

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported):

**August 5, 2020**

**2U, INC.**

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

**DELAWARE**

(STATE OF INCORPORATION)

**001-36376**

(COMMISSION FILE NUMBER)

**26-2335939**

(IRS EMPLOYER ID. NUMBER)

**7900 Harkins Road**

**Lanham, MD**

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

**20706**

(ZIP CODE)

**(301) 892-4350**

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of each exchange on which registered</b>
Common Stock, \$0.001 par value per share	TWOU	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 8.01. Other Events.****Unaudited Pro Forma Financial Information**

On May 22, 2019, 2U, Inc. (the “Company”) filed a Current Report on Form 8-K (the “Initial Form 8-K”) reporting the completion of its acquisition of Trilogy Education Services, Inc. (“Trilogy”) pursuant to the Agreement and Plan of Merger dated April 7, 2019. On July 30, 2019, the Company amended and supplemented the Initial Form 8-K to provide the financial information required under Item 9.01, which was permitted to be filed by amendment no later than 71 days after the due date of the Initial Form 8-K.

The Company is filing this Current Report on Form 8-K in order to make publicly available certain unaudited pro forma financial information of the Company reflecting the acquisition of Trilogy described in Item 9.01(b) below and incorporated by reference herein.

**Proposed Offering**

On August 5, 2020, the Company issued a press release announcing its intention to offer \$300,000,000 of its common stock, par value \$0.001 per share. The Company also announced its intention to grant to the underwriters an option to purchase up to \$45,000,000 additional shares of its common stock. A copy of the press release is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

**(b) Pro Forma Financial Information:** The unaudited pro forma combined financial statement of the Company giving pro forma effect to the acquisition of Trilogy for the year ended December 31, 2019 is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

**(d) Exhibits**

<u>Exhibit Number</u>	<u>Exhibit Description</u>
<a href="#">99.1</a>	<a href="#">Unaudited pro forma combined financial statement of the Company giving pro forma effect to the acquisition of Trilogy for the year ended December 31, 2019.</a>
<a href="#">99.2</a>	<a href="#">Proposed offering press release issued by the Company, dated August 5, 2020.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**2U, Inc.**

By: /s/ Paul S. Lalljie

Name: Paul S. Lalljie

Title: Chief Financial Officer

Date: August 5, 2020

---

**UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**

On May 22, 2019, 2U, Inc. (the “Company”) acquired Trilogy Education Services, Inc. (“Trilogy”) for (i) \$424.3 million in cash and (ii) 4,608,101 shares of the Company’s common stock (the “Trilogy Acquisition”).

The unaudited pro forma combined financial information has been prepared to give effect to the Trilogy Acquisition and the financing transactions related thereto, which include the incurrence of \$250.0 million of indebtedness under a senior secured term loan facility (the “Financing” and together with the Trilogy Acquisition, the “Transactions”) as discussed further below.

The unaudited pro forma combined statement of operations for the year ended December 31, 2019 is presented herein. The unaudited pro forma combined statement of operations is based on the historical results of the Company and Trilogy for the year ended December 31, 2019, and gives effect to the Transactions as if they occurred on January 1, 2019. No pro forma combined balance sheet as of December 31, 2019 or June 30, 2020, and no pro forma combined statement of operations for the six-month period ended June 30, 2020, is necessary to reflect the Trilogy Acquisition, as the Trilogy Acquisition is fully reflected in the Company’s historical consolidated balance sheet as of December 31, 2019 and June 30, 2020 and in the Company’s historical consolidated statement of operations for the six-month period ended June 30, 2020. The unaudited pro forma combined statement of operations does not include the realization of any future cost savings or integration changes that are expected to be achieved. The historical financial information has been adjusted to give effect to pro forma adjustments that are (i) directly attributable to the Transactions, (ii) factually supportable and (iii) expected to have a continuing impact on the combined entity’s results.

The unaudited pro forma combined financial information is presented for illustrative and informative purposes only and is not intended to represent or be indicative of what the Company’s results of operations and financial position would have been had the Transactions actually occurred on the dates indicated, and it is neither representative of nor projects the Company’s results of operations for any future period or its financial condition at any future date.

The unaudited pro forma combined financial information is derived from the historical financial statements of the Company and Trilogy and should be read in conjunction with (i) the accompanying notes to the unaudited pro forma combined financial information, (ii) the audited financial statements and related footnotes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 and (iii) Trilogy’s unaudited financial statements for the three months ended March 31, 2019 and related footnotes thereto included in the Company’s Current Report on Form 8-K/A filed with the Securities and Exchange Commission on July 30, 2019.

