



For immediate release

6 March 2007

Palamon acquires majority shareholding in Cambridge Education Group Ltd

Palamon Capital Partners, one of Europe's leading mid market private equity firms, has acquired a controlling stake in Cambridge Education Group Ltd ("CEG"), one of the foremost providers of pre-university and English language teaching in the UK.

Terms of the investment were not disclosed, although the transaction involved an acquisition of shares from CEG's founders and investors and an injection of capital to fund continuing growth plans. In total Palamon is committing €15 million to the transaction.

CEG was founded in 1985 and teaches a mix of overseas and UK students at Foundation, GCSE, A Level and International Baccalaureate levels. It has two campuses, one in Cambridge and the other near the centre of Canterbury. The Cambridge facility is currently being substantially expanded by the addition of new contiguous premises, through a 25 year lease from Trinity College which will double the potential teaching capacity in that city. Together, the two schools have the capacity to teach around 850 students. Turnover last year was approximately £16 million.

Palamon is providing the Company with sufficient growth capital to take full advantage of the significant expansion opportunities that exist for the business. These include acquisitions of other schools and schools groups, expansion of the international office and sourcing network and the establishment of on-campus University Foundation Programmes for leading UK universities.

CEG's founders and key executives will continue to be actively involved with the business, and the founders will retain a significant minority equity stake. In order to implement the growth strategy a new management team is joining the group, led by CEO-designate Fergus Brownlee and non-executive Chairman Stephen Warshaw. Fergus Brownlee was previously Managing Director of Capital One Europe, one of the world's largest financial services companies. Prior to that he spent 14 years in senior positions in Mars Inc., latterly as CFO of its Information Services Division. Stephen Warshaw was recently CEO of the healthcare information group, MediMedia, and has direct experience of the educational sector from the 12-year period he spent at Oxford University Press as Managing Director of the English Language Teaching Division and as CEO of Reed Educational Group. In addition, Mark Stanton has been appointed CFO having held a similar position previously at Dun & Bradstreet International and Thomson Financial Europe.

Andrew Hawkins, a partner at Palamon, commented: "We are delighted to have concluded this investment. The sector, which we have been studying for almost a year, has tremendous growth potential given the strong appetite worldwide for UK university education and the demand from universities for non-EU students. CEG is in prime position to take advantage of this very buoyant environment. We are also fortunate to have secured the services of a top-flight management team to pursue consolidation opportunities in a highly fragmented market thereby building on the successful base which the founders have laid."

Stephen Warshaw added: "The rich heritage of CEG, the strategic and financial support of Palamon and the strength of our new executive team will enable us to build a business of real scale, both through standalone schools and dedicated foundation programmes for leading universities."

Nick Golding, CEG's current CEO and co-Founder, said: "In Palamon we have been fortunate enough to find an investor who not only has deep knowledge of our industry, but who is willing and able to support ambitious growth plans. I am very much looking forward to working with them and the new management team in bringing the opportunities to fruition."

- ends -

For further information

Palamon Capital Partners

Andrew Hawkins - tel +44 20 7766 2266

Miles Cresswell-Turner – tel +44 20 7766 2077

Annette Wilson – tel +44 20 7766 2000

Citigate Dewe Rogerson

Patrick Evans

+44 207 282 2913

About Palamon Capital Partners

Palamon Capital Partners, LP is an independent private equity partnership founded in 1999, which is focused on providing equity for European growth services companies. Palamon, as a pan-European investor, originates, executes and manages investments in the UK, Germany, Italy, Spain, Denmark, Belgium, Sweden, and France. The Firm targets investments in companies where it can be the lead private equity provider and where the partnership's experienced principals can provide strategic direction and support to help build equity value.

The Firm manages Palamon European Equity, L.P. and Palamon European Equity II, L.P., capitalised at €1.1 billion, and making up one of the largest pools of private equity capital dedicated to growth investment opportunities in Europe's mid market arena. Investors in Palamon funds are based mainly in the US and Europe and are among the most significant investment institutions in the world.

To find out more about Palamon Capital Partners visit www.palamon.com

Advisors to the transaction

Palamon's solicitors: Slaughter & May
Palamon financial and tax due diligence: PricewaterhouseCoopers
Palamon operational due diligence: KPMG
Vendor solicitors: Eversheds