



2U and edX: An Industry Redefining Combination

June 29, 2021

Forward Looking Statements.

This presentation contains forward-looking statements regarding 2U, Inc. (“2U”, the “company”, “our”), edX Inc., 2U’s acquisition of assets from edX Inc. (the “Acquisition”) and future business expectations, strategy and intentions all of 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 herein, including statements regarding future results of 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 hereof. The company 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 Acquisition, including failure to obtain applicable regulatory and governmental approvals in a timely manner or at all, integration risks and failure to achieve the anticipated benefits of the Acquisition; 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; the impact of competition on the company’s industry and innovations by competitors; the company’s ability to comply with evolving regulations and legal obligations related to data privacy, data protection and information security; the company’s expectations about the potential benefits of its cloud-based software-as-a-service technology and technology-enabled services to university clients and students; the company’s dependence on third parties to provide certain technological services or components used in its platform; the company’s expectations about the predictability, visibility and recurring nature of its business model; the company’s ability to meet the anticipated launch dates of its degree programs, short courses and boot camps; the company’s ability to acquire new university clients and expand its degree programs, short courses and boot camps with existing university clients; the company’s ability to successfully integrate the operations of its acquisitions, including edX and Trilogy, to achieve the expected benefits of its acquisitions and manage, expand and grow the combined company; the company’s ability to refinance its indebtedness on attractive terms, if at all, to better align with its focus on profitability; the company’s ability to service its substantial indebtedness and comply with the covenants and conversion obligations contained in the indenture governing its convertible senior notes and the credit agreement governing its revolving credit facility; the company’s ability to generate sufficient future operating cash flows from recent acquisitions to ensure related goodwill is not impaired; the company’s ability to execute its growth strategy in the international, undergraduate and non-degree alternative markets; the company’s ability to continue to recruit prospective students for its offerings; the company’s ability to maintain or increase student retention rates in its degree programs; the company’s ability to attract, hire and retain qualified employees; the company’s expectations about the scalability of its cloud-based platform; potential changes in regulations applicable to the company or its university clients; the company’s expectations regarding the amount of time its cash balances and other available financial resources will be sufficient to fund its operations; the impact and cost of stockholder activism; the impact of any natural disasters or public health emergencies, such as the coronavirus disease 2019 (“COVID-19”) pandemic; the company’s expectations regarding the effect of the capped call transactions and regarding actions of the option counterparties and/or their respective affiliates; and other factors beyond the company’s control. 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, 2020, and other SEC filings. 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 herein may not occur and actual results could differ materially and adversely from those anticipated.

Key Takeaways

- 1. 2U acquiring assets including brand, website, and marketplace from edX**
—a nonprofit founded by Harvard and MIT—for \$800 million
- 2. Increases TAM** through combined 50M+ global learner base, 1,200+ Enterprise clients, 230+ university and corporate partners, and comprehensive suite of 3,500+ offerings ranging from free-to-degree
- 3.** Combined entity will have **massive global audience and strong consumer brand**, top five education website with traffic of 120M+
- 4.** Expected to improve ROIC through **increased marketing efficiency**
- 5.** Extends leadership position and supports increased access to high-quality digital education and **sustainable value creation**

Expected to improve marketing cost efficiency by 10-15%

Transaction Summary

Transaction

- 2U is acquiring assets from nonprofit edX, founded by MIT and Harvard
- Assets include edX brand, website, and marketplace
- Purchase price of \$800 million cash

Strategic Fit

- Combines 2U's marketing engine with edX's consumer brand and marketplace
- Adds 3,000+ offerings to meet the needs of lifelong learners, from MOOCs through advanced degrees
- Adds 124 top-tier global universities, extending leadership position as digital transformation partner of choice

Term Loan

- Closed on \$475 million senior secured Term Loan B with 3.5-year maturity
- LIBOR plus 575 basis points, OID of 98.25
- Annual amortization of 1% (~\$42 million of annual interest expense)
- Loan repayable at par if transaction does not close

Financial Impact

- Expected to generate annual marketing cost efficiencies of 10 – 15% within 24 months
- Expected to be accretive to adjusted EBITDA in FY'23 (low single-digit dilution in FY'22)
- On a nonprofit reporting basis, FYE 6/30/20, edX generated revenue of \$84.7M and operating loss of \$17.4M

Approval & Closing

- Expected to close within ~120 days
- Subject to customary closing conditions

Purpose-Aligned



“As a global nonprofit, we’re relentlessly pursuing a world **where every learner can access education to unlock their potential, without the barriers** of cost or location.”