---

**2U, Inc.**  
**UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS**  
(in thousands, except share and per share amounts)

	Year Ended December 31, 2019			
	2U, Inc.	Trilogy Education Services, Inc. <sup>(1)</sup>	Pro Forma Adjustments	Pro Forma Combined
<b>Revenue</b>	\$ 574,671	\$ 50,125	\$ —	\$ 624,796
<b>Costs and expenses</b>				
Curriculum and teaching	63,270	18,067	—	81,337
Servicing and support	98,890	7,202	247	(a) 106,339
Technology and content development	115,473	6,207	10,239	(a)(b) 131,919
Marketing and sales	342,395	17,777	3,899	(a)(b) 364,071
General and administrative	131,020	24,684	(11,430)	(a)(c) 144,274
Impairment charge	70,379	—	—	70,379
<b>Total costs and expenses</b>	<u>821,427</u>	<u>73,937</u>	<u>2,955</u>	<u>898,319</u>
<b>Loss from operations</b>	(246,756)	(23,812)	(2,955)	(273,523)
Interest income	5,800	1	—	5,801
Interest expense	(13,419)	—	(8,546)	(d) (21,965)
Other expense, net	(707)	135	—	(572)
<b>Loss before income taxes</b>	(255,082)	(23,676)	(11,501)	(290,259)
<b>Income tax benefit (expense)</b>	19,860	(56)	(17,460)	(e) 2,344
<b>Net loss</b>	<u>\$ (235,222)</u>	<u>\$ (23,732)</u>	<u>\$ (28,961)</u>	<u>\$ (287,915)</u>
<b>Net loss per share, basic and diluted</b>	<u>\$ (3.83)</u>			<u>\$ (4.56)</u>
<b>Weighted-average shares of common stock outstanding, basic and diluted</b>	61,393,666		1,780,115	(f) 63,173,781

(1) Includes results from Trilogy for the period from January 1, 2019 through May 21, 2019.

*See accompanying notes to unaudited pro forma combined financial information.*

## Notes to Unaudited Pro Forma Combined Financial Information

### Note 1 — Purchase Price

The aggregate purchase price for the Trilogy Acquisition was \$608.6 million, which comprised consideration to Trilogy’s shareholders of \$424.3 million in cash and 4,608,101 shares of the Company’s common stock valued at \$184.3 million. Following the Trilogy Acquisition, the Company owns all of the outstanding equity interests of Trilogy.

### Note 2 — Financing Transactions

On May 22, 2019, to fund a portion of the cash consideration of the purchase price for Trilogy, the Company entered into a credit agreement (the “Credit Agreement”) with Owl Rock Capital Corporation, as administrative agent and collateral agent, and certain other lenders party thereto that provided for a \$250 million senior secured term loan facility (the “Term Loan”).

The Term Loan matures on May 22, 2024 and bears interest, at the Company’s option, at variable rates based on (i) a customary alternative base rate (with a floor of 2.00%) plus an applicable margin of 4.75% or (ii) an adjusted LIBOR rate (with a floor of 1.00%) for the interest period relevant to such borrowing plus an applicable margin of 5.75%.

### Note 3 — Unaudited Pro Forma Combined Consolidated Statement of Operations Adjustments

- (a) Reflects an adjustment to record the pro forma stock-based compensation charges of \$1.3 million. These compensation arrangements with certain employees and officers of Trilogy are subject to future service requirements and will be earned over an 18-month period. Stock-based compensation expense for the aforementioned compensation arrangements has been included in the Company’s historical results since the date of consummation of the Trilogy Acquisition. Because the pro forma results of operations require the Trilogy Acquisition to be reflected as if it occurred on January 1, 2019, a pro forma adjustment has been recorded to account for the incremental stock-based compensation expense. The compensation expense was recorded as follows within the respective expense lines:

	<u>Year Ended December 31, 2019</u> (in thousands)
Servicing and support	\$ 247
Technology and content development	49
Marketing and sales	99
General and administrative	897
Total stock-based compensation expense (incremental)	\$ 1,292

- (b) Reflects an adjustment for amortization expense related to the fair values of identified intangible assets with finite lives. The fair values of acquired intangible assets are \$48.1 million for developed technology, \$48.1 million for internally-developed course content, \$84.2 million for university client relationships and \$7.1 million for trade names and domain names. Amortization of the aforementioned intangible assets has been included in the Company’s historical results since the date of consummation of the Trilogy Acquisition. Because the pro forma results of operations require the Trilogy Acquisition to be reflected as if it occurred on January 1, 2019, a pro forma adjustment has been recorded to account for the incremental amortization. The intangible assets are amortized on a straight-line basis over the useful lives of the assets. The following table shows the preliminary amortization amount of each intangible asset:

	<u>Estimated Average Useful Life (years)</u>	<u>Fair Value</u>	<u>Amortization for Year Ended December 31, 2019</u> (in thousands)
<b>Amortizable intangible assets:</b>			
Developed technology	3	\$ 48,096	\$ 6,193
Developed content	4	48,050	4,640
University client relationships	10	84,150	3,251
Trade names and domain names	5	7,100	549
Total		\$ 187,396	\$ 14,633
Less: Trilogy historical amortization expense			(643)
<b>Pro forma amortization adjustment (incremental)</b>			<b>\$ 13,990</b>
Technology and content development			10,190
Marketing and sales			3,800

- (c) Reflects an adjustment to remove the impact of transaction costs incurred in connection with the Trilogy Acquisition. Transaction costs of \$7.5 million were recognized in Trilogy's historical results for the period from January 1, 2019 to May 21, 2019, and transaction costs of \$4.8 million were recognized in the Company's historical results for the year ended December 31, 2019.
  - (d) Reflects an adjustment to record the pro forma interest expense on debt incurred and amortization of debt issuance costs of \$8.5 million.
  - (e) Represents an adjustment to eliminate the one-time, non-recurring tax benefit of \$17.5 million recognized by the Company for the release of the Company's tax valuation allowance that was no longer needed as a result of recognizing an additional net deferred tax liability due to the Trilogy Acquisition.
  - (f) Reflects the pro forma effect of the consideration paid in the form of the Company's common stock in connection with the Trilogy Acquisition.
-



### **2U, Inc. Announces Proposed Public Offering of Common Stock**

LANHAM, Md. — August 5, 2020—2U, Inc. (Nasdaq: TWOU) (“2U”), a global leader in education technology, today announced that it is commencing a registered public offering of \$300,000,000 of its common stock. In connection with the offering, 2U intends to grant the underwriter a 30-day option to purchase up to \$45,000,000 additional shares of common stock.

Morgan Stanley is acting as sole underwriter in connection with the offering, and may offer the shares of common stock from time to time to purchasers directly or through agents, or through brokers in brokerage transactions on the Nasdaq Global Select Market, or to dealers in negotiated transactions or in a combination of such methods of sale, at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

2U intends to use the net proceeds from the offering for working capital and other general corporate purposes, which may include capital expenditures, potential acquisitions, growth opportunities and strategic transactions. However, 2U has not designated any specific uses and has no current agreement with respect to any acquisition or strategic transaction.

2U previously filed an automatically effective registration statement (including a prospectus) relating to these securities with the U.S. Securities and Exchange Commission (the “SEC”) for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents filed with the SEC for more information about 2U and this offering. You may obtain these documents free of charge by visiting the SEC’s website at [www.sec.gov](http://www.sec.gov). A copy of the prospectus and any prospectus supplement related to the offering may be obtained from Morgan Stanley by mail at Morgan Stanley & Co. LLC, Attention: Prospectus Department, 180 Varick Street, 2nd Floor, New York, NY 10014.

This press release does not and shall not constitute an offer to sell or a solicitation of an offer to buy any shares of 2U’s common stock, nor shall there be any offer, solicitation or sale of such shares, in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

#### **About 2U, Inc.**

Eliminating the back row in higher education is not just a metaphor—it’s our mission. For more than a decade, 2U, Inc., a global leader in education technology, has been a trusted partner and brand steward of great universities. We build, deliver, and support more than 435 digital and in-person

educational offerings, including graduate degrees, professional certificates, Trilogy-powered boot camps, and GetSmarter short courses. Together with its partners, 2U has positively transformed the lives of more than 245,000 students and lifelong learners.

---

## Forward-Looking Statements

This press release contains forward-looking statements regarding the offering of the shares, which are subject to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this press release, including statements regarding the closing of the offering and the anticipated use of the net proceeds from the offering, are forward-looking statements. 2U has based these forward-looking statements on its current expectations and projections about future events as of the date of this press release. 2U undertakes no obligation to update these statements as a result of new information or future events. These forward-looking statements are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from the results predicted, including, but not limited to, risks related to the offering of the shares, market risks and uncertainties and the impact of any natural disasters or public health emergencies, such as the COVID-19 pandemic. These and other potential risks and uncertainties that could cause actual results to differ from the results predicted are more fully detailed under the heading “Risk Factors” in 2U’s Annual Report on Form 10-K for the year ended December 31, 2019, as amended and supplemented by risks and uncertainties under the heading “Risk Factors” in 2U’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, and 2U’s other filings with the SEC. Moreover, 2U operates in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for 2U’s management to predict all risks, nor can 2U assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements 2U may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this press release may not occur and actual results could differ materially and adversely from those anticipated.

\* \* \*

## Contact Information

**Media:** Glenda Felden, 2U, Inc., [media@2U.com](mailto:media@2U.com)

**Investor Relations:** Ed Goodwin, 2U, Inc., [egoodwin@2U.com](mailto:egoodwin@2U.com)

---