Finding the right student.

Curating a custom higher education audience.

Harsha Mokkarala
Chief Revenue Officer
June 5, 2018
Safe Harbor

This presentation contains forward-looking statements regarding the future business expectations of 2U, Inc. (“2U”), which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this press release, including statements regarding future results of the operations and financial position of 2U, including financial targets, business strategy, and plans and objectives for future operations, are forward-looking statements. 2U has based these forward-looking statements largely on its estimates of its financial results and its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy, short term and long-term business operations and objectives, and financial needs as of the date of this presentation. 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, trends in the higher education market and the market for online education, and expectations for growth in those markets; the acceptance, adoption and growth of online learning by colleges and universities, faculty, students, employers, accreditors and state and federal licensing bodies; 2U’s ability to comply with evolving regulations and legal obligations related to data privacy, data protection and information security; 2U’s expectations about the potential benefits of our cloud-based software-as-a-service (“SaaS”) technology and technology-enabled services to university clients and students; 2U’s dependence on third parties to provide certain technological services or components used in its solutions; 2U’s ability to meet the anticipated launch dates of its graduate programs and short courses; 2U’s expectations about the predictability, visibility and recurring nature of its business model; 2U’s ability to acquire new university clients and expand its graduate programs and short courses with existing university clients; 2U’s ability to successfully integrate the operations of GetSmarter, achieve the expected benefits of the acquisition and manage, expand and grow the combined company; 2U’s ability to execute its growth strategy in the international, undergraduate and non-degree alternative markets; 2U’s ability to continue to acquire prospective students for its graduate programs and short courses; 2U’s ability to affect or increase student retention in its graduate programs; 2U’s expectations regarding the scalability of its cloud-based SaaS technology; 2U’s expectations regarding future expenses in relation to future revenue; potential changes in regulations applicable to 2U or its university clients; and 2U’s expectations regarding the amount of time its cash balances and other available financial resources will be sufficient to fund its operations.

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 our Annual Report on Form 10-K for the year ended December 31, 2017 and other reports filed with the Securities and Exchange Commission. Moreover, 2U operates in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for 2U 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 presentation may not occur and actual results could differ materially and adversely from those anticipated.

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Hi, we’re 2U.

We believe that when students win, universities win. A clear alignment of interests among students, universities, and 2U is what makes our mission-driven business possible. By coming together around one shared goal—delivering great student outcomes—we are not only improving lives, we’re also transforming the future of higher education.
2U is the trusted brand steward and the partner of choice to the world’s top universities.

As of June 2, 2018
Technology with a human touch.
Powering the world’s best digital education.
Targeted, program-specific digital marketing campaigns using machine learning and AI that can reach and engage interested and qualified prospective students in a targeted, cost-effective manner.
We help universities reach more students.

For more than a decade, we’ve been helping universities extend their reach.

36,249 Enrolled 2UGrad Students

34 UNI. PARTNERS

435,626 LIVE CLASSES

80+ SHORT COURSES

12,000 2UGrad Graduates

50+ PROGRAMS

Inception-to-date through 3/31/2018.
Finding the right student, at the right time, for the right program.

Qualified students who are open to digital learning and have a brand affiliation for a particular university are like needles in a haystack.
We are finding qualified audiences at scale.

• Bespoke campaigns and spend for each university program.
• Multiple program verticals create network effect.
• Increased share of voice among high-intent audiences.
• Efficiency at scale allows us to re-invest in continued growth.
• Innovation with world’s top digital media platforms.
• Continued customization of messages for each program.
We can leverage our curated audience pool across our portfolio of higher education offerings.
Grad segment portfolio

Partnered with three or more universities in each of the major regions of the U.S.

Announced our first partner in the U.K.

Portfolio includes 58 programs across 24 degree verticals, including business, data science, nursing, physician assistant, and physical therapy.
Grad Program – target steady state attributes

<table>
<thead>
<tr>
<th>AVG. PROGRAM</th>
<th>2U ECONOMICS</th>
<th>UNIVERSITY ECONOMICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Tuition</td>
<td>$70 - $75k</td>
<td></td>
</tr>
<tr>
<td>Annual New Student Enrollments</td>
<td>300 – 500</td>
<td></td>
</tr>
<tr>
<td>Avg. Retention Rate</td>
<td>82 – 84%</td>
<td></td>
</tr>
<tr>
<td>Avg. Annual Steady State Tuition</td>
<td>$25-28 million</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue Share</th>
<th>Low to mid 60 percent</th>
<th>Mid 30 to 40 percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steady State Annual Revenue</td>
<td>$15-17 million</td>
<td>$9-10 million</td>
</tr>
<tr>
<td>Profitability</td>
<td>$5-6 million *</td>
<td>$6-7 million</td>
</tr>
</tbody>
</table>

