etutor.com
Management: , CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

The original programming for this major initiative was completed in November 1997. However, updates and revisions of the program are being made as it is fully utilized. A data bank of five thousand lessons will be necessary in order for e-Tutor to be fully operational.

COMPANY DESCRIPTION

e-Tutor is a sophisticated Internet site that uses the power of the World Wide Web for learning. The web site engages students to learning in four curricular areas: language arts, mathematics, science and social studies. e-Tutor provides lessons for students in primary, intermediate, middle school/junior high, and high school. The website is the brainchild of Strategic Studies, Park Ridge, Illinois.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ e-Tutor instruction enhances and enriches the education now provided by schools. The visual instruction is designed to value all curricular disciplines, balance the transfer of certain basic skills and strengthen the value of education. Each of the curricular areas, language arts, mathematics, science and social sciences has several different subjects, offering a wide variety of interesting material. Learning is further augmented by the online Internet connections, which open up a wide array of possibilities, transcending the confines of the classroom. Students anticipate new and exciting discoveries that lie ahead as they proceed through each lesson.

♦ e-Tutor has multiple potentials which are structured by the student, parent and/or teacher guiding their control and application. The online curriculum site provides lessons where students are responsible for their own learning. Lessons are based on Goals and Objectives which are closely aligned with the National Goals for Learning. Students, parents or teachers can choose from lessons in any of the curricular areas or subjects, all of which are fully integrated with the World Wide Web. In other words, students cannot fully complete the lessons without going to the Internet links provided throughout the body of the lesson.

♦ e-Tutor was originally conceived to be initiated by parents and to provide learning experiences for students needing extra practice in various subject areas, or for those involved in the home schooling movement. As the program was being developed, however, it became clear that e-Tutor is indeed multi-functional and useful in a variety of settings. e-Tutor provides an effective tool for teachers and schools to use with students at all levels of functioning. Students and teachers are provided with login access so that teachers can monitor the progress of students, communicate with them through e-mail and provide assistance where needed.



SEGMENT:
PORTAL

SUBSEGMENT:
LL

exp.com (Private)

VITAL STATISTICS

Location: Menlo Park, CA

URL: www.exp.com

Management: Mark Benning, President

INVESTORS

Bessemer Venture Partners

@Ventures (a CMGI affiliate)

Bowman Capital

Maveron

Oracle Ventures

SPONSORS/PARTNERSHIPS

Ancestry.com

Asimba.com

Embark.com

internet.com

astrology.net

Career Central

SocialNet.com

WetFeet.com

1-800-Therapist.com

STES PERSPECTIVE

EXP.com, Inc. was established in February 1999 to create the leading marketplace for expert advice and services on the Internet. The Company has attracted over \$30 million in financing from some of the country's leading venture capital firms including Bessemer Venture Partners, @Ventures (a CMGI affiliate--NASDAQ: CMGI), Maveron, Bowman Capital, and Oracle Ventures (NASDAQ: ORCL).

COMPANY DESCRIPTION

EXP's mission is to build the premier online marketplace for expert advice and services. The Company connects individuals seeking advice with expert Advisors across a range of categories—from Parenting to Pets and from Financial Planning to Fitness. Interactions between individuals and advisors are completely private and personalized. EXP makes it easy and convenient for people to find a qualified expert and obtain quality advice in any chosen category. EXP.com, Inc. is a privately held, venture-backed company based in Menlo Park, California. Known as advoco.com for the first several months of its existence, the Company was incorporated in February 1999.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, EXP.com added six new partner sites to the Company's rapidly growing Affiliate Program. eHow.com, Bigstep.com, Collector Online, eDaycare.com, Learn2.com and NextMonet.com members now have the ability to get or sell expert, personalized advice on the Internet. To date, 16 companies have joined EXP's Affiliate Program.

◆ In November, EXP.com, Inc. announced it signed on five new affiliates. Astrology.net, a subsidiary of iVillage Inc., Career Central, SocialNet.com, WetFeet.com and 1-800-Therapist.com have joined EXP's Affiliate Program to provide their members the ability to give and receive one-on-one expert advice on the Internet.

◆ In October, EXP.com, Inc. announced that four leading Web sites had joined the EXP Affiliate Program. Ancestry.com, Asimba.com, Embark.com, and internet.com will feature links on their sites, enabling visitors looking for personalized advice to easily find and interact with expert advisors in EXP's Genealogy, Fitness, Education and Technology categories.



SEGMENT:
PORTAL

SUBSEGMENT:
PreK-12

FamilyEducation.com (Private)

VITAL STATISTICS

Location: Boston, MA
URL: www.familyeducation.com
Management: Jonathan Carson, CEO

INVESTORS

Sprout Group
Intel Corporation
Harcourt, Inc.
America Online
Jostens
Morningside Group

SPONSORS/PARTNERSHIPS

America Online
Fleet Bank
drkoop.com
Harcourt
FamilyWonder.com

STES PERSPECTIVE

FamilyEducation.com (FEN) is one of the largest online networks for parents. We believe FEN is a premier site providing parents a community dedicated their child's learning. Given the huge market for K-12 students (over 50 million), we believe an online community for parental involvement and knowledge sharing will continue to grow rapidly as parents learn from each other. The recent acquisition of funbrain.com gives the company added strength in the student and teacher content areas.

COMPANY DESCRIPTION

Founded in 1990, the FamilyEducation Company continues to be a pioneer in the new category known as parent involvement. The Company has recently partnered with the nation's largest Internet provider, America Online, in order to reach more communities and bring more schools and parents together. In addition, the Company is working with groups that support education, such as the PTA and Communities In Schools (CIS), to help them use the Web. Family Education's hard work has gained it recognition as one of the top ten web sites in the world, and the best online resource for parents (*FamilyPC* magazine, 1997 and 1998).

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, FamilyEducation Network announced a complete site redesign that will make it easier and faster for parents to find relevant information and solutions to meet their everyday parenting needs. FamilyEducation Network also detailed its Company structure, which represents a network of four web sites under the FamilyEducation Network brand:

familyeducation.com, an award-winning national portal specifically designed for parents and families who are creating a community dedicated to children's learning

teachervision.com, introduced in September as a resource built just for teachers

infoplease.com, the complete reference site acquired from Information Please LLC late September

myschoolonline.com, introduced as a local value-added hosting platform designed to help individual schools and school districts build and customize web sites

◆ In September, FamilyEducation.com detailed a new service specifically designed for teachers. Available for the new school year, FamilyEducation.com's TeacherVision.com provides an easy, convenient, one-stop-shop of resources specifically designed for teachers' needs.



SEGMENT:
PORTAL

SUBSEGMENT:
P2

FastWeb (Private)

VITAL STATISTICS

Location: Skokie, IL

URL: www.fastweb.com

Management: Leon Heller, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

FastWeb is the most comprehensive online resource network, helping students to choose a college, pay for college, plan a career and get a job in college and beyond. Every year, FastWeb helps millions of users achieve educational and career success through its online resources available at www.fastweb.com, www.finaid.org, and www.edupass.org.

COMPANY DESCRIPTION

FastWeb is a comprehensive online resource of tools and information to help students and parents navigate through the college experience. From choosing a college to paying for college and obtaining a job in college and beyond, FastWeb provides a wide variety of recognized resources on the Internet. To date, FastWeb has helped more than five million students achieve success through the resources available on its web site.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In January, FastWeb announced that it had reached 5,000,000 registered users, positioning it as one of the leading sites for high school and college students. A recent study by PC Data ranks FastWeb as the 242nd highest trafficked web property for the month of December.

◆ In December, CollegeLink.com Incorporated (NASDAQ: CLNK, formerly Cytation.com), announced that had entered into a strategic marketing relationship with FastWeb, LLC. The relationship calls for FastWeb to provide a range of exclusive on-line services including electronic applications powered by CollegeLink.com on FastWeb.com. CollegeLink will also feature FastWeb as its exclusive scholarship provider.

◆ Also last year, FastWeb announced that it had been selected by the National FFA Organization (FFA) as its exclusive provider of electronic scholarship applications. FFA (formerly Future Farmers of America) represents 220 scholarship providers, with awards totaling approximately \$1.5 million.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
CT

fatbrain.com (FATB - Monitoring)

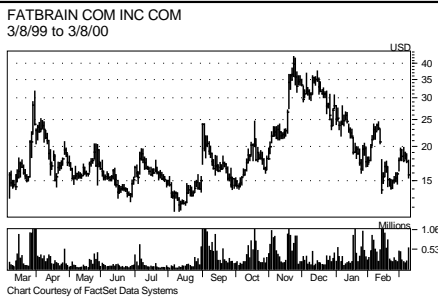
VITAL STATISTICS

Location: Santa Clara, CA
URL: www.fatbrain.com
Management: Chris MacAskill, CEO

TRADING DATA

Price (3/1/00)	\$15.75
52-Week Range	\$42.25-\$11.63
Shares Outstanding (mil.):	12.6
Market Capitalization (mil.):	198.5
Float (mil.):	4.8
Average Daily Volume (000s):	420
Officers/Directors Hold:	58%

FATB DAILY PRICE CHART



STES PERSPECTIVE

In October, Fatbrain.com debuted its highly anticipated eMatter content. eMatter is a secure digital publishing solution that allows authors and publishers to publish and sell their works online, earning royalties of at least 50% on every copy sold. The eMatter program provides a new global distribution channel for works of all kinds, including books, magazines and articles. In addition, eMatter is ideal for specialty documents, which may include articles that are longer than a magazine but shorter than a book and out-of-print materials.

COMPANY DESCRIPTION

Fatbrain.com, the business-to-business bookstore for professionals, is the first e-commerce provider to deliver secure digital publishing through its eMatter initiative. Recently named the number two fastest-growing public company in Silicon Valley, Fatbrain.com offers a world-class selection of books, training materials and documentation for professionals in business and finance, technology, other industries, and now the general interest category. Through its corporate Intranet bookstore program, Fatbrain.com is accessible from the desktops of more than 1.75 million employees at customer sites.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ In February, Fatbrain.com announced agreements with Adobe Systems Incorporated and Lawson Software, the only provider of Self-Evident Applications (SEA) for e-business. Under the terms of the agreements, both companies will tap into Fatbrain.com's print-on-demand and e-commerce solutions to outsource the production and distribution of corporate publications to their respective customer communities. The relationships with Adobe and Lawson further Fatbrain.com's business-to-business strategy to deliver time and money-saving initiatives to corporations through proven infrastructure and Web expertise.

♦ Also in February, Fatbrain.com launched two new online bookstores for Microsoft (NASDAQ: MSFT), the fifth and sixth in a series of custom stores Fatbrain.com has created for Microsoft's active online communities. The addition of the new bookstores -- which serve the Microsoft Office and Microsoft Certified Solutions Provider user communities -- build on Fatbrain.com's business-to-business strategy to provide leading e-commerce solutions for corporations. In addition, these new bookstores enable Microsoft to offer the most comprehensive selection of knowledge resources to these communities through a completely outsourced solution.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT

FIRE Online Training, Inc. (Private)

VITAL STATISTICS

Location: San Rafael, CA
URL: www.fireonlinetraining.com
Management: Juliana Lutzi, CEO

INVESTORS

Just Results, Inc.
Individual Investors

SPONSORS/PARTNERSHIPS

Just Results, Inc.
Blackboard, Inc.
High Energy Graphics, Inc.

STES PERSPECTIVE

FIRE Online Training, Inc. is a leading provider of online exam preparation, continuing education, and internal training courses to the finance, insurance, and real estate industries (F.I.R.E.). We believe FIRE Online Training is positioned to become an industry leader in the online exam preparation with its leading training materials because of their attractively priced and high pass rates achieved.

COMPANY DESCRIPTION

FIRE Online Training, Inc. is a leading provider of exam preparation, continuing education, and compliance services to the finance, insurance, and real estate industries (F.I.R.E.). The Company has one of the highest pass rates for exam preparation in the NASD market space and is a nationally recognized industry leader based on the quality of its copyrighted content. FIRE delivers an unmatched learning solution through its web-based, interactive, engaging courses and services.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ FIRE Online Training launched its web site and demo in January introducing its NASD Series 7 online training courses. FIRE provides results-oriented training to businesses and individuals by using engaging web-based technology. The Company focuses on industries where individuals must pass an accreditation exam to be a certified industry practitioner. The Company provides online coursework, testing, and instruction to prepare students for their required examinations through Internet and Intranet technology.

♦ The Company's strategy is to enter the market via the Financial, Insurance, and Real Estate industries (F.I.R.E.) with the first deliverable to be online courses and simulations in the financial securities exam industry, specifically NASD exams and continuing education. FIRE expects to expand into the Insurance and Real Estate industries where they hope to find a market niche with the advantages of a clear and identified market with a large potential for product and brand extension.

♦ In September, the Company acquired Securities Seminar, an 18-year old business in San Francisco.



SEGMENT:
Portal

SUBSEGMENT:
P2

freescholarships.com (Subsidiary)

VITAL STATISTICS

Location: Cambridge, MA
URL: www.freescholarships.com
Management: Chuck Digate, CEO

INVESTORS

MathSoft, Inc. (MATH)

SPONSORS/PARTNERSHIPS

Versus
Ideas and Associates
Microsoft
Lipstream
Smartmoney.com
InfoSpace.com
UClick
Data Return
Streaming Media

STES PERSPECTIVE

In an era of rising education costs, we believe this site provides individuals with another potential funding source for school. There is no purchase necessary to win a scholarship, but to increase your chances of winning, you must return to the site and re-register. We believe this creates a "sticky site" where advertisers will want to market and corporations will want to better understand its users. Although in its infancy, we believe traffic should grow rapidly over the next several months.

COMPANY DESCRIPTION

For families and students concerned about meeting the rising cost of a quality education, FreeScholarships.com awards money for school through online daily drawings and auctions that anyone can win. Chuck Digate, CEO of MathSoft, Inc., founded FreeScholarships.com in 1999. MathSoft is a leading provider of a broad line of technical calculation and analytical software for business and academia. FreeScholarships.com gives away various amounts of money for school to students and families through online daily drawings and auctions. Participants will be able to accrue "schollars," or points, by playing games, entering contests, completing surveys, shopping in the online store, referring new members to the site or participating in vendor trials for new products and services. Accrued schollars can then be used to bid for scholarships and other products through the site's planned online auction.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In February, MathSoft Inc. launched a new Internet venture dedicated to helping students and their families meet the rising cost of an education. FreeScholarships.com gives away \$10,000 a day, \$25,000 a month, and \$50,000 a quarter through online drawings for anyone to use for school. The site also offers chat rooms and message boards, and is a broad resource for gathering current information and advice on education and related financial planning issues.

◆ Growth of Internet Bodes Well for Companies Seeking to Mine Data. As Internet-savvy users, students are an opportunity-rich target, as they, in the infancy of their Internet use, are in the process of establishing long-term online brand loyalties. The Internet serves as a means for marketers to appeal to this important market segment. With FreeScholarships.com, students and their families have an incentive to share demographic data. By partnering with FreeScholarships.com, corporations can gain a better understanding of this market segment.

◆ Free Scholarship Money Without Traditional Barriers. FreeScholarships.com is a completely new source for funding education that eliminates traditional barriers-to-entry for scholarships such as academic performance or economic status. With FreeScholarships.com, parents and students can make choices about schools independent of tuition and fees. The drawings and promotions produced by FreeScholarships.com enable students and families to win money for school as well as computers, books, and related educational products. Winners can also use the money to repay student loans.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
PreK-12

Funschool.com (Private)

VITAL STATISTICS

Location: Mountain View, CA
URL: www.funschool.com
Management: Sashi Boinapalli, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Lycos
AOL

STES PERSPECTIVE

funschool.com is a web site filled with educational games, called activities. Activities are organized into grade levels, starting at the preschool level and becoming progressively more challenging at each higher grade level. The organization of activities into grade levels helps children choose material that is appropriate for their current level of development. The primary purpose of the funschool.com activities is to teach. Although they are designed to be entertaining, all activities are intended to communicate content in an effective manner.

COMPANY DESCRIPTION

funschool.com is headquartered in Mountain View, CA. funschool.com's primary mission is to teach. All educational games are curriculum-based and created especially for children with their education in mind. The games are also child-friendly, so while parental involvement is encouraged, a child can navigate the site on his/her own. The whole idea behind funschool.com is to create a site for children where they can learn and have fun at the same time.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In February, funschool.com announced it has joined forces with FamilyEducation Network to create a co-branded site providing original activities and educational content for kids. funschool.com will receive prominent placement on FamilyEducation Network's parent site.
- ◆ In September, funschool.com announced that they had signed a character license agreement with Timeless Toys. Per industry sources, this is the first time a children's character has originated on the Internet and been licensed for the development of toys and games. Timeless Toys will develop licensed toys based upon funschool.com's character "Browser the Bus™," the school bus that greets visitors to the site.
- ◆ Also in September, funschool.com created a co-branded site with Lycos, providing original activities and educational content for kids in grades preschool to sixth grade. In return, funschool.com receives prominent placement in the Lycos Zone's™ list of top providers of children's entertainment and educational resources on the web, as well as web site links and advertising on the Lycos.com site.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT

Global Knowledge Network (Private)

VITAL STATISTICS

Location: Burlington, MA
URL: www.globalknowledge.com
Management: Duncan Anderson, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

The Company offers a managed service based approach to developing and managing competence of a customer's information technology workforce. The value of this approach is that training strategies and investments can be customized to align closely with a customer's organizational and economic goals.

COMPANY DESCRIPTION

Global Knowledge Network of Burlington, MA, an independent information technology education company, generates and manages competence for individuals and organizations of all sizes through its worldwide training delivery system. Global Knowledge offers instructor-led courses that lead to manufacturer certification or provide specific skills and knowledge outside of an established manufacturer certification framework. The courseware for the former is primarily obtained from the manufacturer, while the latter are proprietary Global Knowledge courses that cover a wide range of topics not available from any other training company. These courses are taught at both Company-owned and high-quality conference facilities throughout the world and in live interactive format over the Internet.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In January, Global Knowledge Network Inc., Cisco Systems' largest education partner worldwide, is providing Cisco with one of its first E-learning courses specifically developed for delivery via the Web. Cisco is now offering the course through its large-scale E-learning initiative that debuted in November 1999. Global designed Cisco's first E-learning course – Interconnecting Cisco Network Devices (ICND E-Learning Edition) – within six weeks.
- ◆ In November, Global Knowledge Network Inc. acquired King of Prussia, PA-based PTS Learning Systems, a provider of technology-led learning solutions focused on helping people to better accept, understand and apply mission-critical business applications. The PTS acquisition strengthens Global Knowledge's technology products portfolio.
- ◆ In October, Global Knowledge Network Inc. acquired GeoTrain Corporation, the second largest worldwide education partner of Cisco Systems. The GeoTrain acquisition strengthens Global Knowledge's ability to deliver high-end internetworking education to local and multi-national customers.
- ◆ Also in October, Global Knowledge Network, Inc. announced that it acquired Institut ERIS. This acquisition strengthens the Company's presence in the French market and expands the Company's networking training presence in Europe.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
P2

GoCampus (Private)

VITAL STATISTICS

Location: Palo Alto, CA
URL: www.gocampus.com
Management: Burt Cummings, CEO

INVESTORS

Redleaf Venture Management
ARCH Venture Partners

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

GoCampus makes money by providing value through its services and resources. The Company has a flexible compensation plan to meet the needs of campuses. If discreet e-commerce is acceptable on campus GoCampus can offset its fees with sponsorships, etc. If e-commerce is unacceptable then a fee or site license structure might be more appropriate. Regardless of the choices an individual campus makes, we believe the ASP model free institutions from high upfront fees and IT personnel needed to administer a "behind-the-firewall" solution.

COMPANY DESCRIPTION

GoCampus is an applications service provider and reseller of Internet-based services focused on building college and university communities among students, faculty, alumni, and parents. The company was created to support the mission of higher education campuses with content and services delivered through Internet technologies. The GoCampus System is a set of interconnected services and information that supports relationships between the campus and its students, faculty, parents and alumni. GoCampus has brought together a collection of Internet services that are considered to be "best of breed" in their category. These services may be used as individual modules but are also available as a package to further leverage their power and accessibility.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In December, GoCampus, announced its choice of Epicentric, the leading provider of software for enterprise and vertical portals, to provide its platform. GoCampus chose Epicentric's Portal Server for its customization, rapid deployment and flexible application integration capabilities to deliver signature Internet-based services to academic institutions.
- ◆ As the campus' web partner, GoCampus helps institutions stay in the forefront of technology and innovation. By leveraging GoCampus' content and tools, web sites retain the campus' look and feel while offering enhanced services. The listings in the campus calendar, for example, can become dynamic. They can announce a room change for the Intermediate Spanish midterm, an impromptu rally or sign ups for the afternoon soccer match -- and become part of a daily organizer.
- ◆ GoCampus' tools and services will help the campus integrate personalized affinity content and improved communications into the campus web site. They provide a way to build and sustain an engaging web experience that adapts to the needs of each individual in the community. By maintaining interest, the Company develops connection between the individual and the institution. Through this connection, the campus has the opportunity to attract and retain students, offer more targeted services to its constituents, and generate goodwill towards the campus.



SEGMENT:
PORTAL

SUBSEGMENT:
PreK-12

Headbone Interactive (Private)

VITAL STATISTICS

Location: Seattle, WA

URL: www.headbone.com

Management: Steve King, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

A&E Networks

Advance Publications Internet

Discovery Networks

Fleet Financial Services

Hewlett Packard

Infoseek

Nintendo

Real Networks

Red Rocket

Sony

Women.com

Yahooligans!

Lycos

STES PERSPECTIVE

The powerful integration of Headbone's Internet, TV, and software programming is setting a new standard in engaging kids across different mediums. With a registered user base of more than 220,000 we believe Headbone has generated a powerful community for kids.

COMPANY DESCRIPTION

Based in Seattle, Headbone Interactive develops original children's programming for television, the Internet, CD-ROM and print. The award-winning Headbone Zone web site, at www.headbone.com, reaches hundreds of thousands of kids, parents, and teachers every month. By creating original multiple-media programs, and building content and distribution partnerships with online and television networks, Headbone has offered kids the experience of challenging play and intelligent fun since 1994.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In February, Headbone Interactive, announced a new online trading game - the Price of Fame Game. The new game, located at the Headbone Zone at www.headbone.com, allows players to buy and sell stock shares of their favorite celebrities using "hbzCash" - fake money that users receive from the Price of Fame Game bank.

◆ In January, Children's Technology Group signed a sponsorship agreement with Headbone Interactive. The sponsorship agreement is the first for the San Diego company. Children's Technology Group, Inc. will feature a co-branded version of Headbone Zone on the Crayon Crawler, a comprehensive Web Browser and community suite for children.

◆ In September, Headbone Interactive was on top as far as kids were concerned. 100hot, representing the Web-surfing patterns of more than 100,000 surfers worldwide, ranked the Headbone Zone, www.headbone.com, as number one on their list of most popular kids' sites. Headbone topped popular sites such as Nintendo, Nickelodeon, and Yahooligans.

◆ Headbone Interactive and the Discovery Channel announced a partnership to develop a "signature series" of short-form animation for the expansion of the Discovery Kids weekend block of programming. This marks Headbone's first foray into delivering animated programming for television.

Headlight.com

SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT, LL

Headlight.com (Private)

VITAL STATISTICS

Location: San Francisco, CA
URL: www.headlight.com
Management: Peter Mellen, CEO

INVESTORS

Draper Fisher Jurvetson

SPONSORS/PARTNERSHIPS

AllBusiness.com
Compaq
Alta Vista
SkillSoft
EFrenzy
EmployeeService.com
NETg
Everdream
Office.com
PlanetLearn

STES PERSPECTIVE

Headlight.com offers users an easy, one-stop solution for their training needs. Courses are delivered directly to the user's browser with no downloads or installations. Users can start and stop as they learn, and then return to a course to refresh their skills as many times as they wish. The company has focused on a customer base that largely been underserved by traditional training companies, small- and medium-sized companies.

COMPANY DESCRIPTION

Headlight.com is a leading source of online training for small and medium-sized businesses. The Company offers a large selection of online training courses for individuals and managers wishing to design tracks for their teams. Topic areas include: Software Certification, IT Functions, Desktop Applications, and general business skills. Headlight.com is an e-commerce Web site that provides simple, quick access to more than 1,000 online courses. The online training courses available through Headlight.com take less than half the time of traditional classroom courses at up to a 90 percent cost savings.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ On March 3, Headlight.com, announced a strategic alliance with Biztro, a pioneer in eCommerce and eServices for small businesses, to provide a training site for Biztro's customers. Headlight.com's more than 1,000 online training courses will be available to users on Biztro's newly launched Business Operations Platform. Headlight.com is among Biztro's key partners who provide operational goods and services from insurance, benefits, payroll, communications and other areas.
- ◆ On January 12, Headlight.com, announced a partnership with Learn2.com (NASDAQ: LTWO), a provider of e-learning solutions. The agreement enables Headlight.com to distribute Learn2.com's corporate training content on the Headlight.com web site.
- ◆ In November, Headlight.com and Compaq Computer Corporation announced—the Training Center—an Internet-based service designed to answer the growing needs for online training in the small and medium-sized business marketplace. The center provides access for Compaq's online visitors to Headlight's library of more than 1,000 online courses in subjects ranging from software certification to general business skills.
- ◆ Headlight.com primarily competes with companies who also aggregate course content, such as click2learn. While Headlight.com is also compared to companies who develop and provide course content such as Digital Think, SmartForce, and eMind, Headlight.com regards such content providers as potential partners.



SEGMENT:
E-TAILER

SUBSEGMENT:
PreK-12

HelpNetworks (Private)

VITAL STATISTICS

Location: Nashville, TN
URL: www.helpnetworks.com
Management: Hays Waldrop, President

INVESTORS

eConception

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

HelpNetworks.com grew out of the vision of several Internet entrepreneurs who also had strong commitments to their local community schools and nonprofit organizations. These community-minded business persons decided to build a company that reflected their values and utilized their skills.

COMPANY DESCRIPTION

HelpNetworks.com is the leading fundraiser on the Internet today, assisting thousands of schools and non-profits throughout the country through pioneering on-line purchasing and fundraising partnerships. The Company is dedicated to harnessing the power of e-commerce to improve education and help communities help themselves. Registration is free to all schools and non-profits. At HelpNetworks.com, every purchase has a purpose. HelpNetworks.com is part of the eConception group of companies that provides innovative ideas for the Internet.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In December, HelpNetworks.com announced that they had received the first round of funding from eConception, an Internet business incubator, that recently closed its initial round of more than \$7.5 million in private equity fundraising. The funding will be used to position HelpNetworks.com for additional growth and continue signing shopping destinations for their fundraising clients.
- ◆ HelpNetworks.com is a Company dedicated to harnessing the power of e-commerce to build community. The Company operates www.helpschool.com and www.helpnonprofit.com in order to help schools and nonprofit organizations benefit from their supporters use of the Internet. HelpNetworks.com utilizes sophisticated tracking system software to ensure that schools and nonprofit organizations receive donations designated to them. By tracing a member's nonprofit designation and product purchase, HelpNetworks.com captures all the necessary information to forward the donation to the member nonprofits and schools on a quarterly basis.