“We believe that great nonprofit universities can redefine higher education to address society’s critical needs. **Education must be high-quality, blended and connected, relevant, accessible and affordable, and sustainable.**”



A shared vision of universal access to the world's best digital education

2U and edX have each built industry leading, mission-driven organizations by focusing on two shared beliefs. First, that great nonprofit universities are the most powerful engines of social and economic mobility. And second, that online learning has the potential to change lives and, in doing so, change the world.

By bringing together edX and 2U's deeply aligned values, strengths, and complementary offerings, we'll be able to make our shared vision of universal access to high-quality education a reality.

Meet edX

Every individual has the potential to create change, whether in their life, their community, or the world. The transformative power of education is what unlocks that potential. Yet, access to high-quality education has been a privilege of the few.

Back in 2012, edX realized it was time for a seismic shift in learning. From the tried and true to the leading edge. From “for some” to “for all.” By opening the classroom through online learning, **edX empowers millions of learners to unlock their potential.**

“I am happy and grateful that edX is offering high-quality education to the world”

Ruchir, India

Harvard's Entrepreneurship in Emerging Economies



15 OF TOP **20** /
UNIVERSITIES IN THE WORLD

39M

REGISTERED LEARNERS

115M

ALL-TIME ENROLLMENTS

85K

LEARNERS ENGAGED IN
COURSE CONTENT PER DAY

120M

'20 MARKETPLACE VISITS

#983

RANKED WEBSITE IN THE
WORLD (TOP 5 IN EDUCATION)

3K

COURSES DRIVING CONSUMER
MARKETPLACE FLYWHEEL

FOUNDED IN

2012

BY HARVARD AND MIT

A Compelling Combination



More than:

15M LEARNERS

80 PARTNERS

500 OFFERINGS

200 CORPORATE
CLIENTS



More than:

39M LEARNERS

165 PARTNERS

3,000 OFFERINGS

1,000 CORPORATE
CLIENTS



More than:

50M LEARNERS

230 PARTNERS

3,500 OFFERINGS

1,200 CORPORATE
CLIENTS



As of June 29, 2021

Strategic Rationale

/ edX brand equity

Leverage edX's **strong brand equity** for interactions with learners, from initial marketplace experience throughout the student lifecycle

/ Profitable growth

Build a **scalable marketing advantage** by combining best-in-class program marketing with a thriving consumer marketplace

/ Expand product offerings

Expand our product offerings to meet learners' evolving needs, **from free to degree**

/ Enhance geographic footprint

Leverage edX's global footprint to **increase addressable market** with a broader international audience

/ Grow Enterprise

Grow our **Enterprise revenue**, leveraging edX's expansive portfolio, our unmatched product suite, and new models including subscription

/ Embed learning tech

Opportunity to build upon **highly scalable open source** learning environment

Unmatched Free-to-Degree Offerings

500+ Offerings
80+ Partners

2U

3,500+
OFFERINGS
230+
PARTNERS
COMBINED

2U | Short Courses

2U | Boot Camps

2U | Undergraduate Degrees

2U | Masters Degrees

2U | Doctorate Degrees

edX | Masters Degrees

edX | MicroBachelors®
MicroMasters®

edX | Professional
Certificates

edX | MOOCs
(free & paid)