*We consider interest expense, interest income, and the non-program specific portions of depreciation and amortization expense and stock-based compensation expense to be corporate expenses, and therefore we allocate those expenses to the above groupings based on our corporate allocation methodology.*
Grad student lifecycle

On average, the student acquisition lifecycle takes seven months, but can often take up to two years. Students then take just over two years to complete a graduate program. If a person becomes a prospect in January 2017, we will not have recognized the full revenue from this student until 2020.

Each dot represents one quarter a student spends discovering and applying to a graduate program.

Each dot represents a period in which we recognize revenue from a student until he or she graduates from a program.
Grad portfolio attributes create a unique challenge

One time product with a 7 month to 2 year student acquisition cycle and a low conversion rate creates a complex marketing analytics challenge.

2U must be able to predict enrollment in order to spend marketing efficiently.
Gather data from every interaction → Predict enrollment outcomes → Predictive engine

Scale up tactics that work
Find new ways to experiment
Scale down tactics that don’t work
LTR / TCA is our framework for managing our marketing spend against predicted enrollments.

\[
\frac{\text{Life Time Revenue (LTR)}}{\text{Total Cost of Acquisition (TCA)}} = 3.2
\]
Total cost of acquisition (TCA) equates to roughly 20% of a student’s total tuition.

\[
\text{TCA} = \frac{\text{Acquisition Expenses}}{\text{Number of Students Generated}}
\]
Acquisition expenses include categories beyond simply marketing spend.

\[
\text{TCA} = \frac{\text{Spend} + \text{People} + \text{Content} + \text{Infrastructure}}{\text{Number of Students Generated}}
\]
2U must be able to predict enrollment in order to spend marketing efficiently.

\[
\text{TCA} = \frac{\text{Spend} + \text{People} + \text{Content} + \text{Infrastructure}}{\text{Number of Students Generated}}
\]

KNOWN KNOWN KNOWN KNOWN KNOWN

UNKNOWN
By allocating resources for the best outcome—
We are pushing each program to the efficient frontier of marketing.
Delivering world-class digital education at scale is hard and expensive. It takes more than great faculty, administration, and teaching; it requires taking real capital risks upfront and investing over the long-term.
2U Inc. is a diverse collection of more than 2,000 individuals who share a common belief in the power of higher education to transform lives for the better. Every 2Ute — regardless of office, department, or tenure — is passionate about helping our university partners deliver life-changing outcomes for their students.
For a decade, 2U has been a trusted brand steward and the partner of choice to the world’s top universities in navigating the complexities of bringing the best of themselves into the digital age.
2U has a team of digital journalists to create program specific content.

1. Relevant to specific websites where we want placement
2. Timely and topical
3. Engaging, easy to share and feature
4. On Brand

Shareable Content > Links from Authoritative Sites > High Search Ranking
1. Hyper relevant to speech pathology practitioners
2. Takes advantage of a high profile event
4. Tied to NYU's Top Chef contest
Parkinson’s Foundation distributed printed copies at their annual gala!

Picked up by Food Republic

75 high-quality link placements

Hurray For Puree! NYU Launches Dysphagia Cookbook

Scroll for recipes
100 Years of Feminist History Explained in 10 Women’s Work Suits

MBA@UNC

1. Relevant to business industry and beyond
2. Timed around the Hillary campaign news cycle
3. Shareable GIF that tells a story
4. One of the tenets of the program brand is women in leadership

Picked up by Huffington Post

Earned 300+ links
Infrastructure

We rely heavily on data, and the ability to analyze it, because the insights that come from it are a powerful tool in making informed choices and preventing avoidable mistakes.
Data architecture supports students throughout the process of discovering and enrolling in the right program.

Robust analytics are the foundation for all marketing efforts.
Multiple program verticals leverage our custom higher education audience.
Adding multiple programs in a vertical increases enrollments across the vertical, which allows 2U to allocate more resources toward student acquisition.
Multiple programs in a vertical increase our share of voice among high-intent audiences, and allows us to allocate resources toward more experimental channels.