SEGMENT:
PORTAL

SUBSEGMENT:
PreK-12

HighWired.com (Private)

VITAL STATISTICS

Location: Cambridge, MA
URL: www.highwired.com
Management: Mark Johnson, Co-Founder

INVESTORS

Charles River Ventures
North Bridge Venture Partners

SPONSORS/PARTNERSHIPS

Lycos
Family Education Network
NY Times Learning Network
National Association of Student councils
National FFA
DECA
Future Homemakers of America
Key Club

STES PERSPECTIVE

HighWired.com provides content to sites that hold an exemplary education mission for schools and homes. The Company has recently signed agreements with several key education associations, which we believe will help them in growing their network into the largest online network of high schools.

COMPANY DESCRIPTION

Based in Cambridge, Mass., Highwired.com is one of the largest online networks of high schools. The Company provides free web publishing and networking tools to the secondary education space, empowering educators to introduce and integrate the Internet into their classrooms. HighWired.com's services are already installed in over 8,800 unique high schools, representing all 50 states and 61 countries.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ Latest Surge of Exponential Growth Takes Network to over 8,000 Worldwide. In February, HighWired.com announced record growth, signing up 1,000 high schools in 50 hours, bringing the total network up to more than 8,000 high schools worldwide. Over the past year, HighWired.com's momentum has grown tremendously. It took HighWired.com 11 months to sign up the first 1,000 high schools. The second 1,000 high schools took four months. HighWired.com's momentum kept climbing over the next months, culminating in the most recent 1,000-school acquisition in just 50 hours! HighWired.com is the largest online high school network in the world, with over 40% of U.S. high schools.

◆ Co-Branding Agreement with Lycos. Last year, HighWired and Lycos, Inc. (NASDAQ: LCOS) announced a co-branded site on Lycos.com that will provide HighWired.com's National Edition paper. Highwired.com provides Lycos.com with the journalistic talent of high school students from around the country who are reporting in an organized, educational environment. Students across the country, and across the world, provide articles on subjects of importance to teenagers - from prom, to football games, to world events. Highwired.com takes these stories and creates one paper that provides a breadth of student reporting on events across the country.

◆ Donald R. Young Names HighWired.com CEO. In January, Mr. Young joined HighWired.com president and chief executive officer. Young came to HighWired.com from Cabot Corporation, where he served as an EVP. Previously, he has also served in positions with several venture capital partnerships.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12

homeroom.com (Subsidiary)

VITAL STATISTICS

Location: New York, NY
URL: www.homeroom.com
Management:

INVESTORS

Princeton Review Publishing

SPONSORS/PARTNERSHIPS

Classroom Connect
SmarterKids.com

STES PERSPECTIVE

Homeroom.com is about helping each and every child improve performance in school and on state tests. With its customized diagnostic and learning resources through its parent, Princeton Review, we believe the company will be able to help a child further develop their strengths, in addition to improving upon their weaknesses.

COMPANY DESCRIPTION

A pioneering Web-based service of The Princeton Review, homeroom.com is designed to help students exceed state learning standards and maximize their overall academic performance. Aligned to the state standards, homeroom.com gives teachers and parents a powerful new way to quickly assess students' academic strengths and weaknesses, and provide immediate feedback and tailored educational resources for improving performance.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ Homeroom's mission is to help students in grades K-12 meet and exceed a broad range of curricular standards, including those on state-mandated tests. The Company wants to be the place where students turn for help in school and they want to be a time-efficient teaching tool that provides individualized instruction and targeted educational resources. Homeroom.com wants to be a valuable resource that informs parents of their children's level of understanding and makes concrete suggestions for improvement.

♦ Once a student subscribes to Homeroom.com, they qualify for special offers of educational resources to use in the classroom and at home. Students find important information strategies from experts about how to take the stress out of test-taking, valuable ideas about how teachers and parents can use technology to enhance learning, and ways to motivate young learners. Homeroom.com was created by The Princeton Review, a company well known for its dedication to quality, learning, and educational empowerment.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
PreK- 12

Homeworkhelp.com, Inc. (Private)

VITAL STATISTICS

Location: Sunnyvale, CA
URL: www.homeworkhelp.com
Management: Eric Ho, President

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

AT&T WorldNet
Achieva College Prep Centers
Toshiba America
Acer America
International Education Foundation
National Beta Club
Peterson's
Arco/MacMillan Publishing.

STES PERSPECTIVE

Since its inception in 1993 as the Super Tutor Company, homeworkhelp.com has been creating engaging, in-depth educational software for students in grades 6-12. Best known for the *Smartworks* software line distributed by Cendant Software, the Company is the creator of *homeworkhelp.com*, a comprehensive online tutorial service. In January, 1999 the Company launched *testprephelp.com*, a site on the Internet for SAT and other standardized test preparation.

COMPANY DESCRIPTION

Formerly called The Super Tutor Company, homeworkhelp.com develops, publishes and distributes award winning educational software for middle school and high school students. The Company has developed a suite of Internet tutorial services found at www.homeworkhelp.com, www.testprephelp.com, and www.eslhelp.com. The Company also has an impressive array of partnerships, including AT&T WorldNet, the Achieva College Prep Centers, Toshiba America, Acer America, International Education Foundation, the National Beta Club, Peterson's and Arco/MacMillan Publishing.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, Homeworkhelp.com announced the implementation of a new platform for Internet Learning Center. In addition to its current collection of over 2,500 curriculum-based, multimedia lessons, Homeworkhelp.com is in the process of building powerful administrative and personalization tools. This suite of tools turns Homeworkhelp.com into a unique Internet Learning Center, through which teachers, parents, and students can work together to identify the needs of individual students and improve their classroom performance.

◆ In November, Homeworkhelp.com announced a joint venture with Grand Tech CG Systems Inc. that will bring online ESL and test preparation tutorials to the Greater China region, Taiwan and Hong Kong. Grand Tech and Homeworkhelp.com will provide Testprephelp.com and ESLhelp.com to millions of Pacific Rim students, enabling them to improve their English skills and practice for such internationally important tests as the TOEFL, TOEIC, SAT I, SAT II, and ACT. In the near future, GMAT, GRE, and LSAT preparation will also be made available through this agreement.

◆ In October, homeworkhelp.com (formerly The Super Tutor Company) and AT&T WorldNet Service announced they will work together to provide middle and high school students' access to online tutoring in school subjects such as math, English and science. As a result of their new partnership, the Company's web sites, homeworkhelp.com and testprephelp.com, will be immediately available to AT&T WorldNet users on co-branded site through a direct link from www.att.net.



SEGMENT:
PORTAL

SUBSEGMENT:
LL

HungryMinds.com (Private)

VITAL STATISTICS

Location: San Francisco, CA
URL: www.hungryminds.com
Management: Stuart Skorman, CEO

INVESTORS

Ron Alsheimer (former CEO of the Video Factory)
Frank Barnako (Man. Editor, CBS MarketWatch)
Steve Berrard (former CEO of Blockbuster)
Scott Beck (CEO of Tango)
Tom Byrne (New River Capital Partners)

SPONSORS/PARTNERSHIPS

Amazon.com
Blackboard.com
ClearStation
DigitalThink
History Channel
iVillage.com
Learn2.com
Monster.com
PBS

STES PERSPECTIVE

Today, the Hungry Minds.com database includes online learning courses from an impressive list of partners, including PBS, Women.com, UCLA Extension, Digital Think and the Princeton Review. Soon to come, Hungry Minds.com will also offer a variety of books, videos and additional online learning experiences on its Web site, making its database the largest and most comprehensive to date.

COMPANY DESCRIPTION

Hungry Minds.com, a privately held company based in San Francisco, is the online learning portal geared toward lifelong learning for adults. Stuart Skorman, founder and CEO of Hungry Minds.com and founder and former CEO of Reel.com, is one of the first successful entrepreneurs starting his second Internet company. This rapidly growing start-up has 70 full-time and 20 part-time employees from a variety of backgrounds including techies, editors, writers, researchers, instructional designers, teachers and a variety of Internet executives and producers. The Company has already secured partnerships with many top Internet, media and publishing companies, as well as prominent universities.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In November, Hungry Minds.com and Google Inc., one of the fastest growing search companies on the World Wide Web, announced a strategic partnership that will make Google the exclusive company to power the Hungry Minds.com search engine. As part of the agreement, Google's SiteSearch service will manage Hungry Minds.com visitors' searches on its database of over 18,000 online learning experiences. Google SiteSearch, which is hosted and supported by Google, enables Hungry Minds to feature high-quality, site-specific search capabilities on its web site to help visitors quickly and easily locate products and information.

◆ Also in November, Hungry Minds.com announced the grand opening of People's University (People's U.) (www.peoplesu.com), an online educational community that enables users to create, teach and participate in a variety of learning experiences developed by their peers. Contributors to People's U. will have the opportunity to own a personalized "classroom site," or online environment, leverage easy-to-use publishing tools for developing courses and promote their online learning experiences.

◆ In October, HungryMinds.com announced that it had signed an agreement with Yahoo! to promote HungryMinds.com in a variety of ways throughout the Yahoo!® network of Web properties. As part of the marketing and promotion agreement, HungryMinds.com will be Yahoo!'s premier advertiser within education categories and related keyword search results pages throughout the Yahoo! network of properties.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT

HyCurve, Inc. (Private)

VITAL STATISTICS

Location: San Francisco, CA
URL: www.hycurve.com
Management: Carolyn Rose, CEO

INVESTORS

Hambrecht & Quist
Wheatley Partners

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

HyCurve's Internet-focused training and certification programs complement QuickStart's proven expertise in back-office and infrastructure training. This powerful partnership will give students a full range of training options.

COMPANY DESCRIPTION

HyCurve provides Internet-focused training and certification that gives professionals the knowledge and skills needed to effectively deploy Internet, intranet and extranet business solutions. Partnering with companies like USWeb/CKS (NASDAQ: USWB), HyCurve is dedicated to eliminating the Internet skills gap with vendor-neutral courseware for Internet-based technologies that both complements and extends vendor-specific training and certification. Founded in February 1998 by industry luminary Carolyn G. Rose, HyCurve is an independent, privately held company headquartered in San Francisco, Calif.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In November, HyCurve, Inc. and QuickStart Technologies announced a partnership to deliver the HyCurve Internet Professional program as part of QuickStart's professional education and consulting services. The partnership signifies QuickStart's extension into end-to-end e-business training and consulting. With the agreement, HyCurve will be QuickStart's primary provider of vendor-neutral, Internet-focused training and certification offerings.
- ◆ In October, HyCurve, Inc. was chosen by the Association of Internet Professionals (AIP) as one of the first recipients of the "1999 AIP Award for Sustained Industry Support." HyCurve received the award for a sustained effort in standardizing the Internet certification marketplace, including the creation of industry job-role definitions.
- ◆ Also in October, HyCurve, Inc. announced a new course offering, E-Commerce Planning: Key Issues and Strategies, that addresses the rapidly accelerating demand for e-commerce solutions facing companies today, and the acute shortage of trained staff who can effectively design and deploy those solutions.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
CT, LL

IDG Books Worldwide, Inc. (IDGB - Monitoring)

VITAL STATISTICS

Location: Foster City, CA
URL: www.idg.com
Management: John Kilcullen, CEO

TRADING DATA

Price (3/8/00)	\$16.00
52-Week Range	\$26.00-\$8.63
Shares Outstanding (mil.):	14.6
Market Capitalization (mil.):	234.1
Float (mil.):	3.6
Average Daily Volume (000s):	44
Officers/Directors Hold:	75.4%

IDGB DAILY PRICE CHART

IDG BOOKS WORLDWIDE INC CL A
3/8/99 to 3/8/00

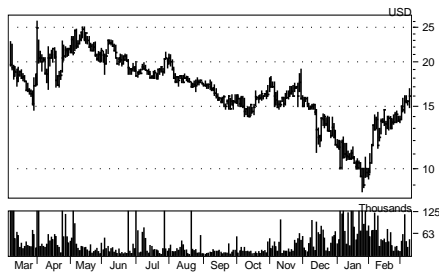


Chart Courtesy of FactSet Data Systems

STES PERSPECTIVE

As IDGB moves further along in its strategy to provide consumers with anytime-anywhere access to its ever-expanding range of branded products and services, they will need additional expertise to ensure their dynamic brand presence across all markets-domestically, internationally and on the Internet.

COMPANY DESCRIPTION

IDG Books Worldwide, Inc. is a leading global knowledge company with a diverse portfolio of technology, consumer and general how-to book brands, computer-based learning tools, Web sites and Internet E-Services. IDGB's best-selling brands include For Dummies, 3-D Visual, Bible, Cliffs Notes, Frommer's, Betty Crocker's, Weight Watchers, Webster's New World, and JK Lasser. The Company has more than 4,000 active titles, plus translations in 36 languages around the world. IDGB is a subsidiary of International Data Group, Inc., a leading global provider of information technology media, research, conferences and expositions.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In February, IDG Books Worldwide, Inc. announced a joint publishing agreement with Germany's SuSE Linux AG for a new line of authorized SuSE Linux books with CD-ROM products called SuSE Press. Headquartered in Nuremberg, Germany, SuSE Linux AG has made SuSE Linux the best selling Linux product worldwide, with over a million private users and more than 50,000 business customers.
- ◆ In December, Motor Information Systems and IDG Books Worldwide announced that Motor has acquired the Chek-Chart brand and business from IDG Books Worldwide. The acquisition brings to Motor a publishing program targeted to the automotive trade in the professional, educational, certification and reference categories. They include specification and study guides, electronic databases, custom publications, textbooks and the New Car Cost Guide, which contains new car pricing information and is used principally by credit unions and insurance agencies.

- ◆ In October, IDG Books Worldwide, Inc. announced financial results for its fiscal fourth quarter and year end Sept. 30, 1999. Net revenues for the fiscal fourth quarter of 1999 were a record \$56.3 million, up 59% from \$35.3 million in the fourth quarter of 1998. Net revenues for the Company's branded franchise group, which includes the For Dummies(R) and CliffsNotes(TM) brands, increased 28% and net revenues for the Technology Publishing Group increased 24% from the comparable fiscal quarter of 1998. In addition, the recently acquired Macmillan General Reference business contributed \$11.8 million in net revenue for the fiscal fourth quarter of 1999.



SEGMENT:
PORTAL

SUBSEGMENT:
PreK-12, P2, CT, LL

Infonautics Corporation (INFO - Monitoring)

VITAL STATISTICS

Location: Wayne, PA
URL: www.infonautics.com
Management: Van Morris, CEO

TRADING DATA

Price (3/8/00)	\$10.75
52-Week Range	\$17.38-\$3.63
Shares Outstanding (mil.):	13.2
Market Capitalization (mil.):	142.3
Float (mil.):	10.0
Average Daily Volume (000s):	313
Officers/Directors Hold:	24.5%

INFO DAILY PRICE CHART

INFONAUTICS CORP CL A
3/8/99 to 3/8/00

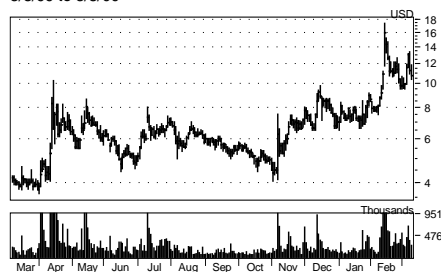


Chart Courtesy of FactSet Data Systems

STES PERSPECTIVE

With the completion of the Bell & Howell deal, Infonautics has capital to invest in its award-winning web properties such as Company Sleuth, Sports Sleuth and the consumer version of Electric Library. Furthermore, we believe that Infonautics' ownership interest in the new company can provide Infonautics with potentially significant value over time.

COMPANY DESCRIPTION

Infonautics is a fast-growing Internet information company that provides high-value online research and reference tools and services to schools, libraries, colleges, businesses and individuals. Founded in 1992, the Company offers content-rich, affordable and easy-to-use services designed to put a world of knowledge within everyone's reach. Together, the Infonautics Network of Web sites reaches nearly 2 million unique visitors and generates more than 20 million page views a month. Infonautics also supplies e-commerce online publishing services to many top publishers and other content creators to help them effectively manage their own online archives and content offerings.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In February, Infonautics, Inc. announced it has acquired one of the Internet's first media portals, NewsDirectory.com. The addition of the site will provide the company with access to comprehensive local news sources for its Infonautics Sleuth and Search and Reference sites. By including NewsDirectory.com in its network of web sites, Infonautics gains another building block for its Internet strategy.

◆ In January, Infonautics, Inc. announced a marketing and co-branding agreement with Scorelab, Inc. Scorelab Inc., funded by Primark Corporation (NYSE: PMK), is a new provider of leading-edge, directional investment information. The marketing agreement includes advertising, e-mail alerting and user registration for Infonautics' Company Sleuth service and Scorelab's InsiderScores web site. In addition, Scorelab will provide original InsiderSCORES' content to Company Sleuth users.

◆ In December, Infonautics, Inc. announced the completion of its transaction with Bell & Howell Company (NYSE: BHW) that provides Infonautics with a capital infusion and 27% ownership in a newly created Internet education company. The transaction provides Infonautics with capital to further develop its Infonautics Sleuth product line of intelligent personalized Internet agents including: Company Sleuth, Sports Sleuth, Job Sleuth, Fantasy Sports Sleuth and Shopping Sleuth. The capital infusion will also allow the Company to expand marketing of Electric Library and elibrary Tracker to individual consumer end-users.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
LL

IUniverse.com (Private)

VITAL STATISTICS

Location: San Jose, CA
URL: www.iuniverse.com
Management: Richard Tam, CEO

INVESTORS

BarnesandNoble.com

SPONSORS/PARTNERSHIPS

BarnesandNoble.com

STES PERSPECTIVE

iUniverse.com has created an Internet publishing portal. This unique portal offers recognized authors and first-time writers editorial services, marketing, distribution and print on demand technology. It also provides distribution into every single bookselling channel available, both retail and online, insuring an author's books are always available.

COMPANY DESCRIPTION

iUniverse.com is the culmination of three years of work. The initial start-up was founded by a handful of people in late 1996, and focused on the educational market and computer-based training. The core competence of providing instruction and knowledge expanded into the publishing arena when the Company launched the toExcel.com line of books in late 1998. The toExcel.com model of on-demand publishing proved so successful that the Company intensified operations and shifted its focus to truly changing the publishing landscape.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In November, Barnes & Noble, Inc. announced it had acquired a 49% ownership interest in iUniverse.com. It is the Company's first major investment in a book-publishing venture. The relationship will open a new era of opportunity for new writers who can now have their books published within 30 days and earn higher royalties, and for out-of-print authors who will see their books returned to print forever.
- ◆ The mission of iUniverse.com is to ignite the power of people's imaginations through the creativity of publishing. Using new technologies, iUniverse.com is driving a new paradigm in publishing that puts the power to publish back in the hands of the many instead of the few. Writers everywhere can tap into the Company's network of instructional and motivational programs; proven publishing models; book selling expertise; diverse distribution channels; and strategic marketing alliances to realize their dream of seeing their own work in print.
- ◆ iUniverse.com targets a market with large pent-up demand created by traditional publishing. For example, there are currently about 1.2 million books that have gone out of print since 1979; that figure is growing by about 90,000 titles annually. Also, the rejection rates of submitted manuscripts is estimated at about 98%, yet more than 23 million Americans are involved in creative writing. While the entire industry traditionally publishes about 60,000 a year, iUniverse.com is projecting it will publish 80,000 titles by the year 2001.

Jenzabar.com

SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
P2

Jenzabar.com (Private)

VITAL STATISTICS

Location: Cambridge, MA
URL: www.jenzabar.com
Management: Ling Chai, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

DoubleClick

STES PERSPECTIVE

Jenzabar.com offers features that other web sites do not, including threaded forums, a web page builder and web-based e-mail. The Company's program is designed to augment existing course web sites. Professors can easily link their existing web site to the Jenzabar web site.

COMPANY DESCRIPTION

Jenzabar.com was formed in 1998 to create a virtual online community for university professors and students. Jenzabar's unique web portal technology seamlessly responds to student needs as well as those of the educator and administrator and is fully compatible with back-end ERP systems. Jenzabar.com's Internet portal services include course management tools that allow educators to develop and publish course materials online, including syllabi, multi-media handouts, readings and announcements. Other features include a template-based web-page builder, web-based e-mail and threaded discussion forums. Besides bringing technology to the learning environment, the system also allows professors to eliminate waste, maximize time and promote interactive discussions amongst class members. Professors can also handle courses at multiple schools under one account.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, CARS Information Systems of Cincinnati announced a strategic alliance with Jenzabar.com of Cambridge, MA. With this alliance, CARS will offer its higher education clients a complete Web-based intranet application, which links their entire campus community. This alliance integrates the leading enterprise learning portal solution of Jenzabar.com with the power and integration of CARS's administrative solution currently in use on campuses all over the United States.

◆ With a combined presence on over 500 colleges, Jenzabar.com and CMDS, Inc. (Computer Management and Development Services) have formed a strategic alliance to offer a powerful turnkey solution to its nearly 1,000,000 academic community members including students, faculty and staff. Jenzabar.com and CMDS, a leader in the college and university administrative back-office environment, have recently created the nation's first fully integrated, one-stop solution that seamlessly integrates web portal services, online course tools and administrative ERP applications.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
P2

Jones International, Ltd. (Private)

VITAL STATISTICS

Location: Englewood, CO
URL: www.jonesknowledge.com
Management: Robert Jones, CEO

INVESTORS

Jones University

SPONSORS/PARTNERSHIPS

Jones University

STES PERSPECTIVE

Jones' respected reputation and long history in higher education is something that is important to its clients. Current client satisfaction is a critical indication of their commitment to a quality, flexible product as well as customer service.

COMPANY DESCRIPTION

Jones International, Ltd. offers a suite of Internet education tools to empower colleges, universities and corporations to offer high-quality, distinctive online education and training. The Company's cost-effective software supports higher education administrators, faculty and students as well as corporate training and development programs. The e-education suite combines multiple services around the core software to provide distance learning and marketing resources, and 24/7 support for students, faculty, staff, trainers and administrators. e-education currently serves customers in multiple countries including institutions in 14 states across the U.S.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ For the spring semester, JonesKnowledge.com launched the latest version of its e-education software, featuring upgrades to CourseBuilder, Forum, TestMaker and course management tools. The enhancements are an exciting addition to the software and an example of JonesKnowledge.com's customer responsiveness. Input and requests from users helped Jones create new features and functions that continue to make e-education the premier online course management solution.
- ◆ In August, JonesKnowledge.com announced the appointment of former Colorado Congressman Dan Schaefer to the company's board of directors. JonesKnowledge.com is the parent company of Jones International University - the first fully accredited 100-percent on-line university. A 15-year veteran of the U.S. House of Representatives, Mr. Schaefer spent his political tenure championing national issues related to education, families, small businesses, veterans and seniors.
- ◆ Also last year, Sacred Heart University, New England's third largest private Catholic university and one of the fastest-growing universities in the East, licensed Jones e-education online course software developed by JonesKnowledge.com Inc. Sacred Heart University has plans to offer up to eight online courses using e-education. The University's faculty will use the software not only to provide courses online, but also to facilitate discussion groups and online student-instructor interaction.



SEGMENT:
PORTAL

SUBSEGMENT:
PreK-12

JuniorNet.com (Private)

VITAL STATISTICS

Location: Boston, MA

URL: www.juniornet.com

Management: Alan Rothenburg, CEO

INVESTORS

RCN Corp.

Euclid Partners

Boston Capital Ventures

New World Ventures

SPONSORS/PARTNERSHIPS

SmarterKids.com

STES PERSPECTIVE

JuniorNet's hybrid CD-ROM/Internet technology combines the speed and safety of a CD-ROM with the learning potential of the Internet. Children receive unlimited games, activities and stories from leading children's media including Highlights for Children, Weekly Reader, Sports Illustrated For Kids, Ranger Rick, Zillions and Jim Henson's Bear in the Big Blue House. Instead of repeatedly purchasing new software for their children, parents pay a monthly membership fee of \$9.95 for the online service.

COMPANY DESCRIPTION

JuniorNet Corporation offers kids ages 3-12 the first completely safe, advertisement-free online service created just for them. The JuniorNet service combines interactive content from the world's highest-quality children's publishers with hybrid CD-ROM/Internet technology that quickly delivers rich multimedia images and sound in the safest online environment. As a complement to the online service, the JuniorNet Web site offers parents and other adults a trusted resource for advice and information concerning kids and the Internet. The Web site also includes the JuniorNet Online Store, which offers educational and age-appropriate children's products that encourage interactive learning and fun beyond the computer.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, JuniorNet Corporation announced its receipt of a 1999 Parents' Choice Gold Award. The JuniorNet service was recognized in the online category for its exceptional quality and universal appeal. The Parents' Choice Awards Program spotlights the best children's media including books, toys, videos, computer programs, magazines, audio recordings and television programs as judged by groups of parents, children and other experts.

◆ In November, JuniorNet and MindSpring Enterprises, Inc. (NASDAQ: MSPG), a leading national Internet Service Provider (ISP), announced a marketing and software license agreement. Under the terms of the agreement, JuniorNet will bundle MindSpring's Internet software with the JuniorNet CD-ROM, providing JuniorNet members with convenient access to the Internet through MindSpring's award-winning service. MindSpring's Internet software will be incorporated directly onto JuniorNet CD-ROMs.

◆ In August, JuniorNet unveiled the JuniorNet Online Store, designed to offer parents and other adults teacher-approved educational and age-appropriate children's products that encourage interactive learning and fun. The JuniorNet Online Store is a complement to the Company's safe, advertisement-free, online learning service for children and will present parents with related games, toys and activities that encourage children to continue learning and exploring beyond the computer. JuniorNet has teamed up with SmarterKids.com, the Internet's leading children's educational store, to offer quality products that have been teacher selected, tested and approved.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
PreK-12, P2

Kaplan, Inc. (Subsidiary)

VITAL STATISTICS

Location: New York, NY
URL: www.kaplan.com
Management: John Kernan, CEO

INVESTORS

The Washington Post

SPONSORS/PARTNERSHIPS

The Washington Post

STES PERSPECTIVE

With 1,200 locations in the U.S. and abroad, Kaplan is a premier provider of educational and career services for individuals, schools and businesses. Kaplan has six operating divisions including Test Preparation and Admissions, which have served 3 million students over the past 60 years. Kaplan also offers test preparation courses and admissions services online at www.kaptest.com.

COMPANY DESCRIPTION

Over the past 60 years, Kaplan has served 3 million students in its test prep courses. The Company also offers K-12 after-school programs at its Score! Educational Centers; customized education services for schools, universities and businesses; books, software and online services (www.kaplan.com); and career/recruiting services through The Lendman Group, Career Expo and Crimson & Brown Associates. Kaplan is a subsidiary of The Washington Post Company.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, Kaplan Educational Centers and *Newsweek* magazine invited high school students from across the country to enter the 2000 Kaplan/*Newsweek* "My Turn" Essay Competition. Ten outstanding young writers will each receive a \$1,000 scholarship for college. The ten winners and 20 honorable mentions will have their essays published in the *Newsweek* Education Program book: "My Turn" Essays: Student Perspectives," which will be distributed at high schools nationwide.

