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Morgan Stanley

For Immediate Release

Morgan Stanley Private Equity Announces Agreement to Acquire Majority Stake in Learning Care Group, Inc. as Part of Joint Venture with A.B.C. Learning Centres

NEW YORK, April 22, 2008 – Morgan Stanley Private Equity today announced that it has entered into a definitive agreement to acquire a 60 percent stake in Learning Care Group, the U.S. subsidiary of A.B.C. Learning Centres (“ABC”), in a transaction that values 100 percent of Learning Care Group at \$700 million.

Learning Care Group, a leader in the early education and childcare industry, has the capacity to serve more than 166,000 children through its network of approximately 1,150 corporate and franchise schools located in 37 states across the U.S. The company is the second largest for-profit childcare provider in North America.

Steve Trevor, Co-Head of Morgan Stanley Private Equity, said, “We are delighted to invest in Learning Care Group and support its strong commitment to early childhood educational excellence. The compelling nature of this transaction enabled us to quickly reach an agreement with ABC and Learning Care Group. We intend to work closely with the Learning Care Group management team, as well as ABC, to invest in the center portfolio and enhance the current program offering.”

Morgan Stanley Private Equity worked together with the executive teams at ABC and Learning Care Group throughout the transaction, and will maintain Learning Care Group’s current operational structure following the deal’s completion.

William Davis, CEO of Learning Care Group, said, “We are excited to be part of the joint venture between Morgan Stanley and ABC and look forward to continuing our strategic growth plan and

vision, which is shared by all parties. Through the ongoing support of Morgan Stanley, we will continue providing the highest quality care to families across all of our five brands and uphold our mission of being the leader in child education and family solutions.”

Jim Howland, Operating Partner of Morgan Stanley Private Equity, said, “Learning Care Group is a market leader with a strong position in the industry. Our goal is to continue to offer quality care and programs in all of their centers across the country. We look forward to working with management and Learning Care Group’s dedicated employees to further build upon a highly successful platform.”

The transaction, which was approved by ABC’s Board of Directors, is expected to close within 90 days, following regulatory approval, funding of the committed financing facility for the joint venture, consent of ABC’s senior lenders and satisfaction of other customary closing conditions.

Morgan Stanley acted as financial advisor to Morgan Stanley Private Equity, and Skadden, Arps, Slate, Meagher & Flom and Clayton Utz served as its legal counsel.

This transaction represents the third U.S. investment for Morgan Stanley Private Equity since May 2007, with other deals including the acquisition of Tops Markets in December 2007 and an investment in McKechnie Aerospace in May 2007.

About Morgan Stanley Private Equity

Morgan Stanley Private Equity, part of Morgan Stanley Investment Management’s Merchant Banking Division, makes private equity and equity-related investments on a global basis. Morgan Stanley Private Equity utilizes Morgan Stanley’s vast resources, including the Firm’s global franchise and relationships with leading corporate management teams and financial sponsors, to source attractive opportunities for its investment funds. Morgan Stanley’s roots in private equity investing date back to 1985 with the Morgan Stanley Capital Partners private equity funds. To date, Morgan Stanley Private Equity and its predecessor funds have invested nearly \$6.5 billion of equity across a broad spectrum of industries.

About Morgan Stanley

Morgan Stanley (NYSE: MS) is a leading global financial services firm providing a wide range of investment banking, securities, investment management and wealth management services. The Firm's employees serve clients worldwide including corporations, governments, institutions and individuals from more than 600 offices in 33 countries. For further information about Morgan Stanley, please visit www.morganstanley.com.

About Learning Care Group

Headquartered in Novi, Mich., Learning Care Group, Inc. provides early education and care services to children between the ages of six weeks and 12 years under its umbrella of brands: The Children's Courtyard, Childtime Learning Centers, La Petite Academy, Montessori Unlimited and Tutor Time Child Care / Learning Centers.

Between these five brands, Learning Care Group has approximately 1,150 schools (corporate and franchise) with a system-wide capacity to serve close to 167,000 children in the U.S. and internationally. For more information on the Learning Care Group, Inc., please visit www.learningcaregroup.com.

About A.B.C. Learning Centres

For more information, visit the A.B.C. website at www.childcare.com.au.

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