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Media Contacts:

Sarah Clark
Middleberg Euro rscg
212-699-2655
sarah@middleberg.com

Bea Evangelista
Middleberg Euro rscg
212-699-2503
bea@middleberg.com

ParentWatch Acquires eDaycare.com for Expanded Internet Services, Raises \$7.9M in Financing

Company to Provide the Most Comprehensive Online Solution for the \$35B Childcare Industry

NEW YORK--(BUSINESS WIRE)—July 17, 2000—ParentWatch (www.parentwatch.com), the industry leader in providing Internet viewing and online childcare services, today announced that it has acquired eDaycare.com, a leading application service provider (ASP) for childcare providers based in the Silicon Valley. The acquisition will benefit childcare programs and parents nationwide by providing them with the most comprehensive online services and tools tailored to their specific needs.

According to the Childcare Information Exchange Trends 2000 report, childcare is a \$35 billion industry. The report also states that there are more than 110,000 licensed childcare programs in the United States alone serving more than 6.5 million children and their parents.

"ParentWatch realizes that childcare providers and parents both play a very important role in our children's lives," said Adam Aronson, chairman and CEO of ParentWatch. "By acquiring eDaycare, we will continue to expand our offerings to childcare programs by providing the online services and hardware they need to help grow their businesses, recruit quality staff, operate and communicate more efficiently. At the same time, we will continue offering parents online services such as our Internet viewing that keep them in touch with their children in childcare."

"This acquisition marks the consolidation of efforts by two leaders in the online childcare space, and we're all extremely excited," said former eDaycare CTO and founder, Monis Rahman, who has joined ParentWatch as vice president of technology, heading the company's technology team on the West Coast. "eDaycare's ASP solution for childcare

providers will greatly enhance ParentWatch's business and positions the company as the leading provider of Internet services for the entire childcare industry."

Additionally, ParentWatch today announced \$7.9 million in series C financing led by Oak Street Investments, L.P., with funding from Arcadia Partners and numerous private investors. This round of financing will be used to develop the company's business-to-business and business-to-consumer initiatives in addition to funding extensive advertising and marketing efforts. The company has secured more than \$20 million in funding to date.

Servicing Providers

The childcare industry is facing enormous challenges: According to the Center for the Child Care Workforce, programs throughout the nation are experiencing a turnover rate of more than 40 percent, preventing many of them from growing their businesses due to state-mandated student-to-teacher ratios. At the same time, the number of U.S. households with two working parents is growing exponentially, which is impacting the supply and demand in many areas. In California, for example, there is only one opening for every five children in need of childcare, according to a recent California Child Care Resource and Referral Network study.

ParentWatch addresses these issues by providing childcare programs with online discount shopping, services and tools that help them expand their businesses, better communicate with parents and operate more efficiently. Through the ParentWatch Community Site, providers can keep parents updated on important information, while reducing administrative costs such as faxing, postage and long-distance phone calls. ParentWatch's live Internet viewing (video) can help increase center enrollment and helps families stay connected.

"Our goal is to provide childcare programs nationwide with a comprehensive, plug-and-play solution for doing business," said Aronson.

Within the next few months, ParentWatch will be rolling out several new services including online recruiting tools, fundraising programs and more.

Empowering Parents

ParentWatch keeps parents in touch with their children's lives. The company's live Internet viewing (video) lets parents connect with their children in childcare programs over a highly

secure Internet connection, throughout the day, from work, home or any computer with Internet access.

Through its Community Site, ParentWatch enables parents to instantly access specific information about their childcare program including events, lunch menus, class schedules and more. Parents can communicate with their childcare program's director via e-mail at any time through the ParentWatch Community Site.

About ParentWatch

ParentWatch (www.parentwatch.com) provides the most comprehensive Internet solution for the \$35 billion childcare industry. The company keeps families connected by allowing parents to view live video images of their children in childcare and access center-specific information such as schedules, lunch menus and more through its Community Site.

ParentWatch offers childcare programs the services they need to grow their businesses, operate more efficiently and better communicate with parents and children. Chairman and CEO Adam Aronson founded ParentWatch in 1998 to enable parents to take a greater role in their children's care and schooling. ParentWatch is headquartered in New York, with offices in the Silicon Valley.

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