◆

◆ As a sign of Kaplan's dedication to students, Kaplan Educational Centers provided free, last-minute SAT help to test takers on November 2nd, 3rd and 4th from 5pm-midnight EST. Kaplan experts were available to answer questions from students who needed extra help during the crunch time before the test.

◆ Recently, Kaplan Educational announced the launch of Concord University School of Law, the first major institution offering a juris doctorate degree earned wholly online via state-of-the-art technology. Concord will serve working students, professionals, family caretakers, students in rural communities and other individuals whose circumstances prevent them from pursuing a legal education at a fixed facility. The school, which offers a four year program, is currently accepting applications.



SEGMENT:
E-TAILER

SUBSEGMENT:
PreK-12

KBkids.com (In Registration)

VITAL STATISTICS

Location: Denver, CO

URL: www.kbkids.com

Management: Srikant Srinivasan, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

AOL

Yahoo

LookSmart

Excite

Women.com

Netscape

Disney

Netcentives

Xoom.com

STES PERSPECTIVE

In Registration

COMPANY DESCRIPTION

KBkids.com is a joint venture between Consolidated Stores Corporation (NYSE: CNS), the operator of more than 1,300 K*B Toys retail stores nationwide, and BrainPlay.com, a major children's product e-tailer. KBkids.com combines the best attributes of online e-tailing with an unsurpassed "bricks- and-mortar" presence. With thousands of toys, video games, software, videos and collectibles plus unique, independently written reviews, KBkids.com brings the online children's toy category to a new level of sophistication.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In Registration.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12

KidCareView (Private)

VITAL STATISTICS

Location: Nashville, TN
 URL: www.kidcareview.com
 Management: Mike Haynes, CEO
 Alan Greene, President

INVESTORS

eConception, Inc.

SPONSORS/PARTNERSHIPS

eConception
 Acymtech

STES PERSPECTIVE

KidCareView utilizes today's technology to bring images from childcare centers to its secure web site so that parents can see their child during the day from work, home or while travelling. Parents simply "log on" to the Company's web site using their personal user name and password and view directly into the room where their child is located.

COMPANY DESCRIPTION

KidCareView is an Internet-based childcare video monitoring service. KidCareView allows parents to log on and view images piped onto a secure web site from closed circuit video cameras installed in daycare centers. All that subscribers need to access the service is an Internet connection, a browser, and a user ID and password. The KidCareView concept was created to give working parents peace of mind and to enhance the communication bond they have with their children.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ KidCareView is a division of EyeZoom, Inc. a Nashville based Internet video solutions provider. EyeZoom recently became a member of the eConception, Inc. business incubator group. KidCareView represents the first major product release for EyeZoom.

♦ Many working parents entrust their most valuable possession to childcare centers on a daily basis. KidCareView can help to enhance that trust and to open up new lines of communication between parents, their children, and their childcare providers. The KidCareView Internet monitoring service allows parents to peek in and see live images of their child at any time.

♦ KidCareView also archives images for 24 hours so that parents may view their children at any time. This feature may be used later in the day as a shared experience to promote a sense of connection between a parent and their child.

♦ KidCareView combines the latest in encryption technology with careful system design to ensure overall system security. The system utilizes 128-Bit SSL encryption for all image transmissions and system access. A unique username and password combination are required for all account logins. The passwords are encrypted and encoded to prevent unauthorized image access. Users are automatically logged out of the system after a certain time period and must log back on to continue viewing images. A log is also maintained of all system logins for verification purposes.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
PreK-12

Knowledge Adventure (Private)

VITAL STATISTICS

Location: Torrance, CA
URL: www.knowledgeadventure.com
Management: Peter Doctorow, President

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Sierra
educast

STES PERSPECTIVE

Knowledge Adventure products focus on building important learning skills while offering state-of-the-art graphics, animation, video, music and sound. They cover a wide range of subjects -- from math, reading and foreign languages to just plain fun -- for toddlers to college-bound students.

COMPANY DESCRIPTION

Knowledge Adventure is a leader in developing, publishing and distributing award-winning, multimedia educational software for use in both homes and schools. The Company is internationally renowned for its market-leading *Math Blaster*, *Reading Blaster*, *JumpStart Learning System*, Syracuse Language, *Dr. Brain*, *Play Zone!* and Kaplan's "Real World" software and test-preparation brands, which make it the largest educational software group in the world.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In December, Knowledge Adventure introduced JumpStart Baby with Baby Ball, an exciting new companion peripheral to the ground-breaking JumpStart Baby CD-ROM for children ages 9 - 24 months. Providing young children an age-appropriate alternative to the keyboard and mouse, this oversized "push pad" makes computer play easier and more comfortable for little hands to discover important developmental concepts such as cause and effect.
- ◆ In November, Knowledge Adventure began shipping Month by Month for HyperStudio, a new CD-ROM title for teachers that offers lesson plans for classroom theme-based projects that students complete using HyperStudio. The new title is a cross-curricular resource for grades 3 and up that makes teachers' lesson plan preparation quick and easy, saving time and enhancing the value of HyperStudio in the classroom. Also, it features graphics collections for each month in the calendar year, activities for special days and holidays and a Teacher's Reference Calendar. HyperStudio was introduced into the school market in 1989 and is now one of the best-selling educational software titles in the K through 12 marketplace.
- ◆ In October, Knowledge Adventure was named "Multimedia Company of the Year" at the 1999 Southern California Software Industry Awards. The Company earned the honor for its groundbreaking, critically acclaimed JumpStart Learning System™, which has been the #1 educational software brand for the past three years, with over six million copies sold nationwide. JumpStart was the original multi-subject, grade-based software program; this innovative approach was immediately and overwhelmingly accepted by consumers, and launched a whole new genre of software.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT

KnowledgeNet (Private)

VITAL STATISTICS

Location: Scottsdale, AZ
URL: www.knowledgenet.com
Management: Tom Graunke, CEO

INVESTORS

Berkeley International Capital Corp.
Morganthaler Partners
Sierra Ventures
Trinity Ventures

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

The KnowledgeNet training solution improves the effectiveness of any type of training, including instructor-led and computer-based training (CBT) environments, which typically consist of static slides delivered over the web.

COMPANY DESCRIPTION

Founded in October 1998, KnowledgeNet delivers next-generation e-Learning solutions to IT professionals worldwide using the latest Internet technologies and best-of-breed multimedia. The Company's live and self-paced e-Learning offerings generate "knowledge on demand" anywhere, anytime, in a rich, engaging environment at significantly lower cost than traditional delivery vehicles. Andersen Consulting, Boeing, Crate and Barrel, Convergent Communications, Lockheed Martin, Lucent Technologies, Texaco and Unisys are among the many organizations looking to KnowledgeNet for training and technical skills. KnowledgeNet is a privately held company based in Scottsdale, Ariz.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In March, KnowledgeNet announced that it has been selected to receive the annual United States Distance Learning Association award for excellence in distance learning for its Internet-based training solutions, in the corporate/business category.
- ◆ In February, KnowledgeNet announced that it had received \$15 million in financing, bringing the total amount invested in the company to \$33.9 million. The Company's third round of financing was led by new investor Berkeley International Capital Corp., and includes previous investors Morganthaler Partners, Sierra Ventures and Trinity Ventures. KnowledgeNet will use the financing to accelerate growth and drive the Company's product development, sales and marketing for the \$11 billion e-learning market.
- ◆ In November, KnowledgeNet announced successful evaluation results from the first live IT-focused e-learning course ever to be delivered through the Internet. KnowledgeNet delivered the landmark e-learning course, also known as instructor-led Web-based training (WBT), in August to approximately 40 students seeking focused Cisco networking skills. Entitled "KnowledgeNet Live™," the solution incorporates the latest in interactive, instructional design with the new, powerful capabilities of the Internet. The end result, according to KnowledgeNet students, is an engaging, exciting hands-on experience that far surpasses traditional ILT classroom formats at half the cost.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
LL, CT

Learn2.com (LTWO - Monitoring)

VITAL STATISTICS

Location: White Plains, NY
URL: www.learn2.com
Management: Stephen Gott, CEO

TRADING DATA

Price (3/8/00)	\$6.13
52-Week Range	\$10.00-\$2.72
Shares Outstanding (mil.):	51.0
Market Capitalization (mil.):	312.3
Float (mil.):	26.5
Average Daily Volume (000s):	1,255
Officers/Directors Hold:	48%

LTWO DAILY PRICE CHART

LEARN2 COM INC COM
3/8/99 to 3/8/00

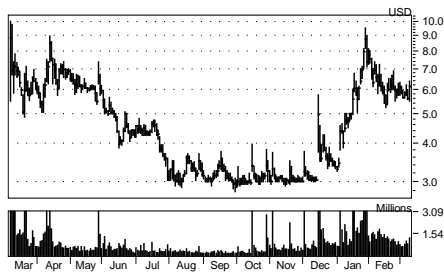


Chart Courtesy of FactSet Data Systems

STES PERSPECTIVE

Learn2.com is a leader in the creation and distribution of online advanced learning and training. The Learn2.com suite of products includes more than 1,200 training titles. Learn2.com is also an Internet learning community that offers consumers tips and step-by-step instructions on a broad spectrum of skills, activities and tasks.

COMPANY DESCRIPTION

Learn2.com is a leader in the creation and distribution of online advanced learning and training. The Learn2.com suite of products provides an engaging learning experience to consumer and corporate customers by allowing interactive multimedia and animated courseware to be accessed instantly on the Web. Learn2.com is also an Internet learning community that offers consumers tips and step-by-step instructions on a broad spectrum of skills, activities and tasks, as well as immediately accessible multimedia consumer training courses and tutorials.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In February, Learn2.com announced results for the fourth quarter and year ended December 31, 1999. Total revenue grew to \$7.3 million for the fourth quarter of 1999, versus \$1.0 million in the comparable period last year. Compared to the third quarter in 1999 Learn2.com increased revenue by 115% from \$3.4 million to \$7.3 million. For the year ended December 31, 1999, revenue increased 404% to \$13.6 million versus \$2.7 million in 1998. Online revenue grew at a rate of more than 75% for the third consecutive quarter.

◆ In December, Learn2.com announced that it had expanded its courseware offerings to include the Linux market. The Company will produce a series of digital multimedia learning titles which will be delivered through Learn2.com's streaming technology over the Internet, corporate Intranets, on CD-ROMs, and video. Learn2.com will initially provide Linux tutorials to the general public such as Learning Linux, an introduction to the Linux operating system, and Learning Star Office 5.0 for Linux, which includes word processing and spreadsheet software.

◆ In November, Learn2.com announced that its eTracks.com division, a leading provider of e-mail broadcast services and technological tracking solutions, launched a comprehensive tracking solution -- AdaptiveProxy Tracking. APT is a full tracking solution that tracks e-mail recipients when responding to a URL within an e-mail broadcast. APT can monitor the recipient as he clicks through a client's Web site and either purchases a product/service or exits the site based upon time outs or distractions (links off-site or types in a new URL).



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT, LL

Learning Network, Inc. (Private)

VITAL STATISTICS

Location: Burbank, CA
URL: www.learning.net
Management: David Mangone, CEO

INVESTORS

idealab! Holdings
Pentium Investment Group

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

The Learning Network offers online, interactive, self-paced, just-in-time learning. Professional education and training courses are produced, delivered, and tracked through the Company's Internet web server. The functionality provided by this web server can be mirrored through links from the web site of any Learning.Net customer or partner.

COMPANY DESCRIPTION

The Learning Network, Inc. develops and publishes interactive education and training courses through the Internet. Utilizing a proprietary authoring system and course delivery infrastructure, Learning.Net also provides content providers, manufacturers and employers with a ready-to-use learning environment for developing and delivering continuing education or corporate training regardless of where in the world the learner may be based. The long-term objective of The Learning Network is to become an online knowledge community that professionals in all industries use as a resource of choice for any information relating to their chosen field of study.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ The Learning Network can provide the ability for professional organizations or associations to offer online continuing education -- at learning.net and their own web site. Through a strategic partnership with The Learning Network, an organization can create a revenue stream from the sale of courses to its membership or to the industry in general. If an organization has its own course materials, Learning.Net will transform them into online courseware. If not, Learning Network will align the organization with appropriate courses authored through their affiliation with top subject matter experts. Either way, the cost for an organization is nothing.
- ◆ In return for designating Learning.Net as the organization's exclusive or official provider of online continuing education, Learning.Net will develop an online learning environment specifically designed for the organization. The organization's training department or education director will have access to online authoring tools for the development or customization of courses specific to the organization, and the course tracking mechanism will allow the head of training to monitor course activity. Learning.net will also support and augment efforts to market and promote an organization's courses. Finally, The Learning Network will issue a quarterly statement of course purchases along with a royalty check based on sales.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12

LearningGate.com (Private)

VITAL STATISTICS

Location: Sacramento, CA
URL: www.learninggate.com
Management: Lee van der Bokke, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

1stUp.com

STES PERSPECTIVE

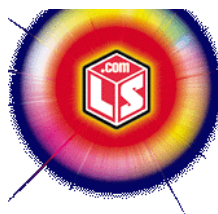
The LearningGate web site offers teachers free Web tools starting with the eGrader grade book, class calendar, and links to sample lesson plans, syllabi, and tests. Students get online access to assignments, grades, class calendar, reference materials, and Web sites to assist with homework. Parents get an instant window into their children's education and progress. Unlike awkward freeware or costly software installed on a teacher's computer or school intranet, this Internet site is free and easy-to-use with customized information specific to the student.

COMPANY DESCRIPTION

LearningGate.com was founded in 1999 in Alamo, Calif. with the goal of providing teachers, students and parents with Web-based tools to enhance education. For teachers, LearningGate.com provides free administrative and educational tools to improve their effectiveness, while alleviating the bureaucratic burden. For students, LearningGate.com provides easy access to critical information about their class schedules, homework assignments, tests and other classroom activities, as well as a safe place to "hang out online." For the busy parent, LearningGate.com provides a means to increase their involvement in their children's school life, giving them access to up-to-date information on attendance, test results and homework. All these benefits are provided free of charge via the Internet.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In January, LearningGate.com announced that it now offers free Internet service to its subscribers through 1stUp.com, a leading provider of ad-supported Internet access solutions. Free Internet access is just one of the new features available through LearningGate.com's most recent site upgrade. LearningGate.com's subscribers now have the ability to launch free unlimited Internet access virtually anywhere in the U.S. and Canada.
- ◆ In October, LearningGate.com launched a comprehensive new web site, including its new eGrader grade book, to facilitate better communication among teachers, students and parents. Designed for grades K-12, the new site www.learninggate.com offers online tools, resources and communication forums to provide free and easy access to critical information such as student grades, assignments, test scores and online resources.
- ◆ In September, LearningGate.com announced the addition of Rama Aysola to its board of directors. Mr. Aysola, CEO and founder of AirFlash, Inc., will be joining founders Lee van der Bokke and Michael van der Bokke as the newest member. LearningGate.com also announced the successful completion of its "seed round" of financing.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
PreK-12

The LearningStation.com (Private)

VITAL STATISTICS

Location: Charlotte, NC

URL: www.learningstation.com

Management: Craig Larson, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Sun Microsystems

Boundless Technologies

MCNC

Key Tronic

Cytrix

SmartForce.com

STES PERSPECTIVE

Since being founded in July 1997, The Learningstation.com has quickly formed several key strategic partnerships that compliment its offerings. The Learningstation.com has taken technologies from Citrix and Microsoft and added some proprietary development and administrative software that allows educational software applications to be delivered to any desktop over virtually any connection including a 28.8 dial-up modem.

COMPANY DESCRIPTION

The LearningStation.com provides schools with a wide selection of educational applications and courseware, (including third party titles from leading companies such as The Learning Company), network management, curricular, administrative, and assessment software, web access, email, and technical support. All software and network tools are accessed from The Learningstation.com over the Internet on a subscription basis, eliminating the need for schools to install, license, maintain, or upgrade the applications on their own computers. The only essential program needed by the user is a Web browser.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In November, The LearningStation.com and NTS Computer Systems Ltd. (TSE:NTS), a leading supplier of mobile computer labs for schools, announced the formation of a strategic alliance to offer K-12 teachers and students greater access to the latest educational software over the Internet. With this alliance, NTS will become an OEM supplier to The LearningStation.com, providing customized versions of the DreamWriter I.T. that The LearningStation.com will market to its subscriber base. NTS will market The Learningstation.com service with the DreamWriter I.T. to its existing and future customers.

◆ Also in November, The LearningStation.com announced it will launch Teacher LearningStation, a web-based educational solutions and software package, at the National School Board Association Technology and Learning Conference in Dallas. Teacher LearningStation combines a variety of online software programs designed to bring teachers into the digital age by incorporating the Internet's resources into their curriculum. The Classroom Planner, a component of Teacher LearningStation, enables the teacher to digitize all of the elements of the classroom, such as lesson plans, calendars, seating charts, and grade books, among others. Also unique to Teacher LearningStation is ActionProfiler, an assessment tool designed to profile learners' abilities in various school subjects. The profile produces a unique learning blueprint for each individual that enables students to work at different paces, and on different levels.



SEGMENT:
PORTAL

SUBSEGMENT:
PreK-12

Lightspan Partnership, Inc. (LSPN - Monitoring)

VITAL STATISTICS

Location: San Diego, CA
URL: www.lightspan.com
Management: John Kernan, CEO

TRADING DATA

Price (3/8/00)	\$21.25
52-Week Range	\$21.75-\$10.75
Shares Outstanding (mil.):	42.8
Market Capitalization (mil.):	909.9
Float (mil.):	7.5
Average Daily Volume (000s):	1,095
Officers/Directors Hold:	82.5%

LSPN DAILY PRICE CHART

LIGHTSPAN PARTNERSHIP INC COM
2/10/00 to 3/8/00

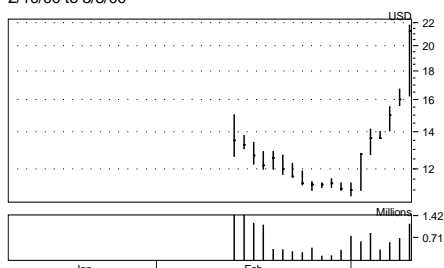


Chart Courtesy of FactSet Data Systems

STES PERSPECTIVE

We believe the versatility of Lightspan's business model will help the Company explore a variety of different solutions to improve the learning of students. We also found the Achieve Now program interesting because of the way it uses technology to keep teachers, students and parents involved in the students learning process.

COMPANY DESCRIPTION

The Lightspan Partnership Inc. is a provider of curriculum-based educational software and Internet products and services used in both schools and student's homes. The Company's technology, delivery systems, and content help increase student interest in learning, family involvement in their children's education, and productive interaction among teachers, parents, and students. The Company delivers its products and services through its learning network. This network includes YourClassOnline, YourSchoolOnline, Global Schoolhouse, The Lightspan Network, Lightspan Achieve Now and the Lightspan Learning Store.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ On February 10, LSPN raised \$82.5 million in an initial public offering.
- ◆ In November, The Lightspan Partnership, Inc. announced its acquisition of StudyWeb, an online resource of reviewed and rated educational links. With this venture, Lightspan will increase the content currently available within its proprietary search feature, Lightspan Learning Search, as well as expand its capabilities in the secondary education market.
- ◆ Also in November, LSPN signed a strategic investment partnership with CINAR, through which the companies will co-develop an educational television series, a pre-kindergarten education portal and distribution agreements.
- ◆ In studies conducted by schools nationwide, Lightspan Achieve Now has been proven to increase student performance on state standardized tests. A 1998 examination of standardized test data from more than 70 schools using Lightspan Achieve Now uncovered remarkable outcomes. Researchers found that classrooms using the program showed an 18% increase in the number of students performing above the 50th percentile in reading comprehension, and a 12% increase in students performing above the 50th percentile in the use of mathematical rules and fundamental mathematical operations.



SEGMENT:
PORTAL

SUBSEGMENT:
P2

MainCampus.com (Private)

VITAL STATISTICS

Location: Hoboken, NJ
URL: www.maincampus.com
Management: Peter Hall, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

mainCampus.com will shortly be providing auctions, classified ads, and other E-commerce opportunities from which both students and merchants nationwide stand to benefit. The site will extend students the convenience of relevant online shopping while supplying merchants with the vital inroads to the lucrative collegiate market.

COMPANY DESCRIPTION

mainCampus.com is a national college portal created to offer unique content, great shopping values, and entertaining forums for students. In addition to providing original entertainment, mainCampus.com will deliver value by partnering with local, regional and national businesses. With over 1,500 freelance writers from all 50 states, mainCampus.com is a leading voice for the college community to voice through which the college community can voice its opinions in an online format and interact with other college students worldwide. Founded in 1999 and privately held, mainCampus.com, Inc. is funded by strategic investors and institutions.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In November, mainCampus.com launched its all-purpose portal to the Internet aimed exclusively at American college students. The site offers students a variety of community related services, such as chat, email, message boards, and instant messaging, as well as several commerce features. In addition, by providing news, feature articles, entertainment, and other valuable resources, mainCampus.com eliminates the need for students to travel along multiple Internet channels while searching for pertinent information.

◆ mainCampus.com has included several community-building features that will help to create and sustain an online collegiate community at a central locale. Chat rooms and message boards, for example, will bring students together under the mainCampus.com umbrella and in turn function as the foundation for a thriving, continuously growing network of members.

◆ mainCampus.com will regularly carry up-to-the-minute news feeds along with original feature articles contributed by students with the intent to inform, entertain, and intrigue. The site will offer a wide variety of topical information, guiding visitors and members down twelve different avenues of interest: entertainment; sex and relationships; travel; sports; money/jobs and employment/finance; partying; news and opinions; academics; health and fitness; shopping; computers; and lifestyles. The many ideas and issues addressed within the mainCampus community will reflect what is being discussed on campuses across the country.



SEGMENT:
PORTAL

SUBSEGMENT:
PreK-12

MaMaMedia.com (Private)

VITAL STATISTICS

Location: New York, NY
URL: www.mamamedia.com
Management: Dr. Idit Harel, CEO

INVESTORS

Intel
Shingakusha
J.H. Whitney

SPONSORS/PARTNERSHIPS

InfoSeek
Go Network

STES PERSPECTIVE

MaMaMedia's mission is to promote playful learning and technological fluency. The company prides itself on creating innovative, meaningful ways to marry the power of the computer with the potential of the child. Visitors to MaMamedia.com can create web site collections, design their own multimedia characters and stories, enjoy computer clubs and safely engage in many other interactive activities. Earlier this year, the website received the coveted Computerworld Smithsonian Award for excellence in the innovative use of technology in education and most recently was named "Best Kids' Community of '99" in Yahoo's top sites of the year.

COMPANY DESCRIPTION

Founded in 1995, MaMaMedia, Inc. is a privately held New York-based Internet company creating unique activity-focused learning online for kids ages 12 and under, their families and educators. MaMaMedia.com is a leading kids' web site and has grown dramatically from 10,000 registered users in October 1997 to more than 800,000 at the end of November 1999. Its award-winning content and safety features and its reputation as a site that kids love and parents trust has led to a series of successful partnerships with some of the leading content providers on the Internet, including GO Network, AOL, Intel and Road Runner.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, MaMaMedia.com was honored as the leading web site for kids ages 12 and under when it received the coveted Global Information Infrastructure (GII) Award in the children's category. GII selected MaMaMedia.com as the web site that this year most directly benefits children through education, empowerment and entertainment.

◆ In November, underscoring the increasing importance of the kids' sector on the Internet, MaMaMedia Inc., announced that it had been selected by EarthLink (NASDAQ: ELNK), one of the nation's leading Internet service providers, to be its premier kids' content partner. MaMaMedia has the distinction of being the only company in the online children's sector that has secured significant partnerships with two of the nation's largest Internet service providers, EarthLink and America Online. EarthLink began featuring MaMaMedia programming in its existing KidZone children's web site earlier in November, with plans to debut a completely re-vamped MaMaMedia KidZone in early 2000.

◆ In October, MaMaMedia Inc., announced a new strategic alliance with Infoseek Corporation (NASDAQ: SEEK), home of GO Network to prominently feature MaMaMedia.com on Infoseek's new GO Kids Center.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12

MediaSeek Technologies, Inc. (Subsidiary)

VITAL STATISTICS

Location: Bellevue, WA
URL: www.mediaseek.com
Management: Karen Billings, CEO

INVESTORS

BigChalk.com

SPONSORS/PARTNERSHIPS

BigChalk.com

STES PERSPECTIVE

MediaSeek Technologies Inc. developed a patented technology that matches educational titles to standards and learning needs. This core technology is now used in MediaSeek's products like Curriculum Orchestrator and ExplorAsource to help educators and parents get the education information they want by finding the education titles that meet their specific needs and meet national and state standards. The recent merger between Mediaseek and BigChalk (Bell & Howell's and Infonautics' K-12 divisions) gives the company a sizable distribution channel for its search and match technologies.

COMPANY DESCRIPTION

Founded in May of 1996, MediaSeek Technologies Inc. is based in Bellingham and Bellevue, WA. MediaSeek produces and markets technology products that help educators and parents find the educational resources to facilitate student learning and meet national, state and local learning standards. The Company's product line includes *Curriculum Orchestrator*, a curriculum planning and mapping tool showing the relationship between curriculum, educational standards, and instructional materials, and ExplorAsource.com, a reference tool that quickly identifies learning products that match specified learning topics and grade levels.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In February, bigchalk.com, inc., a leading K-12 online learning destination, announced its acquisition of MediaSeek Technologies, Inc. As the U.S. standards-based education movement continues to accelerate, bigchalk.com's acquisition of MediaSeek -- which has built the defacto standard in correlation search technology - immediately establishes the Company as a leading player in this rapidly-growing market.

◆ Also last year, MediaSeek Technologies, Inc. announced its new ExplorAsource web site, an online service that finds resources to address specific learning needs and education standards. Found on the Internet at www.explorasource.com, this new web site is the second generation of MediaSeek's award-winning ExplorAsource for Educators CD.

◆ In its first year of availability, the ExplorAsource CD won the *Curriculum Administrator* "Top 100 Products" award and the *ComputED* 1998 Education Software Review award for Teacher Tools. Due to sponsor support, explorasource.com is free for its users. explorasource.com contains a large database with learning resources in four major content areas for grades K-12: English Language Arts, Social Studies, Mathematics, and Science. Users select their grade level, content area and topic, and ExplorAsource quickly lists learning resources, including the specific activity or section within the resource, that match these search criteria.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12, P2, CT, LL

NCS Corp. (NLCS - Monitoring)

VITAL STATISTICS

Location: Minneapolis, MN
URL: www.ncs.com
Management: Mike Morache, President

TRADING DATA

Price (3/8/00)	\$44.75
52-Week Range	\$45.75-\$23.00
Shares Outstanding (mil.):	32.0
Market Capitalization (mil.):	1,432.2
Float (mil.):	26.2
Average Daily Volume (000s):	225
Officers/Directors Hold:	18.1%

NLCS DAILY PRICE CHART

NATIONAL COMPUTER SYS INC COM
3/8/99 to 3/8/00

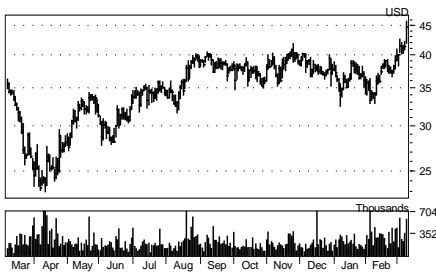


Chart Courtesy of FactSet Data Systems

STES PERSPECTIVE

The Company's Education Software and Services business also turned in strong revenue and profit growth, aided by the recent NovaNET acquisition. The NovaNET interactive online curriculum broadens the Company's product offerings to the K-12 education market.

