



Message From The President

Thad Pryor

Chief Executive Officer and President

Dear Children of America Shareholders:

The past two years have been among the most extraordinary and challenging for the global economy yet Children of America has sustained its growth pattern and continues to expand and open new childcare centers. Since 2008 we have doubled the number of locations and have expanded into Illinois, Indiana, North Carolina, Virginia, Maryland, New York, Ohio and New Jersey. Children of America now offers premium childcare programs at 46 schools in 12 states.

The industry has rebounded strongly and we are part of that surge. We have been in the industry for more than 12 years and continue to maintain and open centers offering the very best in early childhood education. It speaks volumes that we have never had to close one of our centers for any reason.

Children of America's growth over the last few years points to the need for quality child care. In 2009, Children of America recorded a 56 percent increase in openings and a 28 percent increase in 2010. Revenues increased from \$23 million in 2009 to \$35 million in 2010, an increase of 52 percent.

With each new opening and in all of our established childcare center locations, we continue with our commitment to build positive awareness and recognition for the Children of America brand. As we expand into new markets, we highlight our successes in the media with a focus on our people, our mission and our dedication to families.

Thank you for being a part of Children of America. Our more than 1,160 Children of America employees remain steadfast in delivering our brand promise of creating a special, safe and stimulating environment where learning comes alive and children thrive. Together, we remain truly committed to providing childcare services designed to excite children about learning and teach them fundamental skills to grow and achieve.

Sincerely,

ThadPryor

President and CEO