Optimize to the LTR / TCA ratio of 3.2
Highly visible when it matters the most.

Search engine results page.
Exclusive access to high performing websites.

Acquire

Gain Exclusivity

Build
We can also leverage our custom higher education audience for short courses.
Short Course portfolio

Portfolio of over 80 courses ranging across disciplines including business, finance, marketing, design, legal, teaching, healthcare and IT.

Open enrollment short courses provide access to some of the best universities in the world.

Focus on skills attainment allows for multiple repeat purchases throughout a person's career.

Shorter cycle from investment to recovery allows for the flexibility to adapt short course offerings to market demand.
Leveraging existing web assets for short courses

FEATURED ONLINE DEGREES AND SHORT COURSES

Master of Arts in Teaching at USC Rossier
The Master of Arts in Teaching degree (MAT) is for aspiring teachers who want to gain the skills and knowledge they need to become great educators.

MAT-TESOL at USC Rossier
The Master of Arts in Teaching-Teaching English to Speakers of Other Languages degree is designed for educators who want to become English language teaching specialists at home or abroad.

Ed.M. with School Counseling Specialization at Vanderbilt Peabody
Vanderbilt University’s Peabody College offers an online Master of Education in human development counseling with a specialization in school counseling for students interested in becoming school counselors and making a meaningful difference in K-12 settings.

Ed.D. in Organizational Change and Leadership at USC Rossier
The Doctor of Education in Organizational Change and Leadership (Ed.D. in OCL) degree is for current and emerging leaders looking to create and foster learning environments that drive systemic improvement across a range of organizations.

Ed.D. in Leadership and Learning in Organizations at Vanderbilt University’s Peabody College
The Doctorate in Education in leadership and learning in organizations is for experienced mid-career professionals interested in gaining the critical skills in leadership, organizational development, learning and design, and data analytics.

Harvard's Bok Center for Teaching and Learning
The 8-week Harvard Bok Teaching Certificate online short course is delivered by Harvard’s Bok Center for Teaching and Learning, in association with HarvardX. Students in this course will engage deeply with the most relevant research on effective teaching methods in the higher education context, while refining their own practices, portfolio, and teaching philosophy.

Online Short Course from Harvard Bok Center for Teaching and Learning
It’s our responsibility to continue growing this audience.
We continue to grow our audience through new channels.

1. **SITE ACQUISITIONS**
   Growing share on relevant high converting websites

2. **NEW MEDIA PARTNERSHIPS**
   New audiences through bespoke media partnerships

3. **OFFLINE CHANNELS**
   Test channels like Direct mail and events
We continue to grow our audience through product marketing.

1. **NEW DEGREE OFFERINGS**
   MLS leveraging curriculum from an existing LLM.

2. **CONCENTRATIONS**
   Epidemiology concentration with an MPH.

3. **PROGRAM ENHANCEMENTS**
   Application fee or testing waivers for qualified applicant.
Financial Impact

The clear alignment of interests among students, university partners, and 2U is ultimately what makes our purpose-driven business model so compelling and powerful.
Consolidated revenue growth

**GRADUATE PROGRAMS**

**SHORT COURSES**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q'16</th>
<th>2Q'16</th>
<th>3Q'16</th>
<th>4Q'16</th>
<th>1Q'17</th>
<th>2Q'17</th>
<th>3Q'17</th>
<th>4Q'17</th>
<th>1Q'18</th>
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<tr>
<td>REVENUE</td>
<td>$47.4</td>
<td>$49.1</td>
<td>$52.0</td>
<td>$57.4</td>
<td>$64.8</td>
<td>$65.0</td>
<td>$70.3</td>
<td>$86.7</td>
<td>$92.3</td>
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<tr>
<td>Y/Y GROWTH</td>
<td>37.1%</td>
<td>39.4%</td>
<td>40.1%</td>
<td>32.6%</td>
<td>36.6%</td>
<td>32.3%</td>
<td>35.2%</td>
<td>51.1%</td>
<td>42.4%</td>
</tr>
<tr>
<td>G.P. GROWTH*</td>
<td>37.1%</td>
<td>39.4%</td>
<td>40.1%</td>
<td>32.6%</td>
<td>36.6%</td>
<td>32.3%</td>
<td>26.9%</td>
<td>30.2%</td>
<td>24.3%</td>
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*Graduate Program Segment revenue growth.