COMPANY DESCRIPTION

NCS is a global information services company providing software, services and systems for the collection, management and interpretation of data. NCS serves important segments of the education, testing, assessment and complex data management markets. Headquartered in Minneapolis, Minnesota, U.S.A., NCS has 4,600 employees serving its customers from more than 30 locations worldwide.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, National Computer Systems, Inc. announced that through its Virtual University Enterprises (VUE) IT testing service, it has contracted with CompTIA, the Computing Technology Industry Association, to begin delivery of CompTIA certification exams. CompTIA certifies information technology and service professionals with its widely adopted, vendor-neutral certification programs. Test delivery is expected to begin in the first quarter of 2000 through VUE's global network of testing centers.

◆ Also in December, National Computer Systems, Inc. announced that through its Virtual University Enterprises (VUE) IT testing service, it has contracted with Informix Software, Inc. (NASDAQ: IFMX) and Linux Professional Institute, Inc. (LPI) to begin test delivery of their certification exams. Informix, a leading provider of database management systems for enterprises worldwide, will transition its entire testing delivery program to VUE. LPI is launching a new certification program through VUE, seeking to establish a recognized and widely endorsed body of professionals certified on the Linux™ operating system.

◆ In November, National Computer Systems, Inc. announced the formal opening of the Phoenix Data Capture Service Center, which it will operate as part of its major role in supporting the U.S. Census in 2000. NCS is a member of the Data Capture Services team, led by contractor TRW Inc. (NYSE: TRW), working with the U.S. Census Bureau to manage and operate the Phoenix data collection center, one of four data capture sites. Each Data Capture Center will receive completed Census forms, manage all imaging operations, and perform all data capture functions in order to collect the constitutionally-mandated count of the U.S. population.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT

NETg (Subsidiary)

VITAL STATISTICS

Location: Boston, MA
URL: www.netg.com
Management: Gary Lopez, President

INVESTORS

Harcourt General, Inc.

SPONSORS/PARTNERSHIPS

Knowledge Networks
Cisco Systems

STES PERSPECTIVE

NETg's Skill Builder courseware is recognized for its innovative Learning Object™ architecture that delivers unique learner features, customization opportunities and delivery flexibility. NETg recently announced its next-generation NLO™ architecture that enhances the performance and flexibility of the Skill Builder courses with independent Learning Objects. NETg's Skill Builder training is currently in use by more than 2,000 corporate customers worldwide.

COMPANY DESCRIPTION

NETg, a subsidiary of Boston-based Harcourt General, Inc. (NYSE: H), is a leading developer of technology-based training (TBT). The Company has a portfolio of over 600 multimedia courses in several languages, covering professional IT, desktop and personal development skills and serves over 2,000 customers worldwide. NETg's Skill Builder courses are designed to "build skills" successfully - pre-assessments, simulations and considerable use of multimedia all combine to create quality TBT that is proven to teach.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ In February, NETg was awarded the accolade of IT Training Company of the Year from the Institute of IT Training. NETg is the first technology-based-training (TBT) provider to win the award, recognizing that online learning is now an essential part of the IT training industry. NETg also won the new category of Online Course of the Year for its European Computer Driver's License (ECDL) course.

♦ In December, NETg announced that Knowledge Networks is joining the recently launched NETg Learning Management Alliance Program, a new initiative that ensures leading third party learning management systems are compatible with NETg courses. As a result of this alliance, companies using NETg's Skill Builder courses in conjunction with Knowledge Networks' Knowledge Measurement System will enjoy seamless compatibility and training performance.

♦ In November, NETg announced Xtreme Learning – a new online information technology (IT) training service. Xtreme Learning is an online learning destination that ushers in the next phase of NETg's Internet learning strategy which began in 1997 with the introduction of the industry's highest quality Internet playable technology based training (TBT) courseware. Xtreme Learning brings together NETg's leading library of TBT courses in IT professional skills and desktop application skills, with a range of innovative services to support online learning. These services include online mentoring and discussion rooms, which will be provided in partnership with the leading mentoring and Instructor Led Training (ILT) company, KnowledgePool. Xtreme Learning will allow any company with an Internet connection to deliver a quality IT training environment to staff at the desktop.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
PreK-12, P2, LL

NetLibrary, Inc. (Private)

VITAL STATISTICS

Location: Boulder, CO
URL: www.netlibrary.com
Management: Timothy R. Schiewe, CEO

INVESTORS

Liberty Digital Inc.
Follett Corporation
Blackwell Ltd
Bain Capital
Berger New Generation Fund
Tango
Weiss Peck & Greer LLC

SPONSORS/PARTNERSHIPS

ABC-CLIO
Cambridge University Press
Columbia University Press
Marcel Dekker
Houghton Mifflin Company
The McGraw-Hill Companies
The MIT Press

STES PERSPECTIVE

netLibrary offers anytime/anywhere access to an extensive collection of reference, scholarly, and professional eBooks. Electronic content may be viewed, searched, and checked out via the Internet by patrons with a personal computer and an Internet browser. netLibrary has signed agreements with 100 leading publishers, including ABC-CLIO, Cambridge University Press, Columbia University Press, Marcel Dekker, Houghton Mifflin Company, The McGraw-Hill Companies, The MIT Press, and O'Reilly & Associates.

COMPANY DESCRIPTION

netLibrary provides readers anytime, anywhere access to a comprehensive collection of trade, reference, scholarly, and professional eBooks and information that can be viewed, searched, and checked out via the Internet. The recently redesigned netLibrary website at www.netlibrary.com offers visitors one-click access to eBooks and, through a variety of community features, is quickly becoming the destination of choice for eBook enthusiasts the world over.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In an effort to introduce electronic books to a nationwide audience of readers, netLibrary will purchase and provide 150,000 eBooks to the top 100 public libraries in the United States in the coming months. The netLibrary eBook Introduction Program was formally launched at the American Library Association Midwinter 2000 Conference. Participating public libraries will receive free-of-charge collections of up to 1,500 eBooks from leading publishers. Those libraries effectively will extend their hours of operation for this collection to 24 hours a day and provide access to eBook resources to their patrons wherever they may be.

◆ In December, netLibrary announced a groundbreaking eBook distribution agreement with Follett Library Resources, the leading distributor of recorded knowledge to libraries at schools, school districts, and other educational institutions serving the kindergarten through 12th grade market. Under the agreement, netLibrary and Follett Library Resources will make eBooks available to participating K-12 school libraries via the Internet. Relying on working relationships it has developed with publishers for over 100 years, Follett Library Resources will help netLibrary select the most compelling content appropriate to K-12 students. netLibrary will acquire digital version rights from the publishers and then develop, manage, and distribute the eBooks using proprietary technologies.

◆ In October, netLibrary, Inc. announced the closing of a third round of strategic venture funding totaling \$70 million. Third-round investors included Houghton Mifflin, McGraw-Hill, Liberty Digital Inc., Follett Corporation, Blackwell Ltd., EBSCO, and ABC-CLIO, alongside financial investors Bain Capital, the Berger New Generation Fund, Tango, and Weiss Peck & Greer LLC.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
P2, LL

NetRead (Private)

VITAL STATISTICS

Location: San Francisco, CA

URL: www.netread.com

Management: Pete Alcorn, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Excite's Work.com

PrintBid

CAP Ventures

Amazon.com

Borders.com

STES PERSPECTIVE

NetRead is very similar to iUniverse. Both companies seek to help struggling authors get published. The main difference is that iUniverse seeks to bypass publishers and agents while NetRead works with publishers and agents to get more books published.

COMPANY DESCRIPTION

NetRead's goal is simple: make it easier to publish books. Through their web site, netread.com, the Company gives out free information, helps people and businesses connect, and offers services that make book publishing practical and accessible. NetRead believes that many types of books which have been blocked from the market by traditional economic and practical factors will soon emerge.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, NetRead, Inc. announced partnerships with four printing industry leaders: PrintBid, TechniGraphix, iPrint and LASON. The partnerships represent a significant expansion of NetRead's e-commerce hub for the \$114 billion book publishing and printing industry. The printing partners' expertise in traditional and emerging print methods will allow current and prospective book publishers to more thoroughly assess and manage their printing and distribution options. Recent technical developments in printing have heightened the need for information and access to these technologies.

◆ The Company was founded by Pete Alcorn, a veteran of educational publishing, and Kent Lindstrom, formerly of Deloitte & Touche. The NetRead project began after Kent joined a book club that Pete had started with a local writer named Jason Flores Williams.

◆ According to NetRead CEO Pete Alcorn, in ten years people will think of book publishing completely differently than they do today. Publishing is about to get turned on its head by Internet retail, print-on-demand, and emerging e-book models. The cost of printing, distribution, and retail is going to drop. Book publishing is going to become far more accessible.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12

NETSchools Corp. (Private)

VITAL STATISTICS

Location: Mountain View, CA
URL: www.netschools.net
Management: James E. Dezell, Chairman

INVESTORS

Cherry Creek NetSchools Investors, LCC

SPONSORS/PARTNERSHIPS

South Carolina State University

STES PERSPECTIVE

The StudyPro 2000 is the first notebook computer engineered from the ground up for everyday use by students. Its unique design has earned it industry acclaim and award nominations. The StudyPro 2000 notebook computer is the cornerstone of the NetSchools wireless school network solution, providing every student with a specialized notebook computer that wirelessly connects to the school's LAN and vast resources of the internet from every classroom, as well as from home.

COMPANY DESCRIPTION

The NetSchools Solution is a revolutionary new learning environment that combines an Internet-centric curriculum with a notebook computer for every student. NetSchools connects every student via an infrared wireless connection to the school's LAN and the vast resources of the Internet—from school and from home. NetSchools is the only company to successfully fulfill the compelling vision of the future in which every student incorporates the power of the computer and the Internet into every aspect of the school day.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ In February, NetSchools Corporation and eduTest.com announced a new partnership. This new relationship combines the power of eduTest.com's standards-based content and test engine with NetSchools' one-to-one Internet-based educational solution. The technology developed by eduTest.com couples customized, state-specific content with immediate assessment through the Internet. NetSchools' Academic Information System (AIS) already enables teachers to access a Curriculum Browser capable of searching 24,000+ URLs that are aligned with local, state and national curriculum guidelines. The combination will allow teachers and administrators to go one step further in assessing students' progress. Using the eduTest.com real-time performance features such as immediate results for students and aggregated reporting, educators are able to make more informed decisions.

♦ In November, Rise Technology Company and NetSchools Corporation announced that NetSchools selected the Rise mP6™ processor for its StudyPro 2000 notebook computer, specifically designed for K-12 students. The StudyPro 2000 uses the latest microprocessor technology from Rise™, a new .18 micron, 2.0V version of the mP6™ processor.

♦ One of the highlights of NetSchools summer was the receipt of a Moby Award at the Go Mobile '99 Conference in San Diego. The "Award for Most Outstanding use of Mobile Computing in the Education Industry" was presented to NetSchools at the September conference. This was the first year that this award for the most unique and innovative use of mobile computing technology was presented. NetSchools was chosen from a field of five nominees in its category.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
P2

NextEd (Private)

VITAL STATISTICS

Location: Washington, D.C., Hong Kong
URL: www.nexted.com
Management: Terry Hilsberg, CEO

INVESTORS

Fidelity Ventures Far East
Endeavour Pacific Limited
Indelta Pty. Ltd.
Roux International Pty. Ltd.
Avila Limited

SPONSORS/PARTNERSHIPS

Stanford University
Blackboard, Inc.
University of South Queensland

STES PERSPECTIVE

NextEd is uniquely positioned to offer its partners localized expertise, administration, hosting and delivery within an end-to-end solution that includes project management, course conversion, online teaching assistance support, marketing, distribution, e-commerce and customer support. One of NextEd's leading customers, the University of Southern Queensland, was recently voted the World's Best Dual-Mode Distance Education University by the International Council for Open and Distance Education (ICDE).

COMPANY DESCRIPTION

NextEd is a Hong Kong—based company that partners with international educational institutions to market and deliver their courses, via the Internet, to students based primarily in Asia. The Company risks its capital alongside its partners and receives a portion of the fees paid by students based on the level and type of service it provides to students.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In February, NextEd signed an agreement with the Education Program for Gifted Youth (EPGY) at Stanford University to deliver courses over the Internet to bright students in Australia and Asia. EPGY presently offers computer-based distance-learning multimedia courses in mathematics, physics, English and computer science to gifted students of pre-college age whose abilities place them in the top 15% of the student population. Under this agreement, NextEd will work with EPGY and regional first-tier universities to deliver the EPGY courses over the Internet to students throughout Asia and Australia.

◆ NextEd, headquartered in Hong Kong, represents the next “thing” in Internet-enabled education: global distribution. Incubated in Australia and fueled with directives and capital from Hong Kong, the Company's Washington, D.C. office is now seeking partnerships with North American universities who want to enter Asian markets. NextEd began by serving the Australian Internet education market. The Company provided technology and conversion services to assist the University of South Queensland in converting their massive distance education programs from print and mail to an Internet platform. The project, *USQOnline*, offers degrees in high-demand areas such as teacher training, IT, nursing, and business.

◆ In August, Blackboard Inc., a leading online education company that provides one of the industry's most popular platforms for teaching and learning over the Internet and NextEd Ltd. announced a strategic licensing agreement. The agreement lays the foundation for the first global delivery network for accredited online higher education. Under the terms of the agreement, NextEd will license the Blackboard Campus™ software platform for use across its international server network, deployed to reach students in 13 countries in Asia/Pacific, Europe and Africa.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
CT

ONE TOUCH Systems (Private)

VITAL STATISTICS

Location: San Jose, CA
URL: www.onetouch.com
Management: Katherine Leary, CEO

INVESTORS

Hughes Network Systems
Apollo Group

SPONSORS/PARTNERSHIPS

Shoney's Inc.
U.S. Army Corps of Engineers

STES PERSPECTIVE

Customers rely on the ONE TOUCH solution, with more than 150,000 IDL seats installed worldwide, to train an estimated 2 million employees annually. ONE TOUCH's patented, interactive technology enables individual experts to communicate in real time with participants at multiple locations anywhere in the world.

COMPANY DESCRIPTION

Headquartered in San Jose, Calif., ONE TOUCH Systems is a leading provider of Interactive Distance Learning (IDL) solutions that are fully integrated, enterprise-wide and scalable, capable of reaching networked classrooms and personal computers. ONE TOUCH IDL enjoys an installed base of 28,000 sites in 55 countries. ONE TOUCH was recently recognized by Arthur Andersen, the world's leading professional service organization, for best practices in exceeding customer expectations. Frost & Sullivan, a prominent international marketing consulting company that monitors high-tech markets trends, has just accorded ONE TOUCH its "Market Engineering Leadership Award" for world-class leadership in the distance learning industry.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In February, ONE TOUCH Systems was the recipient of Frost & Sullivan's 1999 Market Engineering Leadership Award for leading the industry with its drive to be market-oriented. ONE TOUCH Systems has been a pioneer in providing Interactive Distance Learning (IDL) solutions to customers and in popularizing the concept of distance learning to potential beneficiaries of the technology. According to Company representatives, ONE TOUCH Systems is the world's only provider of IDL systems that fully integrate video with two-way voice and data interaction to deliver live, real-time training and education.

◆ In December, ONE TOUCH Systems announced that Australia's federal government service delivery agency, Centrelink, chose the ONE TOUCH solution for its nationwide training initiative. Centrelink is adding ONE TOUCH's Response Keypad technology to its existing satellite Business Television Network, adding a high level of real-time two-way interactivity. Broadcasting from its business television unit in Tuggeranong, Centrelink's instructors will be able to reach and train employees simultaneously at 370 sites across the Australian continent.

◆ In October, ONE TOUCH Systems, Inc. was honored as a Bay Area Award finalist in Arthur Andersen's 1999 Best Practices Awards program. An independent panel of judges evaluated ONE TOUCH's business practices and honored them with a finalist award in the category of "Exceeding Customer Expectations."



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
LL

OnlineLearning.net (Private)

VITAL STATISTICS

Location: Los Angeles, CA
URL: www.onlinelearning.net
Management: John Kobara, CEO

INVESTORS

Sylvan Learning Systems
Times Mirror Company
St. Paul Venture Capital
Houghton Mifflin

SPONSORS/PARTNERSHIPS

AOL/Digital City
AT&T Learning Network
HungryMinds.com
iVillage,
About.com

STES PERSPECTIVE

The online education process has taken a giant leap forward through OnlineLearning.net's exclusive Concierge Service, a unique course management system that promotes individualized attention for students, and eliminates the problems that most people fear in taking an online course for the first time. To ensure that students receive a maximum degree of personalized interaction with their instructor, UCLA Extension's online writing classes are limited in size to 15 students.

COMPANY DESCRIPTION

OnlineLearning.net is an online supplier of continuing higher education and is dedicated to providing busy professionals with the tools needed to pursue their lifelong learning objectives. By combining technological innovation with extraordinary customer service, the Company is committed to helping adult learners around the world access the best in educational resources -- anytime, anywhere, at any stage in life.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, OnlineLearning.net and 1to80.com, Asia's first online knowledge portal, announced a new strategic alliance to significantly enhance enrollment growth. The international partnership enables students worldwide to access unparalleled education opportunities in pursuing their lifelong learning objectives. OnlineLearning.net's existing enrollments include students from a diverse mix of Asian countries, including China, Taiwan, Singapore, Japan, Malaysia, Hong Kong, Thailand, and Korea. 1to80.com's new alliance with OnlineLearning.net will enable Asian students to gain convenient access to accredited American educational institutions, notably the academically renowned UCLA Extension, the continuing education division of the University of California, Los Angeles, one of the most respected research universities worldwide.

◆ In November, an alliance between OnlineLearning.net, and the California Teachers Association (CTA), the state's largest teachers union, has proven to be overwhelmingly successful in offering a top online professional development curriculum. Since forming the partnership with the California Teachers Association in March of 1999, OnlineLearning.net has enrolled more than 1,100 CTA members in more than 1,400 courses offered through UCLA Extension and OnlineLearning.net.

◆ In October, OnlineLearning.net announced a series of new content and marketing partnerships to significantly expand its course offerings and drive enrollment growth. The new strategic partners and alliances include the University of San Diego-Division of Continuing Education, the California CPA Education Foundation, the California Teachers Association, the Houghton Mifflin Company, and the National Association of Insurance and Financial Advisors.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
PreK-12, P2

Oz New Media, Inc. (Private)

VITAL STATISTICS

Location: Edmonton, Alberta
URL: www.oznewmedia.com
Management: Randy Morse, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

British Telecom
Oracle

STES PERSPECTIVE

Oz New Media utilizes a unique two-pronged marketing strategy. The first focuses on institutional business and provides a core web-based system for a licensing fee. The second push is to launch education portals using standard and specific content.

COMPANY DESCRIPTION

Oz New Media is an Internet-based publisher of educational materials and resources for the classroom. Oz is one of the only educational publishing companies in the world solely focused on the development, distribution, and sale of curriculum-specific learning materials over the Internet. In active, dynamic partnerships with educators, technology companies, and post-secondary institutes around the world, Oz has become a leader in the growing and important field of on-line materials for the modern classroom.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ The opening ceremony for Beijing Oz Educational Network System Company Limited was held in the Canadian Embassy in China in October. The vice-principal of the University of Central Broadcasting and Television, Yu Xiu Yun and the chief executive of Oz New Media, Randy Morse signed a bilateral memorandum of understanding. The cooperation between the University of Central Broadcasting and Television and Oz New Media will start with English and computer programs. Then, they will gradually expand to all areas of education and career studies programs on the Internet. This is an important step in computerizing education in China. The assistant mayor of Beijing and director of Beijing's Committee on Foreign Business and Development of Economic Technology Yi Shi Qun said "China is launching the strategy 'Prosperity Through Education'. We welcome foreign investment in China's education."

♦ In June, after twelve months in development, Oz New Media delivered the final installment to complete its exciting program of Web-based elementary English literacy programs for United Kingdom schools to Oz channel partner British Telecom.

♦ Oz is one of the only educational publishing companies in the world solely focused on the development, distribution, and sale of curriculum-specific learning materials over the Internet. In active, dynamic partnerships with educators, technology companies, and post-secondary institutes around the world, Oz has become the leader in the growing and important field of on-line materials for the modern classroom.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12

ParentWatch (Private)

VITAL STATISTICS

Location: New York, NY
URL: www.parentwatch.com
Management: Adam Aronson, CEO

INVESTORS

Childtime Learning Centers, Inc.

SPONSORS/PARTNERSHIPS

Childtime Learning Centers, Inc
BabyCenter
eToys.com
Sunshine House

STES PERSPECTIVE

The growth potential for ParentWatch in our opinion is very strong. The growth should occur from the following: (1) adding new centers (27,000 of the 100,000 childcare centers are realistic targets), (2) advertising, (3) e-commerce (the partnerships listed above are just the start), (4) the possible launch of this same system into elder care centers.

COMPANY DESCRIPTION

ParentWatch.com is the largest provider of video link services to childcare centers, allowing parents to view live images of the classroom. The Company is currently in 65 centers (out of the 100,000 childcare centers in the U.S.) and charges parents a monthly subscription fee between \$19.95-\$24.95 for use of the network. ParentWatch incurs the cost to install the systems in the centers and in turn receives a 5-10 year contract. Interestingly, the Company has partnered with the largest security installer, ADT, to install the systems in the centers. The Company's innovative web site provides parents with a direct link to the particular child care center in which their child is enrolled, allowing them to view live images from the classrooms while participating in a free online community of parents. The ParentWatch web site also features a comprehensive resource center for parents and child care providers which offers up-to-date content articles on a variety of child-related topics, links with complimentary Web sites, and e-commerce opportunities.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In November, ParentWatch announced a new partnership with The Sunshine House, a group of child care centers located in the Southeast. As part of its new partnership agreement, ParentWatch will soon be available in approximately 75 of The Sunshine House child care centers, further establishing the company as the largest provider of Internet viewing to the child care industry.
- ◆ Since the first test site went live in July 1998, ParentWatch has seen its service used by working parents all over the U.S., as well as by grandparents in Taiwan, Venezuela, Russia, and by military personnel overseas. The Company takes great pride in "bringing families together" through a combination of high quality service and unparalleled customer support.
- ◆ In September 1999, ParentWatch signed an agreement with Childtime Learning Centers, Inc. (NASDAQ: CTIM). Under this agreement, ParentWatch will install its secure surveillance technology in 50 Childtime Learning Center locations starting this fall.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
CT

Pathlore Software (Private)

VITAL STATISTICS

Location: Columbus, OH
URL: www.pathlore.com
Management: Steve Thomas, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Best Software
Chapman Group
Handshaw
IBT Financial
Instruction Set
NIIT
Relate
Stilton-Bookman
Ziff-Davis

STES PERSPECTIVE

Pathlore's installed base of banking and insurance industry customers that use PHOENIX includes PNC Bank, SunTrust Banks Inc., General American, and Farmers Insurance. PHOENIX is the only family of technology-based training products that provides authoring, distribution, and management of online training content separately or in a single, integrated package. Designed around an open standards database-centric architecture, PHOENIX can distribute, track, and manage technology-based training over the Internet and private intranets, regardless of its source, to thousands of users distributed across multiple locations.

COMPANY DESCRIPTION

Pathlore Software, a leader in Web-based training management, is a technology-based training software and services pioneer with more than two decades of experience developing training solutions in any computing environment for Global 2000 companies. Formed as an independent company through a 1995 management-led buyout from Computer Associates International, Pathlore is based in Columbus, Ohio, with offices in Europe and the Pacific Rim.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In February, Pathlore Software and Siltan-Bookman Systems announced they had merged to become the industry leader in e-Learning management software. The merger of these two profitable companies creates a new one called simply "Pathlore" with \$21 million in 1999 revenue, 4,000 corporate customers (dominated by the Global 2000), and more customers than any other learning management vendor. Going into the merger, Siltan-Bookman's Registrar has 60% of the instructor-led learning management software market. Pathlore Software's PHOENIX offerings have led the Internet learning management market, enjoying a 240% growth in revenues last year.

◆ In December, Pathlore Software announced a partnership with NETg, a leading global provider of technology-based training. As a result of the partnership, Pathlore's PHOENIX open training management system will play, manage, and track student performance on hundreds of NETg Skill Builder and DBM Knowledge Communications Library Web-based training courses "out of the box." This capability will save customers the time, trouble, and expense of customizing their training management systems to handle NETg courseware and will guarantee to NETg customers that PHOENIX will support their content.

◆ In November, Pathlore Software announced that contracted revenues of its Professional Services Group (PSG) increased 26% for the 1999 fiscal year. As Pathlore's in-house consulting arm, PSG helps customers achieve maximum benefit from their training programs as quickly as possible through a complete range of services, including needs analysis, project management, instructional design, courseware development, competency testing, and system integration.

PENSARE

SEGMENT:
TOOLS/ENABLERS

SUBSEGMENT:
P2

Pensare, Inc. (Private)

VITAL STATISTICS

Location: Los Altos, CA
URL: www.pensare.com
Management: Doug Donzelli, CEO

INVESTORS

Battery Ventures
GE Equity
Media Technology Ventures
Associated Venture Investors

SPONSORS/PARTNERSHIPS

Harvard Business School
Wharton School of Business
Duke University

STES PERSPECTIVE

Individual learning is the core of Pensare's solution, and interaction and collaboration allow Pensare's innovative Knowledge Community platform to provide a better learning solution—people share their successful strategies and tactics with one another and then develop actionable results. As with many training programs, individuals take self-guided courses on a variety of business skills topics. However, Pensare's unique curriculum not only provides content from top-ten business schools and industry experts, but combines the content in a customized learning curriculum that facilitates learning and generates business results tailored for individual organizations.