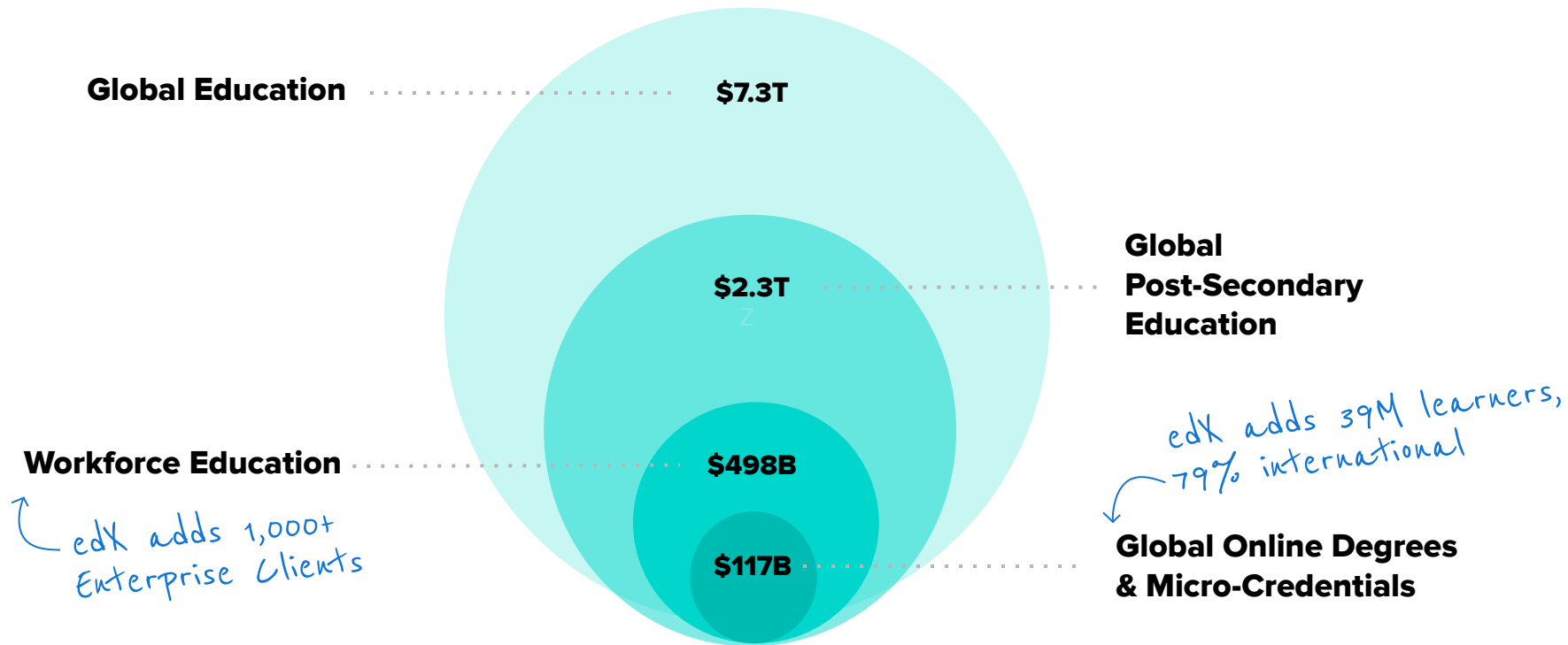
3,000+ Offerings
165+ Partners

edX

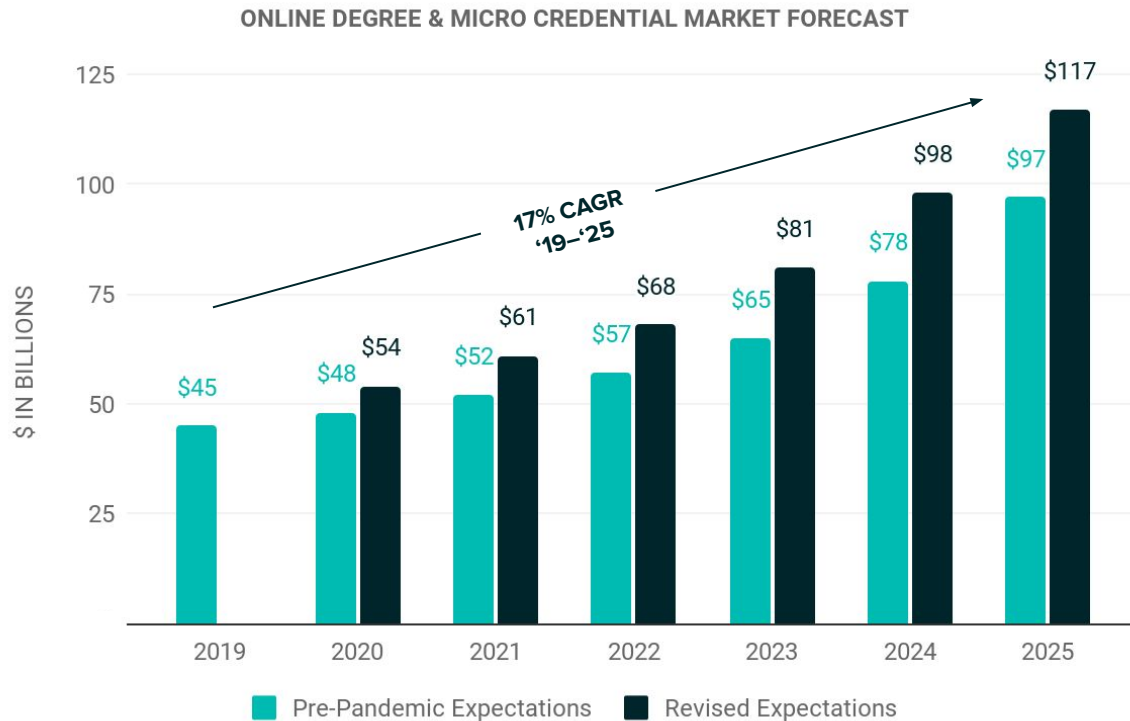
As of June 29, 2021

Expanded Addressable Market

(2025 Market Estimates)



Accelerating Market Growth



Estimated long-term
**CAGR increased
2-points**
as a result of the pandemic,
showing a lasting positive
impact from accelerated
adoption of online
education.