COMPANY DESCRIPTION

Pensare is the leading provider of Business Learning Communities, combining an approach based on applied learning and human interaction with the world's top business schools and innovators to create success in the new economy. By partnering with industry experts and top-tier business schools and corporations, Pensare's performance courseware and customizable tools deliver expert knowledge into a comprehensive curriculum that enhances learning and organizational performance. The Pensare solution uses a unique Internet-based delivery mechanism that incorporates knowledge capture and sharing, multi-user simulations, online discussion groups, and interactive exercises to provide measurable business results while fostering best-practices and collaboration through the use of a virtual Learning Community.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ Pensare was recognized for its Web-based Distinctive Leadership on-line learning program by the judges of the 1999 Brandon Hall of Fame Awards Program. Pensare received a bronze award in the Human Resource Skills Training - Internet/Intranet category, for a Commercial program with a large or medium budget. The Distinctive Leadership performance course teaches everything that successful leaders need to know. The course transforms a user to a leader through Pensare-developed leader interviews, personal development tools, multi-person interactive situations, automatic email reminders, newsgroups and chats, and access to the collective knowledge of the user's in-house leaders via the Pensare Knowledge Community.
- ◆ In October, Pensare, Inc. announced a strategic alliance with Duke University's Fuqua School of Business to co-produce and deliver a new accredited Duke MBA program. The alliance also gives Pensare exclusive distribution rights to the jointly developed curriculum for resale among its corporate customers and other business schools seeking to develop their own degree-granting programs. As part of this agreement, Pensare will provide the Internet-based technology platform, produce the courses in an online format, and provide ongoing support for the program.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
PreK-12

PinkMonkey.com (PMKY - Monitoring)

VITAL STATISTICS

Location: Houston, TX
URL: www.pinkmonkey.com
Management: D. Keith McIntosh, CEO

TRADING DATA

Price (3/8/00)	\$0.75
52-Week Range	\$3.81-\$0.68
Shares Outstanding (mil.):	NA
Market Capitalization (mil.):	NA
Float (mil.):	NA
Average Daily Volume (000s):	9
Officers/Directors Hold:	NA

PMKY DAILY PRICE CHART

PINKMONKEY COM INC COM
3/8/99 to 3/8/00

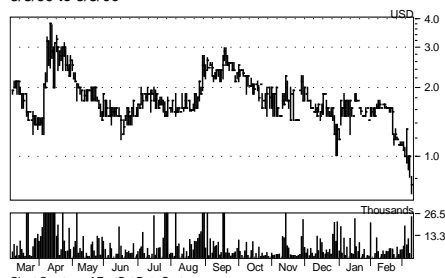


Chart Courtesy of FactSet Data Systems

STES PERSPECTIVE

Although a small player in the online education market, PinkMonkey.com has what it takes to become a success, namely unique content and adequate financial resources.

COMPANY DESCRIPTION

PinkMonkey.com is a premier on-line study site. It is the one place on the Internet with a comprehensive digital library, literature notes, study guides focused on core subjects, test preparation materials and carefully selected links to other useful educational sites all assembled in a comprehensive, easy, and fun-for-students way. Students may join PinkMonkey.com for a semester, gaining access to valuable information 24 hours a day, seven days a week. For those not wanting to become members, PinkMonkey.com offers students the opportunity to purchase individual MonkeyNotes™ as they are needed.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In February, PinkMonkey.com Inc. announced that it will offer all products located at www.pinkmonkey.com free of charge. Until now, PinkMonkey.com has offered Barron's Booknotes, through an exclusive license, and MonkeyNotes, PinkMonkey's brand of literature notes, at \$2.95 each to non-members. The Company has determined that advertising revenues from its rapidly increasing member base and traffic will far outpace anticipated revenues from product sales.

◆ PinkMonkey.com has formed a strategic alliance with Anila Systems, a Silicon Valley-based engineering, marketing and embedded management company. Anila provides overall management services to PinkMonkey.com, developing and implementing a strategic marketing and advertising plan to promote the success of PinkMonkey.com.

◆ In November, PinkMonkey.com Inc. announced that with the addition of 81 MonkeyNotes, the Company's brand of literature notes, PinkMonkey.com has become one of the largest providers of literature notes on the Internet. The addition of the MonkeyNotes brings the total number of different literature notes offered to 182, which includes the 101 Barron's Booknotes. The Company plans to offer an additional 80 MonkeyNotes in the near future. PinkMonkey.com's web site also contains a digital library containing more than 2,000 literary classics.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
CT

Pinnacle Multimedia (Private)

VITAL STATISTICS

Location: Draper, UT
URL: www.pinnaclemultimedia.com
Management: Michael Memmott, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

SkillView Technologies, Inc.
Centra Software

STES PERSPECTIVE

With PLM's open architecture, clients can connect to all types of courseware, from the biggest names in training and e-Learning, like DigitalThink, SmartForce and NETg, to their own internally-developed courseware. PLM even connects to Legacy courseware. Unlike others who claim to have seamless connections, PLM has unique proven capabilities to launch as well as track results for connected courseware, even down to the unit level.

COMPANY DESCRIPTION

Pinnacle Multimedia, a software development company headquartered in Draper, UT, is best known for its creation of the leading comprehensive training management software, the Pinnacle Learning Manager (PLM). PLM is designed to manage all training data—whether generated from CBT, instructor-led or other training formats—with one central database. PLM works with Internet, intranet, and LAN systems, providing students and trainers 24-hour access to training curricula, instructions, test, and scores.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In December, Pinnacle Multimedia announced its strategic partnership with SkillView Technologies, Inc., an innovator of products that support Skills Management. Pinnacle's PLM, an open architecture program that delivers the widest selection of courses in the training industry through its superior integration capabilities, combined with SkillView's skills management software will provide two-way integration via hyperlinks. This partnership will greatly facilitate critical skills training for a company coping with the skills shortage by expanding its e-learning capabilities and training bandwidth.
- ◆ In October, Pinnacle Multimedia announced that it had joined forces with MicroMedium, a leading provider of authoring tools. MicroMedium's new Bookshelf service is offered on a low, fixed monthly fee and completely eliminates all the costs normally associated with database and server administration.
- ◆ As of October, The Pinnacle Learning Manager is being offered by Enterprise Training Solutions (ETS), a national integrator of multimedia training tools. PLM is the only independent learning management system carried by Enterprise Training, which serves numerous Federal government agencies.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12

PowerSchool, Inc. (Private)

VITAL STATISTICS

Location: Sacramento, CA
URL: www.powerschool.com
Management: Greg Porter, CEO

INVESTORS

Group One
Snider Capital
Bain & Company
Iter Occidentale

SPONSORS/PARTNERSHIPS

Apple Computer
Sun Microsystems
SchoolTone Alliance
EDTECH
EA Consulting
LinkShare Network

STES PERSPECTIVE

PowerSchool partners with schools to improve the quality and effectiveness of education by empowering students, parents and educators with real-time, relevant assessment tools and access to educational resources online. Its unique web-based architecture provides parents and students with real-time access to grades, attendance, assignments and more. PowerSchool also incorporates database functionality with a comprehensive set of features to facilitate administrative tasks including transcripts, report cards, attendance, form letters, district and state reports and discipline.

COMPANY DESCRIPTION

Headquartered in Sacramento, California, PowerSchool is a leading provider of cross-platform administrative software for K-12 schools and districts. PowerSchool™ Inc. is a provider of intranet based K-12 school management solutions. The Company's unique Internet-Standards-based approach means that administrators and teachers can literally run their school from a web browser.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, In an effort to expand its offering to a rapidly growing user base, PowerSchool, Inc. entered into a co-branding relationship with Ask Jeeves, Inc. (NASDAQ: ASKJ), a leading provider of natural-language question answering services on the Web for consumers and companies. The co-brand is called Ask Jeeves for Students and is available on PowerSchool's portal page for its student, parent, teacher and administrator users. Ask Jeeves for Students is an interface offered to partners that target older school children (ages 10 and up). Using the same knowledge base that supports Ask Jeeves for Kids, Ask Jeeves for Students ensures that children access appropriate material, and are pointed to Web sites with both educational and entertainment value.

◆ In October, PowerSchool, Inc. announced that San Francisco 49er quarterback Steve Young will serve as the Company's national spokesperson. PowerSchool will team up with Young in a variety of promotional roles, and include him on the Company's advisory board. According to PowerSchool officials, Young will play an integral role in the Company's marketing communications efforts. Currently, PowerSchool is running a San Francisco 49ers promotion in which students, parents, teachers and school administrators can write a brief testimonial about how the PowerSchool student information system helped them achieve their educational goals.

◆ In September, PowerSchool, Inc. announced the closing of its Series A financing for approximately \$2.5 million. Investors include Group One, Snider Capital, Bain & Company, Iter Occidentale and several strategic individuals.

prosofttraining.comsm

SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
CT

prosofttraining.com (POSO – STRONG BUY)

SunTrust Equitable Securities Analyst:

William Becklean (617) 557-0820 willaim.becklean@suntrust.com

VITAL STATISTICS

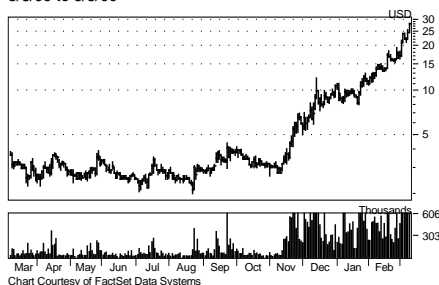
Location: Austin, TX
URL: www.prosofttraining.com
Management: Jerry Baird, CEO

TRADING DATA

Price (3/8/00)	\$27.94
52-Week Range	\$28.13-\$2.00
Shares Outstanding (mil.):	15.9
Market Capitalization (mil.):	445.0
Float (mil.):	11
Average Daily Volume (000s):	247
Officers/Directors Hold:	31%

POSO DAILY PRICE CHART

PROSOFTTRAINING.COM INC COM
3/8/99 to 3/8/00



STES PERSPECTIVE

ProsoftTraining.com currently supplies training and courseware that support its CIW Internet skills certification. CIW training is available through a network that now consists of almost 1,000 sites on six continents.

COMPANY DESCRIPTION

ProsoftTraining.com is a global Internet solutions company committed to providing comprehensive curriculum and skills-based Internet certification programs. The Company offers more than 50 instructor-led and distance learning Internet skills courses ranging from one-day end-user workshops to 10-day certification programs through the largest distribution network in the industry. The Certified Internet Webmaster program offered by ProsoftTraining.com creates the professional skills required to develop and implement e-business solutions in the Internet age. The certification testing program is administered worldwide by testing leaders Sylvan Prometric and VUE.

KEY INVESTMENT ISSUES

- ◆ We believe the demand for Internet training and certification is entering a period of exceptional growth as the Information Technology industry is forced to retrain its professional personnel to deal with new skills required by the Internet.
- ◆ Prosoft has an early mover advantage in this market. It is now delivering its third generation of Internet courseware. Its CIW Internet skills certification program has been adopted by most of the world's leading training companies and is virtually the industry standard. The company has also developed a curriculum covering Linux, a popular operating system alternative to Microsoft Windows and proprietary versions of Unix.
- ◆ The company has completed a transition in its business model in which the company converted its competitors to its customers and thereby achieved, in its most recent quarter, the company's first profit and positive operating cash flow.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT

Provant, Inc. (POVT - Monitoring)

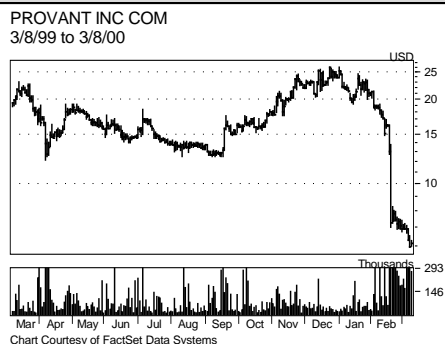
VITAL STATISTICS

Location: Boston, MA
URL: www.provant.com
Management: Paul M. Verrochi, CEO

TRADING DATA

Price (3/8/00)	\$6.13
52-Week Range	\$26.00-\$5.94
Shares Outstanding (mil.):	14.6
Market Capitalization (mil.):	89.3
Float (mil.):	12.8
Average Daily Volume (000s):	134
Officers/Directors Hold:	12.2%

POVT DAILY PRICE CHART



STES PERSPECTIVE

PROVANT helps its clients maximize their effectiveness and profitability by improving the performance of their people. PROVANT's clients include Fortune 1,000 companies. The Company offers both customized and tailored services that are designed to provide measurable results by strengthening the performance and productivity of both individual employees and organizations as a whole.

COMPANY DESCRIPTION

As the world's largest performance improvement training and development company, PROVANT helps its clients maximize their effectiveness and profitability by improving the performance of their people. PROVANT's clients include Fortune 1,000 companies and other large and medium-sized corporations and government entities. The Company offers both customized and tailored services that are designed to provide measurable results by strengthening the performance and productivity of both individual employees and organizations as a whole.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ In March, PROVANT, Inc. announced that it had formed an alliance with Saba. This alliance, will enable the two million learners "on Saba" in global 2000 companies and government organizations to gain access to PROVANT's proven solutions. PROVANT's alliance with Saba is one element of a more comprehensive e-learning initiative that will be implemented over the coming quarters.

♦ In December, PROVANT, Inc. announced that it had acquired Senn-Delaney Leadership Consulting Group, Inc., a firm that specializes in executive leadership, teambuilding and culture-shaping. Senn-Delaney Leadership is based in Los Angeles, CA, with offices in New York and London. Senn-Delaney Leadership serves clients such as McDonald's, British Telecom, Navistar, Bank One Corporation and Agilent Technologies. The company's revenues for the year ended June 30, 1999 were \$27 million.

♦ In November, PROVANT, Inc. announced it had been awarded a contract from AT&T for various project management training services to be provided over the next three years. PROVANT's project management group will partner with the AT&T School of Business & Technology (ASBT) to train approximately 2000 AT&T employees in the U.S. and abroad. A second program, operated jointly with the AT&T Project Management Council and ASBT, involves executive level workshops covering best practices for the implementation of project management.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT

PureSafety.com (Private)

VITAL STATISTICS

Location: Nashville, TN
URL: www.puresafety.com
Management: De Thompson, V, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Safety Short Production, Inc.
Digital-2000

STES PERSPECTIVE

PureSafety.com began formulating a unique, on-line safety-training program in response to a request from a large industrial client who needed an efficient way to provide safety training to workers. Out of this request, PureSafety.com principals Dave Gallagher and Alex Simpson, and their team of nearly twenty employees, developed an "engine" which can be custom-tailored for any individual company or organization's needs. Additionally, the material emanates from a central server, eliminating the need for a CD-ROM and enables the information to be flexible and constantly updated as OSHA, the EPA, or the company itself requires.

COMPANY DESCRIPTION

PureSafety.com offers web-based safety training. Training packages are customized for each client and delivered to trainees via the Internet, providing ease in delivering consistent material to various locations and shifts of employees. All training and testing that occurs through PureSafety.com is tracked and recorded, offering the safety administrator a wealth of information about the organization's training history. Web-based training proves to be a highly cost-effective solution for organizations that require ample employee instruction.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ In January, PureSafety.com signed a reseller agreement with Safety Short Production Inc., a top producer of workplace safety and health training materials. PureSafety.com, a web-based service, delivers customized safety training programs to its clientele via the Internet. The partnership allows PureSafety.com's clientele the ability to purchase Safety Shorts training materials through the PureSafety.com online library, and to view the material via the Internet through the PureSafety.com service. Safety Shorts specializes in condensed training videos that offer instruction on critical safety points in attention-grabbing five- to seven-minute segments. The videos are easy to understand, and offer safe workplace training for a variety of industries and on a wide array of topics.

♦ In November, PureSafety.com signed a reseller agreement with Digital-2000, Inc., a top producer of workplace safety and health training materials. The partnership allows PureSafety.com's clientele to purchase Digital-2000 training materials through the PureSafety.com online library. Digital-2000 offers safe workplace training materials for a variety of industries. They have restructured the safety training industry by making high-quality and customized training packages available to all sizes and classifications of industry. Their most recent innovation is the Digital Business Card, which combines video, audio, text, graphics and animation. PureSafety.com offers web-based safety training. Training packages are customized for each client and delivered to trainees via the Internet, providing ease in delivering consistent material to various locations and shifts of employees.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
CT

Rapid Performance Systems (Private)

VITAL STATISTICS

Location: Los Gatos, CA
URL: www.gorapid.com
Management: Scott Tapley, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

The Laboratory of Visual Science
Earnings Performance Group

STES PERSPECTIVE

Sherpa is a corporate-wide learning technology strategy, not just a product. Sherpa is aligned with today's corporate goals, takes a long-term view, helps create learning goals and milestones, breaks learning into manageable chunks, and is updated when required. It is also available whenever the user needs it.

COMPANY DESCRIPTION

Headquartered in Los Gatos, California, Rapid Performance Systems, Inc. is a leading developer of Technology-Delivered Learning Products that help people learn faster, think better and work smarter. Rapid Performance Systems' award-winning products deliver high-end, media-rich, interactive training over the Internet, Intranets, CD-ROM and Video. The Company is committed to making smart products that promote the use of technology to turn peoples' knowledge into a competitive edge for fast-paced organizations.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In September, Rapid Performance Systems, Inc. introduced Sherpa, a revolutionary Web-based software application designed to deliver high-end, media-rich training over the Internet, Intranets or via removable media such as CD-ROM, DVD or hard disk. The Sherpa training system provides training for the leading Customer Relationship Management software applications. These applications include Sales and Field Force Automation, Marketing Automation, Customer Service Automation, Call Center Automation and E-commerce.

◆ In July, Rapid Performance Systems, Inc. announced that they had entered into a strategic alliance with The Laboratory of Visual Science, a leader in visual communications. The Laboratory of Visual Science, based in San Jose, California, offers a wide range of communication services using the latest digital media. The Lab's world-class designers have produced award-winning video and multimedia products for clients around the world.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
PreK-12

Riverdeep Interactive Learning (In Registration)

VITAL STATISTICS

Location: Cambridge, CA
URL: www.riverdeep.net
Management:

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

SmarterKids.com
amazon.com
eToys

STES PERSPECTIVE

In Registration.

COMPANY DESCRIPTION

Riverdeep Interactive Learning provides highly motivating, dynamic, curriculum-based Internet and CD-ROM learning experiences for middle school, high school, and college students. Riverdeep's products feature interactive problem-solving approaches and real-world applications that contribute to the depth of conceptual understanding. The Company also offers extensive online tools, support, and professional development opportunities via Riverdeep.net to help educators integrate technology with curriculum and assess student performance.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In Registration.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
CT

RWD Technologies, Inc. (RWDT - Monitoring)

VITAL STATISTICS

Location: Columbia, MD
URL: www.rwd.com
Management: Dr. Robert Deutsch, CEO

TRADING DATA

Price (3/8/00)	\$8.00
52-Week Range	\$19.25-\$6.41
Shares Outstanding (mil.):	15.2
Market Capitalization (mil.):	121.2
Float (mil.):	3.8
Average Daily Volume (000s):	50
Officers/Directors Hold:	75%

RWDT DAILY PRICE CHART

RWD TECHNOLOGIES INC COM
3/8/99 to 3/8/00

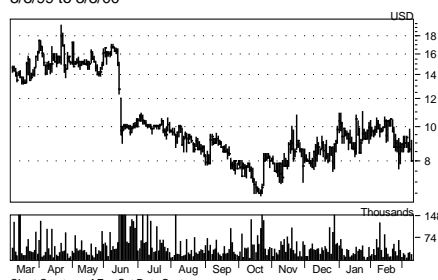


Chart Courtesy of FactSet Data Systems

STES PERSPECTIVE

RWD ERPspace e-Learning serves as both a methodology and a mechanism by which paper-based, traditional classroom materials are converted to a Web-based, distance learning platform in a cost-effective manner. Employees can register, track their progress, measure their progress with online testing, and take advantage of a host of other value-added training services that are available on a world-wide platform to meet their immediate training needs.

COMPANY DESCRIPTION

RWD Technologies, Inc., is a professional services company with headquarters in Columbia, MD that provides a broad range of technology solutions to the business problems confronting Fortune 500 companies. The Company has four operational segments: Information Technology including e-Solutions, Enterprise Resource Planning and Implementation, Lean Manufacturing Consulting, and Productivity Improvement and Learning Solutions. Established in 1988, RWD has more than 1,100 employees providing services that increase productivity and reduce operating costs for companies in over 20 industries.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In February, RWD Technologies announced that a leading North American airline and a Fortune 100 consumer products company had both selected RWD as their training partner for global rollouts of SAP R/3. These important awards are the result of an ongoing business development effort and result in opportunities totaling more than \$10 million. Being selected by these high-profile clients marks continued success for the Enterprise Systems Support Solutions group and for an exciting start for RWD in 2000.

◆ In December, RWD Technologies and Dataware Technologies, Inc. (NASDAQ: DWTI) created a comprehensive knowledge warehouse intranet solution for ARCO's facility in Plano, TX that houses world-wide exploration, research, and technical services for the Company's exploration and production units. The solution, which is based on RWD InfoHarvest™, will help ARCO harvest and synthesize their valuable knowledge assets to create an innovative e-business solution that combines Dataware's advanced technology with RWD's extensive expertise in improving business performance by leveraging information technology.

◆ In November, RWD Technologies announced the release of an innovative Internet-based training offering, RWD ERPspace e-Learning. Directed primarily at ERP implementations in the post go-live stage, this solution delivers both synchronous and asynchronous distance learning and affords global companies the ability to rapidly train a geographically dispersed work force.

**SEGMENT:**
TOOLS/ENABLER**SUBSEGMENT:**
CT

Saba Software (In Registration)

VITAL STATISTICS

Location: Redwood Shores, CA
URL: www.saba.com
Management: Bobby Yazdani, CEO

INVESTORS

Berkeley International Capital Corporation
Sequoia Capital
Crosslink Capital

SPONSORS/PARTNERSHIPS

Proctor and Gamble
Cisco Systems, Inc.

STES PERSPECTIVE

[In Registration](#)

COMPANY DESCRIPTION

Saba is a provider of e-Learning infrastructure to Global 2000 companies, government agencies, learning providers, and Internet businesses around the world. Today, more than two million people and 500,000 learning offerings are "on Saba." Saba's customers rely on its e-Learning infrastructure and its partners' e-Learning offerings to connect people to learning across the extended enterprise, increasing performance while reducing learning expenditures. Saba's e-Learning infrastructure enables businesses to continuously assess, plan, distribute, measure and improve learning for customers, partners, employees, and suppliers.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In Registration.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
PreK-12

Scholastic Corp. (SCHL - Monitoring)

VITAL STATISTICS

Location: New York, NY
URL: www.scholastic.com
Management: Richard Robinson, CEO

TRADING DATA

Price (3/8/00)	\$51.00
52-Week Range	\$70.75-\$39.00
Shares Outstanding (mil.):	18.4
Market Capitalization (mil.):	938.4
Float (mil.):	13.1
Average Daily Volume (000s):	82
Officers/Directors Hold:	29%

SCHL DAILY PRICE CHART



STES PERSPECTIVE

The Scholastic Teen Magazine Network was cited as one of the few print vehicles to successfully reach both teenage girls and boys in large numbers. The book "Wise Up to Teens" states: "If you want to reach an audience of both teen boys and girls, magazines distributed in high school can be especially effective. The most successful publisher in this area is *Scholastic*." This is significant because teens accounted for over \$141 billion of spending in 1999 (TRU).

COMPANY DESCRIPTION

Scholastic Corporation, together with its subsidiaries and affiliates, is among the leading publishers and distributors of children's books, classroom and professional magazines, and other educational materials. The Company has operations in the United States, Canada, the United Kingdom, Australia, New Zealand, India, Hong Kong and Mexico. Scholastic distributes most of its products directly to children and teachers in elementary and secondary schools. Serving schools since 1920, Scholastic has developed strong name recognition associated with quality and dedication to learning and has achieved a leading market position in the school-based distribution of children's books and magazines.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In December, the Scholastic Teen Magazine Network, comprised of six magazine titles: *Junior Scholastic*, *Choices*, *Scholastic Action*, *Literacy Cavalcade*, *Science World*, and *Scholarship Scope*, was cited by Teenage Research Unlimited (TRU), the authority for qualitative and quantitative research on teens, as having the highest overall teen readership, reaching over 8 million teenagers. The figure was based on an ABC-audited paid circulation of 2 million.
- ◆ Also in December, Scholastic Inc. announced the launch of the Scholastic Book Grants Program, a corporate in-kind giving initiative created to provide quality reading materials to the nation's neediest young people. To inaugurate the program, the Company has formed key partnerships with prominent national non-profit organizations, including The Marine Toys for Tots Foundation, Volunteers of America, Mentoring USA, The National Association of Police Athletic Leagues, and The Salvation Army.
- ◆ In November, Scholastic Inc. launched Scholastic.com. With rich educational content and powerful new interactive capabilities, Scholastic.com is revolutionizing the way teachers and kids work together to enhance learning. The site's unique focus is on providing literacy skills for the 21st century, including information management, critical thinking, reasoning, problem solving, self-expression, and fluency in reading, comprehension and writing. Scholastic.com includes the most frequently taught skills and topics from state and national standards frameworks.



SEGMENT:
E-TAILER

SUBSEGMENT:
PreK-12

Shopforschool.com (Private)

VITAL STATISTICS

Location: Minneapolis, MN
URL: www.shopforschool.com
Management: Gary Blackford, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

toysmart.com
iBaby.com
Borders.com
OfficeMax.com

STES PERSPECTIVE

The merchants on shopforschool.com want to support schools and offer products and services to school age families and their communities. Shopforschool.com is a for-profit company. In addition to the contributions merchants donate to the schools, shopforschool.com is compensated a small amount for marketing the merchant's products through its web site.

COMPANY DESCRIPTION

Shopforschool.com is a new and easy way to support schools by shopping online. Parents, teachers and friends can purchase a wide variety of brand name products while simultaneously contributing funds to the school of their choice. The idea behind shopforschool.com is simple: provide users access to the best products and brands online, while at the same time providing an easy-to-use tool for supporting schools. Users select their school from a database and supply an e-mail address and zip code. E-mail and zip codes are used internally by shopforschool.com to ensure that purchases can be credited to the proper individual and the proper school.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In July, shopforschool.com announced that it had closed a \$2 million private placement of convertible stock. Proceeds of the offering will be used for the development, marketing, and launch of the Company's web site.
- ◆ Only merchants with high quality products and proven customer service are allowed to participate in the shopforschool programs. The Company negotiates with merchants for the "best" rebates possible to help benefit schools. Shopforschool constantly monitors its merchants to ensure their products and services meet their high standards and customer's needs. The products and services found on shopforschool.com are offered at the same prices merchants set for everybody. In many instances, the Company negotiates with merchants to provide lower prices or promotions for shopforschool.com. There is no additional cost to shoppers or schools.
- ◆ The contribution to schools varies by merchant and product. The range returned to schools is between 1% - 25% of the purchase price, exclusive of shipping, handling and taxes or returned merchandise. Contributions will change from time to time, as shopforschool.com negotiates better contributions and special promotions with merchants.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12, P2

simplexis.com (Private)

VITAL STATISTICS

Location: San Francisco, CA
URL: www.simplexis.com
Management: Lamar Alexander, Chairman

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Commerce One
Corio
Arius
In2Action
e-Rate

STES PERSPECTIVE

While simplexis.com is just doing beta testing with several school districts, we believe a B2B marketplace focused on simplifying the bureaucratic procurement process in the education industry will be very well received.

COMPANY DESCRIPTION

Simplexis.com is a business-to-business marketplace for the public institutional sector. With an initial focus on the education industry, simplexis.com provides online procurement and other value-added services. simplexis.com is the "one stop" marketplace that connects school officials with their approved suppliers to procure all goods and services required to operate schools efficiently. simplexis.com helps in the procurement of the best products and services at the lowest prices simply, quickly, and cost-effectively. Provides school districts with an automated requisitioning process that incorporates all required approvals and audit requirements - reducing procurement costs, increasing service and reducing cycle times. Will enable cooperative purchasing among a large number of school districts across many local, county, and state boundaries - lowering procurement costs through volume discounts. Provides suppliers access to a larger customer base and reduces -- even eliminates -- the paperwork associated with contract negotiations, order fulfillment and delivery. Insures that all participating agencies comply with legal requirements set forth by local and state regulatory authorities.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ On March 8, 2000 simplexis.com launched the first-ever online B2B marketplace for school purchasing. The company's goal is to save U.S. schools \$10 billion by 2005. The pilot program commenced March 1 in the Glendale (California) Unified School District, an award-winning innovation leader in the business of education.
- ◆ On February 1, simplexis.com announced that in just a little over two months, more than 100 school districts around the U.S., including a major Southern California system, have lined up to use Simplexis.com. Beta testing for selected districts began in mid February. "The time is ripe for a revolution in school purchasing," states Simplexis founder and chairman Alexander who served as U.S. Secretary of Education from 1991 to 1993. "We've conducted one-on-one interviews with scores of educators principals, superintendents and purchasing officials across America. All agree: Schools pay too much for the goods and services they must purchase to keep schoolhouse doors open. The current purchasing system is too slow and highly paper-intensive."



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12, P2

SIRS Mandarin, Inc. (Private)

VITAL STATISTICS

Location: Boca Raton, FL

URL: www.sirs.com

Management: Elliot Goldstein, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Project SABRE

ACESSMichigan

STES PERSPECTIVE

Hailed by educators for its visual appeal and educational value, SIRS Discoverer Deluxe contains thousands of articles and graphics from more than 1,200 domestic and international sources. The database is designed to develop research, reading, writing, language and computer skills among young researchers, and contains three reading and comprehension levels: Easy (grades 1-4), Moderate (grades 5-7) and Challenging (grade 8 and beyond).

COMPANY DESCRIPTION

SIRS is an established information and technology provider to more than 40,000 libraries and institutions worldwide. The Company provides library automation, database access and quality turn-key hardware packages to schools and libraries. Throughout the Company's 25-year history, its main focus has been providing easy access to information at a reasonable cost.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December 1999, SIRS Mandarin, Inc. announced that the Company is expanding its offering of additional content databases in SIRS Researcher® and SIRS Discoverer® Deluxe online reference databases, as well as adding a new graphical interface to the SIRS Mandarin M3™ Library Automation System. These new additions will premiere at the American Library Association's Midwinter Meeting in San Antonio, Texas on January 15, 2000.

◆ In November, SIRS Mandarin, Inc. announced that SIRS Discoverer Deluxe®, an online reference database for young researchers, is now available to all K-12 public and private schools in Ohio with access to the World Wide Web. The database can be accessed as a result of an agreement with INFOhio, the Information Network for Ohio Schools, serving more than 2 million K-12 students and educators throughout the state.

◆ In October SIRS Mandarin, Inc. announced that its award-winning databases have become available to students and citizens throughout the state of Alabama. The Alabama Virtual Library (AVL), a statewide initiative to ensure access to educational information for Alabama students, teachers and citizens, has added SIRS reference databases - SIRS Researcher®, SIRS Government Reporter®, SIRS Renaissance® and SIRS Discoverer® - to its online information services.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
CT

SkillSoft, Inc. (NASDAQ: SKIL)

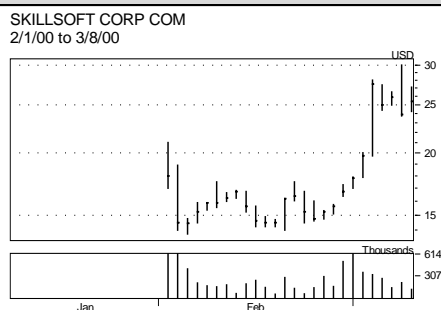
VITAL STATISTICS

Location: Nashua, NH
URL: www.skillsoft.com
Management: Chuck Moran, Pres. & CEO

TRADING DATA

Price (3/8/00)	\$23.38
52-Week Range	\$30.00-\$13.75
Shares Outstanding (mil.):	12.6
Market Capitalization (mil.):	\$319.32
Float (mil.):	3.6
Average Daily Volume (000s):	495
Officers/Directors Hold:	71.2%

SKIL DAILY PRICE CHART



STES PERSPECTIVE

SkillSoft is one of the leading providers of business and professional skill training courses. The company recently reported a solid fourth quarter. Backlog in SKIL's first revenue year eclipsed \$13 million, which will be recognized over the next 2-3 years. With 111 new customers added over the last year, the company is successfully building a solid base of business. As the customer and course base expands, the company's market position should grow.

COMPANY DESCRIPTION

SkillSoft is one of the leading providers of Internet-delivered training content aimed at improving the business and professional skill base of today's workforce. The company has a library of more than 215 courses. The company also offers clients job performance support tools that improve employees' performance on job-related tasks. Also offered are more than 600 topical refreshers and worksheets to assist with job-related tasks.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ SkillSoft reported 4Q revenue of \$1.8 million and \$4.2 million for the year ended January 31, 2000. During the quarter, the company continued its global market position by opening operations in Sydney, Australia to focus on the Asia Pacific region. The company also announced that its first-year backlog reached \$13 million, which will be recognized over the next 2-3 years. SkillSoft's customer base continues to grow with the addition of 111 customers during the year. Notable new customers include EMC, IBM, and Motorola.

◆ The recent announcement of SkillPort, an extension to the company's e-Learning platform, that is expected to simplify the e-Learning process. The addition of the SkillPort product offers clients added technology that will improve their e-Learning experience. This further demonstrates SkillSoft's expanding presence in the e-Learning marketplace.

◆ In November, SkillSoft announced a partnership with Delmar, a Thomson Learning division. The partnership will distribute SkillSoft courses to more than 3,200 community college, junior colleges, vocational schools, and high schools.



SEGMENT:
E-TAILER

SUBSEGMENT:
PreK-12

SmarterKids.com, Inc. (SKDS - Monitoring)

VITAL STATISTICS

Location: Needham, MA
URL: www.smarterkids.com
Management: David Blohm, CEO

TRADING DATA

Price (3/8/00)	\$5.13
52-Week Range	\$17.13-\$5.00
Shares Outstanding (mil.):	19.4
Market Capitalization (mil.):	99.3
Float (mil.):	4.5
Average Daily Volume (000s):	475
Officers/Directors Hold:	76.8%

SKDS DAILY PRICE CHART

SMARTERKIDS COM COM
11/23/99 to 3/8/00



Chart Courtesy of FactSet Data Systems

STES PERSPECTIVE

SmarterKids' goal is to help parents help their children succeed in learning. Each product on SmarterKids.com has been evaluated by their team of experts. SmarterKids makes it easier and faster to understand what a product can do and to find and buy the right educational products for any individual child's educational situation.

COMPANY DESCRIPTION

SmarterKids.com, Inc. is a leading online educational store for parents with children 3 to 14 years old. The Company offers thousands of quality educational books, software, games, hands-on activities, and services from over 100 leading manufacturers. SmarterKids.com uses a sophisticated, patent-pending product evaluation and recommendation process to analyze each product on the site. The Company provides information relating to the educational skills associated with each toy, in addition to and the learning style supported. SmarterKids.com can use a child's assessment test results, or goals specified by a parent, to organize the site so that the best products for the needs of an individual child are most heavily emphasized.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In February 2000, SmarterKids.com announced financial results for its fourth quarter ended December 31, 1999:
 - Cumulative customers increased over 167% during the fourth quarter to approximately 160,000, up from 60,000 in Q3 1999.
 - The number of child learning profiles registered at the site increased 150% to 100,000 by the end of 1999 from 40,000 in Q3 1999.
 - Over 99% of the Company's orders were shipped in time to meet holiday deadlines - including orders placed on December 23.
 - A return rate of less than 1% was achieved for the 1999 holiday season.
 - Repeat customers accounted for 30% of total orders during the quarter, up from 27% in the prior quarter.
- ◆ In December 1999, SmarterKids.com was again recognized as the leading educational store on the Web by Gomez Advisors, a leading provider of Internet research and analysis. Gomez unveiled their Winter 1999 Internet Toy Scorecard and, for a second time, chose SmarterKids.com as the leader in the educational sector, followed by eToys (NASDAQ: ETYS) and Amazon.com (NASDAQ: AMZN).

SmartForce the e-Learning Company

SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT

SmartForce, Inc. (SMTF - Monitoring)

VITAL STATISTICS

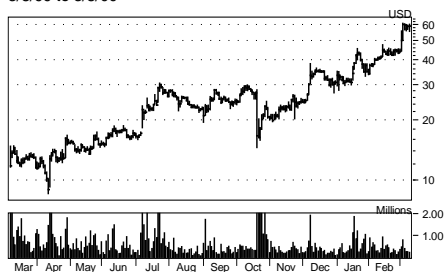
Location: Redwood City, CA
URL: www.smartforce.com
Management: Greg Priest, CEO

TRADING DATA

Price (3/8/00)	\$59.00
52-Week Range	\$60.88-\$8.56
Shares Outstanding (mil.):	56.3
Market Capitalization (mil.):	3,323.3
Float (mil.):	43.4
Average Daily Volume (000s):	667
Officers/Directors Hold:	23%

SMTF DAILY PRICE CHART

SMARTFORCE PUB LTD CO SPONSORED ADR
3/8/99 to 3/8/00



STES PERSPECTIVE

SmartForce is a clear leader in IT training and e-Learning. The Company has no competitors across the board. However, for content, NETg and DigitalThink are the Company's main competitors. In learning management, Docent and Lotus Learning Space are its main competitors.

COMPANY DESCRIPTION

SmartForce, formerly CBT Systems, is a leading provider of technology-based training. Formerly focused on providing training content via CD-ROMs, the Company adopted an e-Learning platform in November 1999 to deliver its training products and services. With more than 2,000 major corporate customers, SmartForce offers enterprises e-Learning solutions for the critical training business process. The Company has also created SmartForce.com, an e-Learning destination site focused on equipping individuals for career success in the Internet economy.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ The Editors of *PC Computing* Magazine have named SmartForce as the best training company as part of its 11th Annual MVP Awards: "The Best of the Best." As reported by *PC Computing* Magazine, the main theme in business during 1999 was the Internet. SmartForce's launch of e-Learning last year placed the Company at the center of bringing the power of the Internet to business and professional education. After evaluating thousands of products and services, *PC Computing* Magazine named SmartForce the number one training company.

◆ SmartForce's manufacturing and distribution operations were recently awarded the ISO 9002 Quality Management System Certificate. The International Standards Organization is a worldwide federation of national standards bodies that examines companies for compliance with internationally recognized standards. SmartForce received ISO Certification for its quality management system.

◆ In November 1999, SmartForce announced that it had formed a strategic partnership with Project Management Services Inc. (PMSI), a PROVANT company (NASDAQ: POVT), to jointly develop and offer e-Learning solutions for project management professional development and individualized learning. The partnership will enable PMSI to offer project management solutions via SmartForce e-Learning to PMSI's global clients.



SEGMENT:
PORTAL

SUBSEGMENT:
LL

SmartPlanet (Subsidiary)

VITAL STATISTICS

Location: Foster City, CA
URL: www.smartplanet.com
Management: Chris Dobbrow, CEO

INVESTORS

Ziff-Davis, Inc.

SPONSORS/PARTNERSHIPS

Appraisal Institute
ClearStation
Cook's Illustrated
Living Language
NetSyndicate
SmartMoney.com
WetFeet.com
youachieve.com
ZD Education

STES PERSPECTIVE

SmartPlanet's partners provide a combination of learning content, products and services related to the content, and a broad distribution network for SmartPlanet.com. Examples of courses from partners include "How to Interview" (by WetFeet.com), "Stock Trading Basics" (by ClearStation), "All About IRAs" (by SmartMoney.com), "Listening: The Silent Power of Speaking" (by youachieve.com), and "Secrets of Great Grilling and Barbecuing" (by *Cook's Illustrated*).

COMPANY DESCRIPTION

SmartPlanet is a unique personal learning community where people pursue their lifelong passions. It is a world where learning and living are inextricably linked, and increased knowledge is a window to new experiences and new connections. SmartPlanet is an entrepreneurial business unit of Ziff-Davis Inc., and leverages this relationship by combining an expertise in how people learn in an online environment with proven Internet business models that combine content, commerce, and community. SmartPlanet is a wholly owned subsidiary of Ziff-Davis Inc. (ZD Group - NYSE: ZD).

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In November 1999, SmartPlanet announced the launch of its innovative personal learning community at www.smartplanet.com. SmartPlanet entered the market with the distinction of being one of the largest paid membership sites on the Web, and the largest in the e-learning category, with 38,000 of its 145,000 members paying for access to courses.

◆ Also in November, SmartPlanet announced the signing of agreements with eight new content partners, including the Appraisal Institute, ClearStation, *Cook's Illustrated*, Living Language, netSyndicate, SmartMoney.com, WetFeet.com, and youachieve.com. The Company also offers ZDU technology courses. ZDU is widely recognized as a leading provider of technology related courses.

◆ Nearly 100 member-generated courses have been posted on the site and an equal number are in development. The courses cover a wide range of topics from "How to Run Your First Marathon" to "Origins of Astrology." All courses follow a standard methodology and are evaluated by SmartPlanet editorial staff, as well as the larger SmartPlanet member community. SmartPlanet.com members, projected to reach one million by the end of 2000, will contribute significantly to the breadth and value of the SmartPlanet.com experience.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
P2, CT, LL

SoftBook Press, Inc. (Subsidiary)

VITAL STATISTICS

Location: Menlo Park, CA
URL: www.softbooks.com
Management: James Sachs, CEO

INVESTORS

GE Equity
Nokia
Compass Ventures
Broadview Associates

SPONSORS/PARTNERSHIPS

AT&T
Concentric Network
Time
Macmillan Computer Publishing
HarperCollins Publishing
Random House
Simon & Schuster
IDG Books
Dow Jones

STES PERSPECTIVE

For busy executives and others who avidly read magazines and business periodicals, SoftBook Press now offers the widest selection of content to satisfy the needs of this important segment of e-book customers. Users of the SoftBook Reader with its integrated Electronic Newsstand can simply connect the e-book to a phone line, office network, cable modem or DSL line at night and automatically have the latest news and business information in the morning with unprecedented convenience and cost savings.

COMPANY DESCRIPTION

SoftBook Press Inc., a subsidiary of Gemstar International Group Ltd. (NASDAQ: GMST), is a leader in the emerging electronic book market. The Company's SoftBook along with the SoftBook Network, an Internet-based content delivery service, provide a complete paperless reading system. With the lightweight, portable SoftBook, professionals and students can easily, quickly and securely download a wide selection of corporate documents, books, and periodicals using its built-in Internet connection. Unlike a computer, the SoftBook is ergonomically designed for reading long documents and books.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In January 2000, Gemstar International Group Ltd. (NASDAQ: GMST) announced its plan to enter the electronic-book business through the acquisition of the two leading eBook companies, NuvoMedia Inc. of Mountain View, Calif., maker of the Rocket eBook and SoftBook Press Inc. of Menlo Park, Calif., maker of the SoftBook Reader.

◆ In December 1999, SoftBook Press Inc. announced it had signed an agreement with the publishers of *The Christian Science Monitor* and *Fast Company* to make electronic versions of those publications available. This announcement builds on the Electronic Newsstand feature introduced by SoftBook Press in July, and expands the Company's leadership in offering periodical content in e-book format. Over 30 of the world's most popular magazines and newspapers are now available on the SoftBook Reader. SoftBook Press, which was first to offer magazines in eBook form, now offers more periodicals than any other eBook provider does.

◆ In October, the Chicago Athenaeum: Museum of Architecture and Design selected the SoftBook Reader as one of the 100 most well designed products of 1999. The Museum received over 2,000 submissions (from an airplane to a paper clip) from 48 countries.

◆ In September, SoftBook Press, Inc. announced that its complete line of products and services is in full compliance with the Open eBook specification. As a founding member of the Open eBook Group, SoftBook Press was able to ensure that its products and services met the Open eBook specification as it was developing them.



SEGMENT:
PORTAL

SUBSEGMENT:
P2

Student Advantage, Inc. (STAD - Monitoring)

VITAL STATISTICS

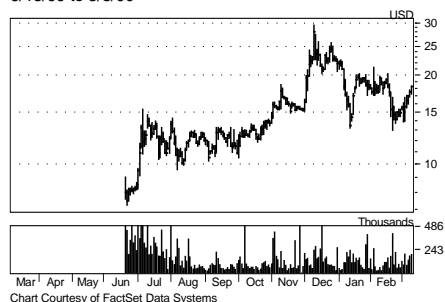
Location: Boston, MA
URL: www.studentadvantage.com
Management: Raymond Sozzi, CEO

TRADING DATA

Price (3/8/00)	\$18.25
52-Week Range	\$29.50-\$7.25
Shares Outstanding (mil.):	35.2
Market Capitalization (mil.):	643.0
Float (mil.):	6.0
Average Daily Volume (000s):	175
Officers/Directors Hold:	83%

STAD DAILY PRICE CHART

STUDENT ADVANTAGE INC COM
6/18/99 to 3/8/00



STES PERSPECTIVE

Student Advantage's Membership Program reached over 1.3 million card members in 1999, up 42% from the 1998 number of 960,000. This accelerated growth puts Student Advantage in a position to far exceed past membership levels and further drive the growth in commerce and media revenue streams.

COMPANY DESCRIPTION

Student Advantage, Inc. is a leading membership and media company focused exclusively on the college market. The Company has established a presence both online and off through its leading online student destination, studentadvantage.com, and the Student Advantage Membership Program. The Company has built relationships with more than 800 colleges and universities as well as a network of more than 55 national and 15,000 local business partners in more than 125 cities across the country. Founded in 1992, Student Advantage is based in Boston, with regional offices in Atlanta, Berkeley, CA; Chicago; Dallas; Hanover, NH; Los Angeles; New York; Philadelphia; San Diego and Washington, D.C.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ Student Advantage, Inc. reported record results for the fourth quarter and the year ended December 31, 1999. Revenues of \$9.3 million for the fourth quarter ended December 31, 1999 showed an increase of 65% from the revenues of \$5.6 million generated for the fourth quarter 1998, and exceeded analysts' expectations by 37%. Revenues for the twelve months ended December 31, 1999 were \$27.6 million, an increase of 43% from the revenues of \$19.4 million generated for the twelve months ended December 31, 1998.

◆ In December 1999, Student Advantage, Inc. announced that it had signed significant partnership agreements with both Microsoft Corporation and Capital One Financial Corporation. The two alliances provide thousands of additional students with access to Student Advantage's exclusive membership benefits and enhance the functionality of Student Advantage's FANOnly Network. These partnerships illustrate the Company's strong reputation and track record of being a trusted advocate and respected source of commerce and services for students.

◆ In November, Student Advantage announced that its online resource, studentadvantage.com, was the most visited Web destination for students, according to Student Monitor, LLC. In addition, the study placed SAM-Student Advantage Magazine, as the most frequently read student-focused publication in the college market.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
CT

SuccessFactors.com (Private)

VITAL STATISTICS

Location: San Mateo, CA
URL: www.successfactors.com
Management: Mark Pecoraro, CEO

INVESTORS

Canaan Partners
Foundation Capital
Institutional Venture Partners
Axel Partners
Greylock Partners

SPONSORS/PARTNERSHIPS

Microsoft
Oracle
PeopleSoft,
SAP
TrainingNet

STES PERSPECTIVE

The combination of SuccessFactors.com and Austin-Hayne results in a clear leader in the Workforce Optimization Market. The new company will provide services and applications that serve the new executive focus on finding, deploying, developing and retaining the best people. Moving beyond the first wave of automated HR solutions, Workforce Optimization is part of a fast growing market for corporate optimization and execution software – a \$500 million market at the end of 1998, growing to \$8 billion by 2002.

COMPANY DESCRIPTION

SuccessFactor.com is a leading provider of web-enabled Enterprise Skills Management software solutions. The Company's product suite enables operational managers to efficiently inventory, develop, and deploy their human resources. Fortune 1,000 companies use SuccessFactor.com solutions to better align employee and business goals, accelerate time-to-market for new products and projects, improve employee effectiveness, and reduce the high cost of employee hiring and turnover. The Company's state-of-the-art software technology allows easy deployment to 1000s of users.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In November 1999, SuccessFactors.com and Austin-Hayne, a leading provider of performance management software, announced their intent to merge. Under terms of the agreement, the companies intend to combine to form one company, which will be headquartered in San Mateo, and will retain the SuccessFactors.com name. The two companies provide complementary services and applications in the Workforce Optimization space. SuccessFactors.com's solutions include skills management, employee development, deployment, and staffing solutions. Austin-Hayne provides performance management and appraisal solutions. Both companies bring a depth of content expertise. As a result of the merger, customers will be able to purchase a robust, integrated product suite from one point of contact.

◆ In September, SuccessFactors.com released Version 3.5 of its Enterprise Workforce Suite. The new version includes significant architectural enhancements to the SkillManager product that enable the application to be hosted over the web. Customers will be able to subscribe to the service on a monthly basis. This option also facilitates pilots or prototype deployments and provides customers an option that does not require internal IT support and resources.

◆ Also in September, SuccessFactors.com and TrainingNet announced a strategic partnership to link SuccessFactors.com's skills assessment solutions with TrainingNet's e-commerce training marketplace. The two companies will provide an integrated solution that will allow customers to evaluate training and development needs through SuccessFactors.com, then find, evaluate, and buy the training they need from TrainingNet's industry-leading database of hundreds of thousands of course-events.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12

SurfMonkey.com (Private)

VITAL STATISTICS

Location: Campbell, CA
URL: www.surfmonkey.com
Management: David Smith, CEO

INVESTORS

Bandai
Chinavest
Dominion Income
John Glynn of Glynn Capital
Naveen Jain, CEO of InfoSpace.com
Sanford Robertson, founder of Robertson Stevens

SPONSORS/PARTNERSHIPS

Radio Disney
Beyond.com
Bandai America, Inc.
Family Network
Learning Outfitters
Lycos
MindSpring Enterprises

STES PERSPECTIVE

The Surf Monkey Bar and Surf Monkey Browser enable young surfers to freely travel the Internet in a fun and engaging environment without accessing any inappropriate sites or content.

COMPANY DESCRIPTION

Founded in 1996, SurfMonkey.com, Inc. is a privately held international company headquartered in Campbell, California. The Company creates and integrates leading-edge technologies to provide a safe, easy environment for kids to learn and have fun on the Internet. SurfMonkey.com is one of the first to offer a complete family of free, safe Internet tools for kids ages six and up, all guided throughout their Internet journeys with their companion, the animated Surf Monkey character.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ Last year, SurfMonkey.com, Inc., announced that *PC Magazine* named the Surf Monkey Kids Channel a top five Web site in the Family/Education category, and a top 100 site overall. In the November 1999 issue of *PC Magazine*, the Surf Monkey Kids Channel was recognized for its "...fun and family-oriented Web directory," and was cited as a safe environment for kids.

♦ In November 1999, SurfMonkey.com, Inc. announced the launch of a national "mega" promotion with Radio Disney and Top 40 music recording artist 'NSYNC. Running through the month of November, this multi-tiered campaign brings the powerful SurfMonkey.com brand to an estimated eight million kids and their parents in 45 markets across the nation.

♦ Also in November, SurfMonkey.com, Inc. announced that Beyond.com (NASDAQ: BYND) started offering the free Surf Monkey Bar and Surf Monkey Browser products from the Beyond.com superstore at www.beyond.com. These comprehensive, kid-safe solutions are now available and can be downloaded from the Free Products and Internet pages on the Beyond.com web site.

♦ In October, SurfMonkey.com, Inc. announced that it has completed its third round of financing. Investors such as Bandai, Chinavest, Dominion Income, John Glynn of Glynn Capital, Naveen Jain, CEO of InfoSpace.com, Sanford Robertson, founder of Robertson Stevens, and others, have invested a total of \$5.5 million in SurfMonkey.com for this latest round of equity funding.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
CT

Teach.com (Private)

VITAL STATISTICS

Location: Elk Grove Village, IL

URL: www.teach.com

Management: Elizabeth Tomaszewicz, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Dell Computer

STES PERSPECTIVE

The Company's association with computer stalwart Dell Computer allows customers to deliver Business and PC training company-wide. The Virtual Coach product is aimed at delivering a rich multimedia, computer-based series to improve coaching of employees by supervisory and leadership personnel. The solution comprises five modular courses that deliver 24 complete lessons on coaching preparation, communication, interaction, facilitation and challenges.

COMPANY DESCRIPTION

Teach.com, one of the world's premier providers of flexible e-learning solutions, offers award-winning multimedia courseware through its SmartTrainer® product line, helping workers improve productivity and performance for bottom-line results. Teach.com currently features more than 200 courses and is slated to release another 50 PC skills and 50 business skills courses through the end of the year. These new courses are fully web-deployable and feature such titles as *Windows 2000 Virtual Coach*, *Performance Management* and *Designing Electronic Presentations*.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In November, 1999, Teach.com announced the release of Virtual Coach, the flagship series of courses in its SmartTrainer Business Skills Courseware. Available immediately, the Virtual Coach series delivers a robust, highly interactive, multimedia learning environment to improve any manager's coaching effectiveness. Virtual Coach is deployable for knowledge workers on standalone PC workstations or on corporate networks.
- ◆ In October, Teach.com announced an association with Dell Computer Corporation the world's leading direct computer systems company, to provide Dell's category-leading servers pre-bundled with SmartTrainer, Teach.com's award-winning training solution. This move expands Teach.com's offerings to the corporate training market, enabling customers to implement enterprise-wide PC and business skills training quickly and easily on pre-configured servers from one of the most respected leaders in business computing.
- ◆ Teach.com is headquartered in the Chicago area with offices in Silicon Valley and Golden, Colorado, with a host of regional sales locations throughout the U.S. and an international distribution network. The Teach.com executive management team has more than 100 years of combined experience in the training industry.



SEGMENT:
PORTAL

SUBSEGMENT:
PreK-12, LL

Teachers.Net, Inc. (Private)

VITAL STATISTICS

Location: San Diego, CA

URL: www.teachers.net

Management: Dr. Tony Bott, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Apples 'N Acorns

ExplorAsource

FamilyEducation Network

FunBrain.com

Learning Gate

TeachMe2.com

STES PERSPECTIVE

The Teachers.Net site provides today's teachers with a destination to obtain lesson plans and educational supplies, in addition to building an online teacher community that fosters communication. With more than 100,000 daily hits and 400,000-plus unique user sessions monthly, Teachers.Net is quality site for teachers to access.