Creating an Unmatched Portfolio of Global University Partners



2U and edX partner with **38 of the 50 best** global universities (ranked by U.S. News)



Yale



UCLA



As of June 29, 2021

Scale and Reach Drive Value-Creating Cost Synergies

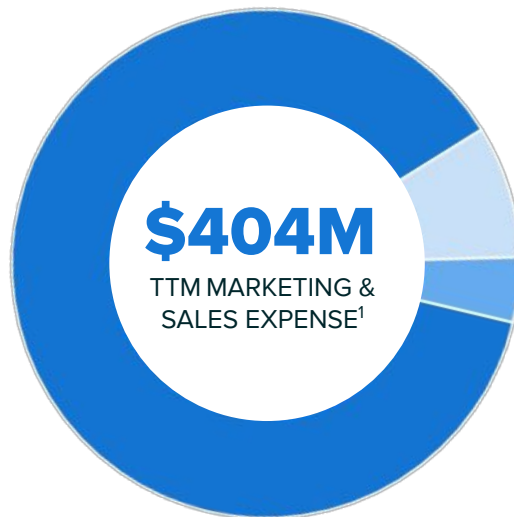
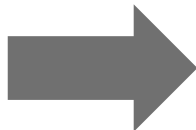


39M+

REGISTERED
LEARNERS

120M+

'20 MARKETPLACE
VISITS



\$40-60M

EXPECTED ANNUAL SAVINGS
OPPORTUNITY (10-15%)

*Leveraging global reach of
engaged learners and edX brand
awareness to achieve sustained
marketing cost efficiencies*

Marketing cost synergies are realistic and achievable

(Illustrative Example)

What's needed to achieve a 10%+ reduction in average cost-per-enrollment?



120M '20 MARKETPLACE VISITS

X 0.01%
Conversion Rate

OR

39M REGISTERED LEARNERS

X 0.03%
Conversion Rate

=

~12,000

INCREMENTAL ENROLLMENTS



Average Cost Per Enrollment

~\$3.9K



2020 Actual

~\$3.5K



With Incremental Enrollments (Illustrative)

Proven marketing engine + consumer marketplace = sustainable marketing efficiency



MULTI-
audience

program
-SPECIFIC

MULTI-
channel



Top 5
EDUCATION SITES
ON GOOGLE

#3
SHARE OF VOICE
IN NON-BRANDED
SEARCH TERMS

75
DOMAIN
AUTHORITY

2.3M+
FOLLOWERS ON
SOCIAL MEDIA



Multiple value creation opportunities beyond marketing synergies

← Marketing cost efficiencies
from existing global user base and
consumer brand equity

Putting our marketing expertise
behind edX's existing products

Free-to-degree suite of
offerings that matches
lifelong learner journey

Graduates of any of our offerings
likely to consider additional offerings
in the future

Mission alignment with
Harvard and MIT – continued
investment in Open edX platform

Extend our offerings into broad base
of Enterprise clients

Deepening relationships and increasing
share of wallet with unmatched set of
university partners

Broad deployment of edX for Campus
supporting 850 universities on-campus
education

Transaction Funded with Cash on Hand

Includes Proceeds from New Term Loan

(\$MM)	3/31/2021 Amount	Acquisition and Financing Adjustments	Pro Forma 3/31/2021 Amount
Cash & Cash Equivalents	\$ 487	(340)	\$ 147
Revolving Credit Facility	-	-	N/A
Senior Secured Term Loan B	-	475	475
Total Secured Debt	\$ 0		475
Net Secured Debt	\$ (487)		<u>328</u>
Convertible Senior Unsecured Notes Due 2025	380		380
Total Debt	\$ 380		855
Total Net Debt	\$ (107)		\$ 708

Sources	(\$MM)
New Term Loan B	\$ 475
Cash from Balance Sheet	340
Total Sources	\$ 815
Uses	(\$MM)
Purchase of edX	\$ 800
Fees & Expenses	15
Total Uses	\$ 815

/ Term loan repayable at par
if transaction does not close.

2U Investment Thesis Strengthened by edX Combination



Leading position in multi-trillion dollar¹ market with accelerating digital adoption

Uniquely positioned to develop high-quality educational offerings across the Career Curriculum Continuum

Preferred digital transformation partner for top global institutions

Sizable and scalable platform delivering strong growth

Sustainable, resilient business model with financial flexibility to execute strategy and drive to cash generation



Extends **leadership position** and significantly increases **TAM**

Combined company will be **sole provider** of offerings from **free to degree** across the CCC

Grows top global nonprofit university partner count **to 185**

Combination will produce **the most robust consumer education marketplace**

Increases **scale**, enhances marketing **efficiency**, and accretive to **growth**