COMPANY DESCRIPTION

Teachers.Net is a sprawling Internet community for teachers and administrators. In addition to dozens of special interest support forums and mailings, Teachers.Net offers over 1,500 free lesson plans, job listings, curriculum support, reference materials, and 24-hour support, live seven days a week.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December 1999, Teachers.Net and Educatorsmarket.com joined forces to bring classroom supplies and school-related products to teachers through the Internet. Beginning in December, teachers and school administrators everywhere can access the Educatorsmarket.com catalog directly from Teachers.Net, and shop over ten thousand educational items at discount prices. Educatorsmarket.com features a selection of thousands of educational supplies and classroom products, all arranged in an easy-to-navigate web site.

In October, Teachers.Net announced the release of the Teachers.Net Language Center. The Language Center is the Internet resource and network center for teachers of foreign languages. Teachers from every country now have 24-hour access to instant translation and grammar tools, language chatboards, meeting rooms and scheduled chats. The Language Center features Teachers.Net's original ESL/EFL Chatboard, along with the new Spanish Teachers and French Teachers chatboard. These newest chatboards bring the total number of teacher chatboards to 45. This extensive chatboard network is accessed daily by thousands of teachers across the globe, making Teachers.Net the most active and complete teacher resource on the planet.

In October, the Teachers.Net Lesson Bank topped the 1,500 mark with entries that include everything from early childhood chants and songs to involved classroom demonstrations for high school and higher education. Since 1996, the Teachers.Net Lesson Bank has been collecting teacher submitted lesson plans, presentations, songs, procedures, and ideas for in the classroom. Over 1000 "donations" later, the Teachers.Net Lesson Bank is the largest Internet lesson resource available free of charge.

Teletraining Institute

SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
P2

Teletraining Institute, Inc. (Private)

VITAL STATISTICS

Location: Stillwater, OK
URL: www.teletrain.com
Management: Lorne Parker, Chairman

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

DigitalXpress
LearnLinc
MicroTouch Systems

STES PERSPECTIVE

Teletraining Systems Inc. offers a variety of courses, programs and services. Its primary emphases are to help instructors adapt their own skills to teach in a technology-rich environment and develop content in an appropriate manner.

HIGHLIGHTS & RECENT DEVELOPMENTS

The Teletraining Institute, Inc. was founded in 1993 through a partnership between Parker Consulting, Inc., a Wisconsin-based teleconferencing and distance education consulting firm, and Oklahoma State University, Stillwater, Oklahoma (which has a long-standing reputation as a pioneer and innovator in distance teaching and learning). Teletraining was founded on the premise that even the best technology will not allow educators to achieve the full potential of distance education unless those educators are appropriately trained to adapt their styles and methodology to the medium.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ In December 1999, Teletettraining Systems, Inc. began offering eTrainingSolutions, a new distance learning program that will equip informational providers with state-of-the-art technology to provide web-based courses on the Internet. eTraining Solutions can be composed of a variety of components that will assist the needs of business, government, education or the public sector in developing an online presence for training and education.

♦ In October, MicroTouch Systems, Inc. (NASDAQ: MTSI) announced a partnership with the Teletraining Institute. MicroTouch's Ibiz 600 digital whiteboard will be used by the Teletraining Institute in offering its distance education training courses to educators and corporate trainers on how to create their own technology-based training.

♦ Also in October, The Teletraining Institute, Inc. added three new courses for the year 2000. The new courses that will be offered by the Institute include "Teletechniques Using LearningSpace", "Management Solutions for Distance Education" and "Hosting Effective On-Line Meetings."



SEGMENT:
E-TAILER

SUBSEGMENT:
P2

textbooks.com (Private)

VITAL STATISTICS

Location: Columbia, MO
 URL: www.textbooks.com
 Management: Patrice Listfield, President

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

barnesandnoble.com
 Student Advantage, Inc.

STES PERSPECTIVE

The college textbook market is highly competitive and we believe that several of the others participants have a head start on the company. Despite this, textbooks.com has the support of the formidable Barnes and Noble. The Company's partnership with Student Advantage, a leading offline marketing and online college portal, gives the company an added customer channel.

COMPANY DESCRIPTION

textbooks.com is one of the world's largest online college bookstore. The site offers more than six million new and used textbooks for sale. The Company also has an exclusive link to barnesandnoble.com. Service at textbooks.com is characterized by a flat-rate delivery fee, no-fee return policy, and a cash buyback guarantee.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ In August, textbooks.com announced an exclusive partnership with Student Advantage, Inc. Student Advantage offers its more than 1.3 million student members discounts on products and services from 50 national partners and 12,000 partners in local markets. Student Advantage members will receive an additional 10% discount when they purchase at textbooks.com.



SEGMENT:
E-TAILER

SUBSEGMENT:
PreK-12

toysmart.com (Private)

VITAL STATISTICS

Location: Waltham, MA
URL: www.toysmart.com
Management: David Lord, CEO

INVESTORS

Walt Disney Company
Zero Stage Capital

SPONSORS/PARTNERSHIPS

Sesame Street

STES PERSPECTIVE

toysmart.com is a leader in what the American Specialty Toy Retailing Association (ASTRA) refers to as the "good toy" market, which focuses on high-quality and durable toys that nurture children's imaginations. The "good toy" product category has been recognized as the fastest growing segment of the toy marketplace by organizations ranging from American Express to *The Wall Street Journal*. toysmart has a proven track record as a segment leader.

COMPANY DESCRIPTION

Based in Waltham, Mass., toysmart.com provides thousands of toys, children's products, learning tools and resources for parents, caregivers and educators through its interactive web site. toysmart.com celebrates the joys of childhood, parenting and learning through play. toysmart was formed in January 1999 following the purchase of Holt Educational Outlet, the e-commerce educational toy division of the Holt Company. The Company believes that learning is an interactive process enriched by toys that inspire, enlighten and endure in a child's mind. In the spirit of toys, toysmart.com is steadily building a community among family, educators and caregivers to become the online champion of better toys and better parenting.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December 1999, toysmart.com was named the second biggest gainer in unique visitor traffic among all e-commerce sites by Media Metrix (NASDAQ: MMXI), the leader in Internet measurement. toysmart.com was top gainer among all Internet toy sites, and the only toy site in the top five gainers, surpassing rivals eToys.com and KBKids.com. According to the Media Metrix report, toysmart.com experienced a jump of 102% in the number of unique visitors for the week ending December 12.

◆ Also in December, toysmart.com announced an agreement with America Online, Inc. under which toysmart.com will be a part of the Shop@AOL online shopping destinations. Under the agreement, toysmart.com will be a Gold tenant in the "Educational Toys," "Kids and Baby Gear" and "Toys" departments of the Shop @AOL, AOL.COM, CompuServe and Netscape online shopping destinations, giving AOL's 19 million members and visitors to its family of brands a direct connection to a top Internet parenting and good toy resource.

In September, toysmart.com signed on as a new corporate underwriter for *Sesame Street*, the award-winning children's series now in its 31st season on PBS. Consistent with PBS guidelines, toysmart.com will have 15-second spots at the opening and closing of each episode for one year, on October 1, 1999, and the Company will be acknowledged on the *Sesame Street* web site and the *Sesame Street* "View and Do" newsletter.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT

TrainingNet (Private)

VITAL STATISTICS

Location: Billerica, MA

URL: www.trainingnet.com

Management: Hemang Dave, CEO

INVESTORS

BCI Partners

Hikari Tsushin

Charles River Ventures

Bessemer Venture Partners

Blue Rock Capital

William Blair

FAC Equities

Jefferies

Winspeed Ventures

SPONSORS/PARTNERSHIPS

HeadHunter.com

HungryMinds.com

IDGnet

Kaplan Education,

SuccessFactors.com

STES PERSPECTIVE

The combination of the growth of the knowledge-based economy, the shortage of skilled labor, the rise of the web and corporate intranets, and the current inefficient buying and selling process of the training industry, present a tremendous opportunity for TrainingNet. Research indicates that corporations are demanding access to all types of training and are still experimenting to find the right mix of classroom and computer-delivered training. TrainingNet, which offers all types of training (classroom, on-site, online, books, videos, and CD-ROMs), is in a position to meet this demand.

COMPANY DESCRIPTION

TrainingNet, Inc. is a leading business-to-business e-commerce marketplace for skills training and professional education, representing over 1,200 providers and hundreds of thousands of course-events annually in over 25 soft skill and information technology categories. TrainingNet aggregates all types of training: classroom, on-site, on-line, books, videos and CD-ROMs. Through its partnership-oriented strategy and business-to-business focus, the Company is making its marketplace ubiquitous where professionals already go for career development, corporate intranets, business and professional oriented web sites, and TrainingNet's own public web site.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In September 1999, HungryMinds.com, the revolutionary online learning portal, announced that it formed strategic partnerships with five of the leading corporate training companies, including TrainingNet. Through the Hungry Minds.com site, these partners will provide students in the post-college market with instant access to a myriad of online courses to augment their career development and lifelong learning. As part of the partnership agreements, Hungry Minds.com will integrate its web site with each of the partner sites, thereby offering direct access from Hungry Minds.com to hundreds of corporate training courses.

Also in September, SuccessFactors.com and TrainingNet announced a strategic partnership to link SuccessFactors.com's skills assessment solutions with TrainingNet's e-commerce training marketplace. Through current web-based interaction and future development, the two companies will provide an integrated solution that will allow customers to evaluate training and development needs through SuccessFactors.com, then find, evaluate, and buy the training they need from TrainingNet's industry-leading database of hundreds of thousands of course-events.

◆ In August, TrainingNet, Inc. announced that the Company had received a first round equity investment of \$10 million from leading venture capital firms Charles River Ventures, Bessemer Venture Partners, Blue Rock Capital and private investors.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
PreK-12, P2

tutor.com (Private)

VITAL STATISTICS

Location: New York, NY
URL: www.tutor.com
Management: George Cigale, CEO

INVESTORS

Internet.com Venture Fund
Garage.com
Northstar Capital Partners

SPONSORS/PARTNERSHIPS

ChildU
Princeton Review
The Learning Company
The National Education Association

STES PERSPECTIVE

The Company bills itself as the “eBay for instructional providers” or a “market maker” for tutoring. The goal of the Company is to build a community of tutors and students. The Company does not tell the tutors what or how to teach or for that matter what to charge. The Company’s main revenue is from charging a processing fee of approximately 20% in putting the two parties together. The growth for tutor.com should occur from the following: (1) adding more tutors (ensuring some of the basic subjects – math, science, and English-are available 24/7) (2) advertising and (3) e-commerce (partnerships with online book publishers etc.)

COMPANY DESCRIPTION

tutor.com, Inc., through its National Registry of Instructors, is a leading provider of education referral services on the Internet, from reading lessons for 8-year-olds to computer instruction for retirees. The Company makes it possible for parents, students, and learners of all ages to conveniently find a reliable instructor or expert and purchase instructional products and services. Tutor.com also helps instructors to effectively market their services and manage their business in the expanding market for supplemental education.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ tutor.com has developed a solid foundation in very specific online service markets. We believe this venture has the management, the vision, and the first-mover position necessary to become category leader. (Board Members include John Reid, former President, The Edison Project, Edward Sheetz, co-CEO, Northstar Capital Investment Corp. and former partner at Apollo, Robert Anderson, former Chairman and CEO, GenRad, and John Katzman, founder and CEO, The Princeton Review.)

♦ In January, the Company announced the introduction of fastMatch™. The product is an Internet learning application that will provide a chat interface and whiteboard technology for tutors to use with students. Additionally, students will be able to search through an extensive database of tutors. Students will be able to select tutors based on subject, fees, and educational qualifications.

♦ In September 1999, *Red Herring*, a leading publication covering the business of technology, selected tutor.com as one of the most promising start-ups on the East Coast. Tutor.com was sponsored at the conference by Microsoft.

♦ Also in September, tutor.com announced a strategic partnership with *The Princeton Review* and the launch of registration services at www.tutor.com. Independent tutors and instructors can register to become members of the National Registry of Instructors, a professional organization that provides resources, referrals, and a proof of background check for parents and students seeking tutors.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
PreK-12

Tutornet.com (Private)

VITAL STATISTICS

Location: McLean, VA
URL: www.tutornet.com
Management: Euburn R. A. Forde, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

AOL
Blackboard.com
Toys 'R' Us
FamilyEducation Network

STES PERSPECTIVE

Tutornet was one of the first live interactive tutoring services. The Company's business model simplifies technology. Teachers do not have to learn the technology in order to use it and the teacher controls the tutoring at all times. Teachers tutor from home on part-time per hour basis. The addition of the AOL agreement could prove to be significant considering AOL's substantial membership base.

COMPANY DESCRIPTION

Tutornet provides live tutoring via the Internet for elementary to college-age students in various subjects. Netucators™, as we call our tutors, and students discuss homework problems with the help of software that includes a whiteboard and chat area. Netucators™ guide students through the process of solving homework problems without giving the answers, so students will understand how to solve future problems. Students can contact a Netucator while at the library, school, home, or Internet center.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ A recent agreement between Tutornet and AOL calls for the company to provide live interactive classroom within the AOL "As a Teacher" area of site. Additionally, Tutornet will be part of AOL's strategic education service targeted at public schools.

♦ In November, Tutornet.com, Inc. announced that it had been recognized as one of the "Top Ten Teaching Sites for the 21st Century" by *Education Source* Newsletter. The innovative sites selected by *Education Source* are considered to be on the forefront of education for the next century.

♦ In September, Tutornet.com announced the opening of its United Kingdom operations. David Walker, the founder and creator of LISAnet, which was recently acquired by Tutornet, will run the UK operation. By establishing a presence in the UK, Tutornet will be able to more aggressively market its services to the over 11.0 million students in the region.

♦ Also in September, Tutornet.com strengthened its position as the leader in online education with the announcement of the licensing of its Eventware software to Blackboard.com. Eventware is the key software component of Tutornet's interactive, live, web-based tutoring service. Blackboard.com, an Internet service which enables primary, secondary, and college-level educators to offer online components to classes, will use the software to enhance its classroom-hosting platform.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
P2

UNext.com (Private)

VITAL STATISTICS

Location: Deerfield, IL
URL: www.unext.com
Management: Andy Rosenfield, CEO

INVESTORS

Knowledge Universe

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

Unext.com provides online business education through an online community called Cardean. Its goal is to provide content from leading business schools directly to corporations. The company has developed relationships with some of the premier institutions, which should help drive student traffic.

COMPANY DESCRIPTION

UNext.com is a privately held corporation dedicated to the development and delivery of advanced education over the Internet. Headquartered in Deerfield, Illinois, UNext.com has an academic advisory board of renowned educators that includes three Nobel Prize winners. Through its new online learning community, Cardean, UNext.com is working with some of the most respected universities in the world, including Carnegie Mellon, Columbia University, the London School of Economics and Political Science (LSE), Stanford University and the University of Chicago, to bring world-class education to the global marketplace.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In November 1999, UNext.com named Richard P. Strubel as its president, chief operating officer and member of the board of directors. Strubel is past president and CEO of Microdot Inc., a manufacturing corporation, and past president of Northwest Industries, then a NYSE company with sales in excess of \$3 billion. Strubel joins UNext.com after a highly successful career managing the diversified operating companies held by Northwest Industries. Strubel led the acquisition of Microdot from Northwest Industries in 1983 in a leveraged transaction and became the company's president and CEO.

◆ The rewards of higher education over the Internet could be substantial, both financially and educationally, as new ways of teaching and learning are developed. But the elite universities that are currently Unext partners also risk compromising their sterling reputations by mixing their educational mission with the economic motivations of their for-profit partners. The jury is still out on this business model. The ultimate "brand" in education is a Harvard, a Stanford, a Columbia degree. The ultimate market for those schools is overseas, where there's a relative supply of universities and the names Harvard and Stanford are as recognized in corporate circles as Coca-Cola and Pepsi. However, the Ivys have been late to move online, reluctant to put their jealously guarded reputations in the hands of the private partners that are needed to provide the technology and financing to create Internet courses.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
P2

University Access (Private)

VITAL STATISTICS

Location: Los Angeles, CA
URL: www.universityaccess.com
Management: Alec Hudnut, CEO

INVESTORS

Franklin Street/Fairview Capital
Legg Mason
Rockefeller & Company

SPONSORS/PARTNERSHIPS

PBS/ALS
AACSB
Broadcast.com
Kaplan
WGU
E-Library

STES PERSPECTIVE

With the use of emerging technologies and the Internet, University Access enables individuals to realize their full business potential by making a quality learning experience accessible without the constraints of time and location.

COMPANY DESCRIPTION

University Access (UA) is an Internet-based company specializing in broadband content for higher education and is building a premier business education portal on the web. The Company is working with professors from the world's leading business schools, including Indiana University, London Business School, University of California at Los Angeles, University of Chicago, University of North Carolina at Chapel Hill and University of Southern California, to create a world-class curriculum of business courses. UA's web site is the center for all activities and uses leading-edge technology to bring the most advanced learning platform to students, faculty and visitors.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December, SightPath, Inc., a pioneer in the emerging web content distribution market, announced that it has teamed with industry-leading producers of business video, including University Access, to deliver TV-quality video directly to customer desktops. To support this alliance, the Company has launched its Content Partner Program, www.sightpath.com/contentprogram, designed to facilitate web-based delivery of high impact training and business information that incorporates video and multimedia. Now, for the first time, organizations can incorporate rich streaming media directly into an Intranet or other web-based environment without adding incremental WAN bandwidth. Popular titles previously delivered only on videotape or CD-ROM can now be available on-demand to any LAN-connected desktop.

◆ In November, the U.S. Small Business Administration (SBA) and University Access (UA) announced they are teaming up in a co-sponsorship agreement to provide free, online information and learning tools to small business owners through the SBA's Small Business Classroom. SBA's Small Business Classroom now offers the first module from University Access' award-winning Introduction to Entrepreneurship business course at no charge to site visitors. The SBA also has similar agreements with *Harvard Publishing and Inc. Online Resources*.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
P2

Uzone.com (Private)

VITAL STATISTICS

Location: Houston, TX
URL: www.uzone.com
Management: Marc Smith, CEO

INVESTORS

NetStrategy

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

Uzone.com is enhancing the existing quality of online notes through the implementation of a five-star rating system that allows students to rate the value of notes posted to the web site. This feature is added to reinforce the Company's commitment to accuracy and quality. Students who use the notes to supplement their studies will know at a glance how other students have rated the notes. Note takers who consistently receive low ratings will be required to improve the quality of their notes. StudentU.com will also work closely with the many professors who have expressed an interest in providing their notes online.

COMPANY DESCRIPTION

The Uzone, formerly StudyFree, a NetStrategy company, provides textbooks and academic resources for the e-generation, allowing students, professors and others to come together, study and learn on-line. Free access to study aids, shopping and entertainment means that visitors can deliver and gather information, provide and receive assistance and take part in exciting web-based activities and events.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In January 2000, StudyFree announced its acquisition of The U Zone Inc., the only online textbook retailer with an established local infrastructure for textbook buybacks. As a result of this acquisition, StudyFree will change its name and expand its current web site network, ultimately giving way to a new online college environment and the most comprehensive resource for college students.

◆ In October 1999, StudyFree (now Uzone), announced the launch of its latest site, NewsU.com. NewsU.com provides college students with the opportunity to create news by writing articles, stories and letters, then submitting them for review and publication to the site. At more than 65 campuses nationwide, student writers can submit information to NewsU.com for online publication and generate surveys for collecting specific feedback or questions from readers on the story. Readers can access both their university's news and other schools' news to stay informed and comment on stories, resulting in a dynamic and entertaining forum.

◆ In September, StudyFree (now Uzone) announced the expansion of StudentU.com, from 62 campuses to more than 1,500 colleges and universities nationwide, and a new rating feature to enhance existing quality control. Following the release of StudentU.com earlier in September, the Company received thousands of e-mail requests for coverage at additional campuses, and queries about available note taking positions.

◆ Also in September, StudyFree (now Uzone) launched its first site, StudentU.com. StudentU.com offers college students an extensive menu of free resources and a way to customize personal information online. StudentU.com offers a distinctive and personalized feature - free class lecture notes that are updated daily.



SEGMENT:
E-TAILER

SUBSEGMENT:
P2

varsitybooks.com (VSTY - Monitoring)

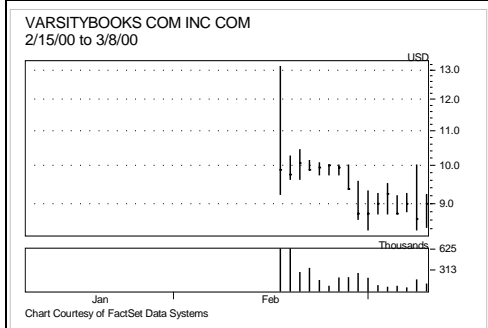
VITAL STATISTICS

Location: Washington, D.C.
URL: www.varsitybooks.com
Management: Eric Kuhn, CEO

TRADING DATA

Price (3/8/00)	\$9.00
52-Week Range	\$13.13-\$8.38
Shares Outstanding (mil.):	15.6
Market Capitalization (mil.):	\$140.5
Float (mil.):	8.7
Average Daily Volume (000s):	500
Officers/Directors Hold:	44%

VSTY DAILY PRICE CHART



STES PERSPECTIVE

The alliance with Sallie Mae illustrates varsitybooks.com's position as a prime vehicle to reach college students. VSTY is the first publicly-traded textbook company in a highly competitive sector. Additionally, the environment for B2C companies has not been favorable. We believe that a focus on the college sector will prove fruitful; however, the VSTY and other textbooks companies need to expand product and service offerings.

COMPANY DESCRIPTION

varsitybooks.com, based in Washington, D.C., is a leading online retailer and marketing channel to the nation's 15 million college students. Founded in 1997, varsitybooks.com pioneered selling discounted new college textbooks over the Internet. Building on its online textbook business, varsitybooks.com provides a range of products and services on its Web site, all designed to bring value directly to college students. varsitybooks.com also operates one of the nation's largest networks of student representatives to promote its products and services – as well as those of other companies – on college campuses nationwide.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In January, varsitybooks.com and Sallie Mae, the nation's largest source of funding and servicing for education loans, announced a two-year alliance to target the college student market. Under the terms of a series of agreements, varsitybooks.com will market Sallie Mae to college students while Sallie Mae markets varsitybooks.com's products and services to its 5.3 million loan customers. In this alliance, varsitybooks.com will provide a broad series of marketing services for Sallie Mae over the next two years and be a key marketing channel for Sallie Mae to the college market. These services will include promoting Sallie Mae's campus-based loan products and services through a targeted marketing program focusing on varsitybooks.com's web site, e-mail newsletters, banner ads and other distribution channels.

◆ varsitybooks.com is the most popular web site in the college market, according to Student Monitor, the only nationally syndicated market research study of the college student market. Student Monitor's Lifestyle and Media Surveys, conducted each year in the spring and fall, poll student opinions and consumer preferences on campuses across the country. The Fall 1999 survey found varsitybooks.com to be the most visited, most heard of, and most-often visited web site by college students polled during the fall 1999 season. varsitybooks.com had 454,000 unique visits during the month of September, according to Media Metrix, making it the most trafficked college-oriented web site for the two months in a row. In August, varsitybooks.com had 646,000 unique visits.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
P2, CT

VCampus Corporation (VCMP - Monitoring)

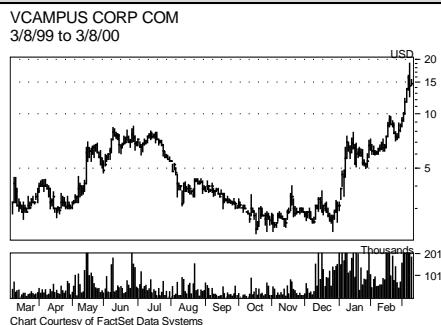
VITAL STATISTICS

Location: McLean, VA
URL: www.vcampus.com
Management: Nat Kannan, CEO

TRADING DATA

Price (3/8/00)	\$14.69
52-Week Range	\$19.00-\$2.19
Shares Outstanding (mil.):	4.9
Market Capitalization (mil.):	72.3
Float (mil.):	1.5
Average Daily Volume (000s):	70
Officers/Directors Hold:	70%

VCMP DAILY PRICE CHART



STES PERSPECTIVE

VCampus is one of the first e-Learning companies, dating back to UOL Publishing. The company has benefited from the favorable environment for e-Learning companies over the last several months. New contract announcements with notable clients have boosted stock price.

COMPANY DESCRIPTION

The VCampus Corporation develops, hosts and manages web-based, distance learning courseware for global corporations, academic institutions and government agencies. The Company offers a complete outsourced solution as an applications service provider using its VCampus 2.5 distributed learning platform. The remotely hosted software and hardware components allow for the enrollment, registration, teaching, tracking, testing, grading and certification of distance learners. The Company (formerly UOL Publishing, Inc.) distributes a courseware library of more than 1,100 web-based courses and had delivered more than 375,000 courses to over 200,000 adult learners as of September 1999.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ New contracts with the New York Institute of Finance and Mastech Corporation, which also invested \$4 million in VCampus, add to growing list of clients in both the educational and corporate marketplaces.

- ◆ In October 1999, VCampus Corporation announced that Buildingteam.com, an Internet resource for architects/designers, engineers, contractors, and facilities managers, will use the VCampus online learning platform to provide training courses to building design and construction professionals.

- ◆ As of September, the Company has reached several significant milestones:

- ◆ The Company hosts virtual campuses for over 50 institutional customers including 14 Fortune 1000 companies, six academic institutions and US Government agencies, reaching over 200,000 adult professionals worldwide through the Internet.

- ◆ VCampus has demonstrated the reliability and scalability of the VCampus platform for use by large enterprises by delivering a cumulative total of 375,000 courses through the end of the third quarter 1999.

- ◆ VCampus assisted in the successful launch of a Masters of Business Administration Online and Master of Education Online by the University of Texas Telecampus.



SEGMENT:
PORTAL

SUBSEGMENT:
P2

Versity.com (Private)

VITAL STATISTICS

Location: Ypsilanti, MI

URL: www.versity.com

Management: Chuck Berman, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

By creating a national online resource for students, we believe Versity.com provides a valuable resource for advertisers at the local and national level seeking to communicate with this important market. The Company's community is slanted more towards educational content (class notes and practice exams) than commercial products such as Student Advantage.

COMPANY DESCRIPTION

Founded in 1997, Versity.com is a fast-growing, online academic community, uniting students and professors at local and national levels to make studying "hip," innovative and fun. Tapping the power of the Internet, Versity.com's unique course and discipline-specific offerings facilitate effective study and research, while delivering revolutionary new resources for lecturers to assess and improve student comprehension. Student resources include highly interactive research tools, personalized expert Q&As, lecture notes and study forums across all academic disciplines. Supported by advertisers, Versity.com's resources are 100% free to all members, enabling unparalleled new opportunities for applied learning, networking and material-focused discussions among students and participating lecturers nationwide.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In September, Versity.com announced the completion of its first round of financing, yielding \$11.2 million in venture funds to fuel the Company's operations, technology infrastructure and marketing initiatives. Lead investors include Venrock Associates, Sigma Partners, Global Retail Partners (GRP), and Kevin O'Connor, CEO & Co-Founder of DoubleClick. Co-founded last year by four undergraduates at the University of Michigan, Versity.com will use the funds to expand its online lecture notes and academic community from a concentrated pilot program involving seven Big Ten schools to serve more than 90 campuses nationwide this semester and more than 200 campuses this spring.

◆ Versity.com has a unique mix of youth, enthusiasm, innovation, and a vision that will change and elevate the model of higher education as we know it today. The management's combined experience will allow the Company to accelerate growth, achieve its business goals, and intensify its already powerful marketing efforts. Versity.com is well positioned to be a leader in this emerging online academic resource category.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
K-12, LL

Virtual Learning Technologies, LLC (Private)

VITAL STATISTICS

Location: Birmingham, AL
 URL: www.vlearning.com
 Management: Alan Ritchie, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

EBSCO, Incentive Publications
 Applied Technology Partners
 SoftArc
 Educational Solutions Group
 Developmental Skills Institute

STES PERSPECTIVE

The company strives to deliver the most efficient, user-friendly, and highly scalable learning solutions. The Company has several sites focused on assessments, prep exams, and computer software courses tutorials. Products are targeting several consumers including parents of K-12 students, school districts, and corporations.

COMPANY DESCRIPTION

Virtual Learning Technologies is an industry leading integrator providing real-time solutions that include audio, video, interactive assessments and immediate updates to course content and reference material. The Company's products include CyberExam, a web-based testing solution, CyberStar, a student assessment and reporting program, PopLearning, a K-8 home-based learning tool, and ShowMeTests, a corporate assessment solution.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ In October 1999, Virtual Learning Technologies, L.L.C. announced it had developed a new version of the premier web-based testing and assessment tool - CyberExam 3.1. Because of VLT's commitment to meeting the fundamental needs of testing and training administrators, the new features of CyberExam came primarily from customer requests.

♦ Also last year, Virtual Learning Technologies announced a development agreement with Touchstone Applied Science Associates (TASA), publishers of the highly regarded, proprietary line of reading tests known as the Degrees of Reading Power (DRP). Through this agreement, Virtual Learning Technologies will enable TASA's reading competency tests to be administered, scored, and reported via the Internet by utilizing CyberExam.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12, P2

Vista Associates, Inc. (Private)

VITAL STATISTICS

Location: Wayland, MA

URL: www.vistainc.com

Management: Dr. Paul Cole, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

IBM

Lotus

STES PERSPECTIVE

Vista Associates offers a Web-based product specifically for schools, which organizes the power of the Web into a secure environment for students, teachers, administrators and parents. Vista Compass K-12 is a personal, customizable portal to information that supports learning in the classroom and throughout the school.

COMPANY DESCRIPTION

Vista Associates, Inc. is a leading developer of Web-based student services portals that increase people's ability to work and learn together. Vista's principals have 15 years of experience as researchers and technologists implementing solutions that are the foundation of collaborative enterprise systems. The Compass family of products is based on experience at leading schools and universities, and research in the human dynamics of education and teamwork. Consistent across these implementations is the theme of using the Web as a dynamic environment for collaboration, communication and information exchange. In Vista Associates' approach the Web becomes a platform for innovation and learning, a competitive and collaborative force in organizations.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ Last year, Vista won *the Best Industry Solution Award* given by Lotus Development Corporation. Using Lotus Notes and Domino, Vista Associates created Vista Compass -- an intranet product that helps schools make use of technology to expand learning beyond the classroom. Vista Compass is a Web-based, dynamic learning environment that demonstrates a school's commitment to using technology to enhance education.
- ◆ Vista Compass K-12 is an educational application that provides the potential of Web access in one place to access school-related information. It supports teaching and learning by making classroom materials available anywhere, anytime. The application allows for school newspapers to be published online, posts announcements and provides access for parents. It is organized in four areas: My Space, Course, Campus, and Public.
- ◆ Vista Compass integrates course management with campus-wide information distribution and provides a Web environment for teaching and learning. It expands learning beyond the classroom by complementing in-class teaching with a Web-based, dynamic learning environment that is accessible 24 hours a day. Using Vista Compass, faculty and students can take advantage of the Web to organize, distribute, and gather course information such as course schedules, discussion topics, and assignments.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
P2

WebCT, Inc. (Private)

VITAL STATISTICS

Location: Peabody, MA
URL: www.webct.com
Management: Carol Vallone, CEO

INVESTORS

Chase Partners
CMGI@Ventures
BancBoston Capital
Kestrel Venture Management
Millennia Partners
Kaelin Management AG

SPONSORS/PARTNERSHIPS

Harcourt Higher Learning
John Wiley Sons
McGraw-Hill
Pearson Education
PeopleSoft

STES PERSPECTIVE

WebCT is widely used for both distance education and Web enhancement of local classroom-based courses. The Company has built an extensive base of customers totaling more than 1,000 schools, 4.3 million student accounts in 45 countries. The Company should be considered a leader in the P2 distance learning sector.

COMPANY DESCRIPTION

Today, the ULT-WebCT synergy has created a clear leader in the web-based learning marketplace. As of September 1999, WebCT has more than 4.3 million student users in 110,000 courses at over 1,000 colleges and universities in more than 45 countries. Students spend an average of 243 minutes each, per course, per month, using this Internet-based application to access course content, take quizzes, submit homework and interact with instructors. By offering a rich suite of course tools, WebCT enables instructors to quickly and easily create and customize their courses.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In January 2000, the company completed a \$25 million round of equity financing led by Chase Capital Partners. Additional investors in the round included @ Ventures, CMGI, and BancBoston Ventures.
- ◆ In November 1999, WebCT announced that its installed base of users continues to grow at a rapid pace. The Company's licensed users now tops 1,000 colleges and universities with almost 4.3 million student accounts. This milestone does not count more than 800 K-12 schools with WebCT licenses or more than 1,700 additional institutions that are conducting free trials of WebCT.
- ◆ Also in November, WebCT and Question Mark announced the integration of Question Mark's Perception testing and assessment software with WebCT's popular teaching and learning platform. Colleges and universities can now take advantage of Perception's scoring and analysis capabilities along with WebCT's unique tools for authoring and delivering educational material.
- ◆ In October, WebCT and SCT education solutions market unit formed a strategic alliance to meet current market requirements for integrated solutions in the higher education market. The two companies have agreed to combine their technical expertise and resources to provide colleges and universities with a way to automatically deliver student data back and forth between WebCT courses and SCT systems.



SEGMENT:
LEARNING SERVICE PROVIDER

SUBSEGMENT:
CT, LL

WebEd, Inc. (Private)

VITAL STATISTICS

Location: Hampton, NH
URL: www.webed.com
Management: David Parker, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

U.S. Learning Systems, LLC
Doug Flutie Jr. Foundation for Autism

STES PERSPECTIVE

The Company's partnership with U.S. Learning Systems provides outstanding business-training content from a prestigious source and enables WebED to immediately launch an online corporate training division. This relationship directly supports WebED's mission to become the country's premier provider of online professional development training.

COMPANY DESCRIPTION

WebED, based in Hampton, NH, was founded to provide professionals in numerous industries with high-quality continuing education courses through the speed, efficiency, and convenience of the Internet. Initially, WebED opted to serve the training and recertification needs of America's three million public school teachers, greatly reducing for taxpayers and school systems the high costs and inefficiencies of traditional teacher workshops and seminars. In addition to the existing presence in the K-12 education marketplace and its entry into the corporate training market, WebED is developing programs that will serve professionals in the fields of mental health, nursing, medicine, and social work.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In December 1999, WebED, Inc. announced an academic affiliation with Endicott College, a four-year and graduate level college offering innovative online degree programs. This affiliation will allow WebED students to earn, simultaneously, graduate and professional development credits. Students may earn one Endicott graduate credit for every approved two WebED courses completed successfully. By earning college credit for online courses, the adult learner has an academic transcript documenting the nationally recognized coursework.

◆ In November, WebED, Inc. announced a partnership with U.S. Learning Systems, LLC, a preeminent content production company specializing in Internet/intranet-delivered training and knowledge-based learning systems for the business sector. U.S. Learning Systems initially will provide WebED with courses that are in high demand in the corporate training environment. Human resource development topics will include diversity training, sexual harassment training for managers and employees, business ethics, personal leadership, self-motivation, introduction to information systems, and training in Microsoft Office 2000. These courses are designed for organizations of all types and sizes.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12, P2, LL

Webivore Knowledge Systems (Private)

VITAL STATISTICS

Location: Boston, MA

URL: www.webivore.com

Management: Bruce Bockmann, CEO

INVESTORS

Not Available

SPONSORS/PARTNERSHIPS

Not Available

STES PERSPECTIVE

The Company's products help simplify the practice of searching over the Internet. WebMARC records can be selected by individual subject, such as High School British Literature or the records can be purchased as a whole collection of elementary, junior high, or high school web sites. A one year subscription to WebMARC includes quarterly updates of the MARC records.

COMPANY DESCRIPTION

Founded in 1997, Webivore Knowledge Systems provides access to content over the Web by assisting learners in finding and organizing Internet-based information. Webivore enables learners and educators to search educational web sites efficiently, collect relevant graphical or textual information and create Internet-enriched reports or presentations.

HIGHLIGHTS & RECENT DEVELOPMENTS

◆ In November 1999, Sagebrush Technologies announced the release of WebMARC—collections of carefully-selected MARC records that point to educational web sites. WebMARC (a Webivore product) simplifies the process of locating online resources by providing MARC records of Internet sites that a library can import into its main collection. The WebMARC records encompass a broad range of subject areas including Math and Science, Social Sciences, Geography, Language Arts, and Visual Arts. The records are used to supplement the library's materials and direct patrons to Internet resources that match particular curriculum requirements.

◆ In October, Webivore Knowledge Systems announced a partnership with Follett Software Company. The agreement triples the content of Follett's 856Express service, offering even greater access to high-quality, subject-related content on the web. 856Express integrates K-12 appropriate web sites into libraries' OPACs (Online Public Access Catalogs) so patrons can quickly find related web sites along with other information resources as they search.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
P2

YouthStream Media Networks (NETS - Monitoring)

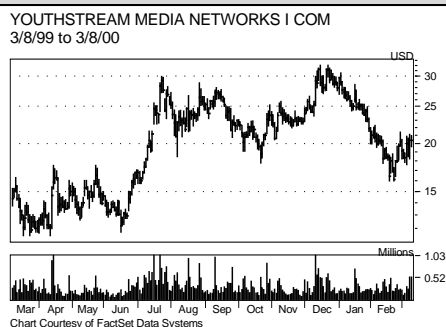
VITAL STATISTICS

Location: Cambridge, MA
URL: www.youthstream.com
Management: Harlan D. Peltz, CEO

TRADING DATA

Price (3/8/00)	\$20.38
52-Week Range	\$32.00-\$11.50
Shares Outstanding (mil.):	17.58
Market Capitalization (mil.):	358.3
Float (mil.):	8.6
Average Daily Volume (000s):	292
Officers/Directors Hold:	51%

NETS DAILY PRICE CHART



STES PERSPECTIVE

For the first six months of fiscal 2000 revenues increased 149.1% to approximately \$17.0 million, compared to \$6.8 million for the year earlier period. The Company reported positive EBITDA of approximately \$1.1 million for the first six months, compared to an EBITDA loss of approximately \$2.4 million for the first six months of fiscal 1999.

COMPANY DESCRIPTION

YouthStream publishes mybytes.com, the premier online community for the 15-million strong college market, and sixdegrees.com, an online networking community inspired by the theory that everybody is connected by six degrees of separation. With 50 years of aggregate experience, YouthStream's offerings are leveraged by more than 7,000 high schools and 2,000 U.S. college campuses, which rely on YouthStream to provide educational, informational and promotional material through the company's off-line and online channels.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ In February 2000, the company recently completed its acquisition of Common Places, creator of mybytes.com, an online community for collegiate market. Also, the Company announced an agreement with ZDNet (ZDZ-Not Rated) to deliver technology news and software to its college student base
- ◆ In December 1999, YouthStream Media Networks announced the completion of a \$31.5 million private placement of common stock. YouthStream sold approximately 1.25 million shares to a group of leading institutional investors.
- ◆ In November, YouthStream Media Networks announced it had signed an agreement with CustomQuiz(TM), a developer of web-based testing and evaluation products, to offer CustomQuiz' web-based solution through mybytes.com. Through the integration, instructors can now design, administer, grade and analyze tests and surveys entirely through mybytes.com, while supplying students with instant test results and correct answers to questions to further reinforce classroom instruction. Through mybytes.com, college instructors at institutions everywhere can utilize CustomQuiz to administer tests in several formats, including multiple choice, true/false, essay, short answer, matching, Likert scale and more.
- ◆ In October, YouthStream announced a strategy to match local merchants and college students through mybytes.com utilizing technology acquired World Web Publishing. Using this new technology, mybytes.com will offer local businesses the ability to easily establish and maintain an online presence via a standard fax machine.



SEGMENT:
TOOLS/ENABLER

SUBSEGMENT:
PreK-12

ZapMe! (IZAP - Monitoring)

VITAL STATISTICS

Location: San Ramon, CA
URL: www.zapme.com
Management: Rick Inatome, CEO

TRADING DATA

Price (3/8/00)	\$6.06
52-Week Range	\$13.75-\$5.31
Shares Outstanding (mil.):	36.1
Market Capitalization (mil.):	218.7
Float (mil.):	9.0
Average Daily Volume (000s):	533
Officers/Directors Hold:	75%

IZAP DAILY PRICE CHART

ZAPME CORP COM
10/20/99 to 3/8/00

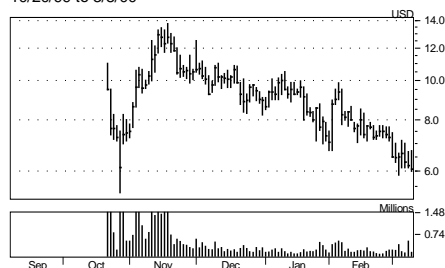


Chart Courtesy of FactSet Data Systems

STES PERSPECTIVE

By housing appropriate learning and lifestyle products under one roof in basically a virtual campus store, ZapMall lets ZapMe! users avoid the hassles of waiting in long lines or wading through cumbersome acquisition procedures. There remains controversy with advertising and privacy in the K-12 marketplace which has negatively impacted the stock's performance.

COMPANY DESCRIPTION

ZapMe! is building a broadband interactive network that brings the latest technology tools and educational resources to schools for free. For each school participating in the ZapMe! network, ZapMe! provides free PCs, software, installation and support, as well as free "always on," bi-directional satellite-delivered connectivity to the Internet. The ZapMe! network, which is designed primarily for students aged 13-19, makes education more engaging and entertaining by providing a rich-media computer experience that is free and easy to use. ZapMe! is located in San Ramon, Calif.

HIGHLIGHTS & RECENT DEVELOPMENTS

♦ In December 1999, ZapMe! Corporation launched ZapMall, a safe and easy-to-use online campus store featuring student- and school-oriented products on the ZapMe! Netspace. Through ZapMall, which includes ZapMe!'s Faculty and Student stores, ZapMe! users can purchase a wide variety of educational and everyday items made available through ZapMe!'s handpicked, quality e-commerce partners and associates.

♦ In November, ZapMe! Corp. announced it had become an Amazon.com (NASDAQ: AMZN) Associate to provide ZapMe! users direct access to the world's largest online retailer. Now, teens and educators can conveniently shop for affordable books and CDs for education and leisure from the ZapMe!(TM) netspace. Under this agreement, ZapMe! has developed the ZapMe! Bookstore which permits ZapMe! users to browse selected titles available for purchase from Amazon.com. The Bookstore users can also purchase competitively priced items such as CDs, DVDs, videos, consumer electronics, computer games and sheet music.

♦ In October, ZapMe! Corporation announced an agreement with Yahoo!, Inc. (NASDAQ: YHOO) to offer a package of co-branded online services to users of the ZapMe! netspace. As part of the agreement, ZapMe! and Yahoo! have developed co-branded pages that showcase content and navigational features from both companies. The co-branded "ZapMe! My Yahoo!" will be the home page displayed when students and teachers log-in to the ZapMe! netspace.



SEGMENT:
CONTENT/PUBLISHING

SUBSEGMENT:
CT, LL

ZD Education, Inc. (Subsidiary)

VITAL STATISTICS

Location: Rochester, NY
URL: www.zdeducation.com
Management: Terry Nulty, President

INVESTORS

Wasserstein Perella

SPONSORS/PARTNERSHIPS

Books24x7.com

STES PERSPECTIVE

Imagine taking a computer course and having access to a massive technical reference library conveniently from your desktop. Thanks to ZD Education, computer users and IT professionals taking courses on ZD Education's online training site now have that option, the result of an exclusive licensing agreement between the technology training company and Books24x7.com, the industry's leading online technical library.

COMPANY DESCRIPTION

As a leading provider of integrated IT learning solutions to enhance business productivity, ZD Education offers over 8,000 corporate and government customers access to more than 500 course titles for desktop applications, networking, application development, client-server technologies, and Internet technologies. ZD Education provides both online and instructor-led programs focused on Internet and computer training and support that are used to train over two million people each year. ZD Education's first mover advantage in the exploding online IT training business has enabled the company to gain market leadership with over 140,000 current paid subscribers, up from 80,000 at the end of 1998.

HIGHLIGHTS & RECENT DEVELOPMENTS

- ◆ A new multi-year contract with Micron Electronics illustrates that e-Learning can help both customers and employees. Micron University's co-branded web site will offer training classes developed by ZDU.
- ◆ In December 1999, ZD Education significantly boosted the capabilities of its technology training website, welcome.zdu.com. Among the new features are business skill courses, a technical reference library, better assessment tools for individuals and companies and an easy-to-use message board system. Welcome.zdu.com offers more than 400 online courses for computer users at various skill levels.
- ◆ In November, Wasserstein Perella Group agreed to pay \$172 million in cash to acquire Ziff-Davis Inc.'s ZD Education unit, which provides Internet training. Ziff-Davis, the publisher of PC Week, has been divesting businesses in order to increase its stock price. The transaction was completed in February 2000.

Page			Subsegment			
#	Company Name	Primary Segment	#1	#2	#3	Structure
57	About.com	Portal	LL			BOUT
58	Acadio	Learning Service Provider	CT	LL		Private
59	Active Education, Inc.	Content/Publishing	CT			Private
60	Advantage Learning Systems, Inc.	Tools/Enabler	PreK-12			ALSI
61	Allen Communications	Tools/Enabler	CT			Subsidiary
62	American Education Corp.	Tools/Enabler	PreK-12	P2		AEDU
63	Apex Online Learning, Inc.	Learning Service Provider	PreK-12			Private
64	Apollo Group, Inc.	Learning Service Provider	P2			APOL
65	BIGWORDS.com	E-tailer	P2			Private
66	Blackboard.com	Tools/Enabler	P2	CT	LL	Private
67	Caliber Learning Network, Inc.	Learning Service Provider	CT	LL		CLBR
68	Campus Pipeline	Tools/Enabler	P2			Private
69	Centra Software	Tools/Enabler	CT			CTRA
70	ChildU.com	Learning Service Provider	PreK-12			Private
71	Cinar Corp.	Content/Publishing	PreK-12			CINR
72	Classroom Connect	Portal	PreK-12			Private
73	Click2learn.com	Learning Service Provider	CT	LL		CLKS
74	college411.com	Portal	P2			Private
75	CollegeClub.com	Portal	P2			Private
76	CollegeHire.com	Portal	P2			Private
77	CollegeLink.com	Tools/Enabler	P2			Private
78	Computer Curriculum Corporation, Inc.	Content/Publishing	PreK-12			Subsidiary
79	convene.com	Tools/Enabler	P2			Private
80	Digital Concepts, Inc.	Tools/Enabler	P2	CT	LL	Private
81	DigitalThink, Inc.	Tools/Enabler	CT			Private
82	Docent, Inc.	Tools/Enabler	CT			Private
83	EarthWalk Communications	Tools/Enabler	PreK-12			Private
84	ecampus.com	E-tailer	P2			Private
85	eCollege.com	Tools/Enabler	P2			ECLG
86	Edmark Corporation	Content/Publishing	PreK-12			Subsidiary
87	edu.com	E-tailer	P2			Private
88	EduClick.com	E-tailer	PreK-12			Private
89	Edupoint.com	Portal	CT	LL		Private
90	eduprise.com	Tools/Enabler	P2	CT		Private
91	Edventions, LLC	Tools/Enabler	PreK-12			Private
92	eLearnX	Learning Service Provider	CT			Private
93	embanet Corporation	Tools/Enabler	P2			Private
94	Embark.com	Portal	P2			Private
95	emind.com	Learning Service Provider	CT			Private
96	Epic Learning	Learning Service Provider	CT	LL		Private
97	ePLAY.com	E-tailer	PreK-12			Private
98	e-Tutor, Inc.	Learning Service Provider	PreK-12			Private
99	exp.com	Portal	LL			Private
100	FamilyEducation.com	Portal	PreK-12			Private
101	FastWeb.com, LLC	Portal	P2			Private
102	Fat Brain	Content/Publishing	CT			FATB
103	FIRE Online Training	Learning Service Provider	CT			Private
104	freescholarships.com	Portal	P2			Subsidiary
105	funschool.com	Learning Service Provider	PreK-12			Private
106	Global Knowledge Network	Learning Service Provider	CT			Private
107	GoCampus	Tools/Enabler	P2			Private
108	Headbone Interactive	Portal	PreK-12			Private
109	Headlight.com	Learning Service Provider	CT	LL		Private
110	HelpNetworks	E-tailer	PreK-12			Private
111	HighWired.com	Portal	PreK-12			Private
112	homeroom.com	Tools/Enabler	PreK-12			Subsidiary
113	homeworkhelp.com	Content/Publishing	PreK-12			Private
114	HungryMinds.com	Portal	LL			Private
115	HyCurve, Inc.	Learning Service Provider	CT			Private
116	IDG Books Worldwide, Inc.	Content/Publishing	CT	LL		IDGB
117	Infonautics Corporation	Portal	PreK-12	P2	CT	INFO
118	iUniverse.com	Content/Publishing	LL			Private
119	Jenzabar.com	Tools/Enabler	P2			Private
120	Jones International, Ltd.	Tools/Enabler	P2			Private
121	JuniorNet.com	Portal	PreK-12			Private
122	Kaplan, Inc.	Learning Service Provider	PreK-12	P2		Subsidiary
123	KBkids.com	E-tailer	PreK-12			Subsidiary
124	KidCare View	Tools/Enabler	PreK-12			Private
125	Knowledge Adventure	Content/Publishing	PreK-12			Private

Page			Subsegment			
#	Company Name	Primary Segment	#1	#2	#3	Structure
126	KnowledgeNet.com	Learning Service Provider	CT			Private
127	Learn2.com	Learning Service Provider	LL	CT		LTWO
128	Learning Network, Inc.	Learning Service Provider	CT	LL		Private
129	LearningGate.com	Tools/Enabler	PreK-12			Private
130	LearningStation.com	Learning Service Provider	PreK-12			Private
131	Lightspan Partnership, Inc.	Portal	PreK-12			Private
132	Main Campus	Portal	P2			Private
133	MaMaMedia.com	Portal	PreK-12			Private
134	MediaSeek Technologies, Inc.	Tools/Enabler	PreK-12			Private
135	NCS Corp.	Tools/Enabler	PreK-12	P2	CT	NLCS
136	Net Library, Inc.	Content/Publishing	PreK-12	P2	LL	Private
137	NETg	Learning Service Provider	CT			Subsidiary
138	NetRead	Content/Publishing	P2	LL		Private
139	NETSchools Corp.	Tools/Enabler	PreK-12			Private
140	NextEd	Tools/Enabler	P2			Private
141	One Touch	Tools/Enabler	CT			Private
142	OnlineLearning.net	Learning Service Provider	LL			Private
143	Oz New Media, Inc.	Content/Publishing	PreK-12	P2		Private
144	ParentWatch	Tools/Enabler	PreK-12			Private
145	Pathlore	Tools/Enabler	CT			Private
146	Pensare	Tools/Enabler	P2			Private
147	PinkMonkey.com	Content/Publishing	PreK-12			PMKY
148	Pinnacle Multimedia	Tools/Enabler	CT			Private
149	PowerSchool, Inc.	Tools/Enabler	PreK-12			Private
150	prosofttraining.com	Content/Publishing	CT			POSO
151	Provant, Inc.	Learning Service Provider	CT			POVT
152	Pure Safety	Learning Service Provider	CT			Private
153	Rapid Performance Systems	Tools/Enabler	CT			Private
154	Riverdeep	Content/Publishing	PreK-12			Private
155	RWD Technologies, Inc.	Tools/Enabler	CT			RWDT
156	Saba Software	Tools/Enabler	CT			Private
157	Scholastic Corp.	Content/Publishing	PreK-12			SCHL
158	Shopforschool.com	E-tailer	PreK-12			Private
159	Simplexis.com	Tools/Enabler	PreK-12	P2		Private
160	SIRS Manadrin, Inc.	Tools/Enabler	PreK-12	P2		Private
161	Skillsoft	Content/Publishing	CT			SKIL
162	SmarterKids.com, Inc.	E-tailer	PreK-12			SKDS
163	SmartForce, Inc.	Learning Service Provider	CT			SMTF
164	SmartPlanet.com	Portal	LL			Private
165	SoftBook Press, Inc.	Content/Publishing	P2	CT	LL	Private
166	Student Advantage, Inc.	Portal	P2			STAD
167	SuccessFactors.com	Tools/Enabler	CT			Private
168	SurfMonkey.com	Tools/Enabler	PreK-12			Private
169	Teach.com	Tools/Enabler	CT			Private
170	Teachers.Net, Inc.	Portal	PreK-12	LL		Private
171	Teletraining Institute	Learning Service Provider	P2			Private
172	Textbooks.com	E-tailer	P2			Private
173	toysmart.com	E-tailer	PreK-12			Private
174	TrainingNet	Learning Service Provider	CT			Private
175	Tutor.com	Learning Service Provider	PreK-12	P2		Private
176	Tutor.net.com	Learning Service Provider	PreK-12			Private
177	UNext.com	Tools/Enabler	P2			Private
178	University Access.com	Learning Service Provider	P2			Private
179	Uzone	Content/Publishing	P2			Private
180	varsitybooks.com	E-tailer	P2			Private
181	VCampus Corporation	Tools/Enabler	P2	CT		VCMP
182	Versity.com	Portal	P2			Private
183	Virtual Learning Technologies, LLC	Tools/Enabler	PreK-12	LL		Private
184	Vista Associates, Inc.	Tools/Enabler	PreK-12	P2		Private
185	WebCT, Inc.	Tools/Enabler	P2			Private
186	WebEd, Inc.	Learning Service Provider	CT	LL		Private
187	Webivore Knowledge Systems	Tools/Enabler	PreK-12	P2	LL	Private
188	Youthstream Media Networks	Content/Publishing	P2			NETS
189	ZapMe!	Tools/Enabler	PreK-12			IZAP
190	ZD Education, Inc.	Content/Publishing	CT	LL		Subsidiary

The STES Education & Knowledge Technology Team would like to thank Thomas Marshall for his valuable contributions to this report.

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