

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.

You should not rely upon forward-looking statements as predictions of future events. Although 2U believes that the expectations reflected in the forward-looking statements are reasonable, 2U cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither 2U nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Except as required by law, 2U undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this presentation, to conform these statements to actual results or to changes in 2U’s expectations.

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.

 <p>AMERICAN UNIVERSITY <small>WASHINGTON, D.C.</small></p>	 <p>BAYLOR UNIVERSITY</p>	 <p>Emerson COLLEGE</p>	 <p>FORDHAM UNIVERSITY <small>THE JESUIT UNIVERSITY OF NEW YORK</small></p>	 <p>THE GEORGE WASHINGTON UNIVERSITY <small>WASHINGTON, DC</small></p>	 <p>GEORGETOWN UNIVERSITY</p>
 <p>HARVARD UNIVERSITY</p>	 <p>LSE <small>THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE</small></p>	 <p>MIT <small>Massachusetts Institute of Technology</small></p>	 <p>NYU</p>	 <p>Northwestern University</p>	 <p>UNIVERSITY OF OXFORD</p>
 <p>PEPPERDINE UNIVERSITY</p>	 <p>RICE</p>	 <p>SIMMONS COLLEGE</p>	 <p>SMU</p>	 <p>Syracuse University</p>	 <p>Tecnológico de Monterrey</p>
 <p>Tufts UNIVERSITY</p>	 <p>UCL</p>	 <p>Berkeley <small>UNIVERSITY OF CALIFORNIA</small></p>	 <p>UC DAVIS <small>UNIVERSITY OF CALIFORNIA</small></p>	 <p>UNIVERSITY OF CAMBRIDGE</p>	 <p>UNIVERSITY OF CAPE TOWN <small>YUNIVESITHI YASEKAPA • UNIVERSITEIT VAN KAAPSTAD</small></p>
 <p>THE UNIVERSITY OF CHICAGO</p>	 <p>UNIVERSITY of DAYTON</p>	 <p>UNIVERSITY of DENVER</p>	 <p>THE UNIVERSITY of NORTH CAROLINA at CHAPEL HILL</p>	 <p>USC</p>	 <p>USB Executive Development <small>University of Stellenbosch Business School</small></p>
 <p>UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG</p>	 <p>VANDERBILT UNIVERSITY</p>	 <p>Washington University in St. Louis</p>	 <p>Yale</p>		<p>As of June 2, 2018</p>



**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

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.

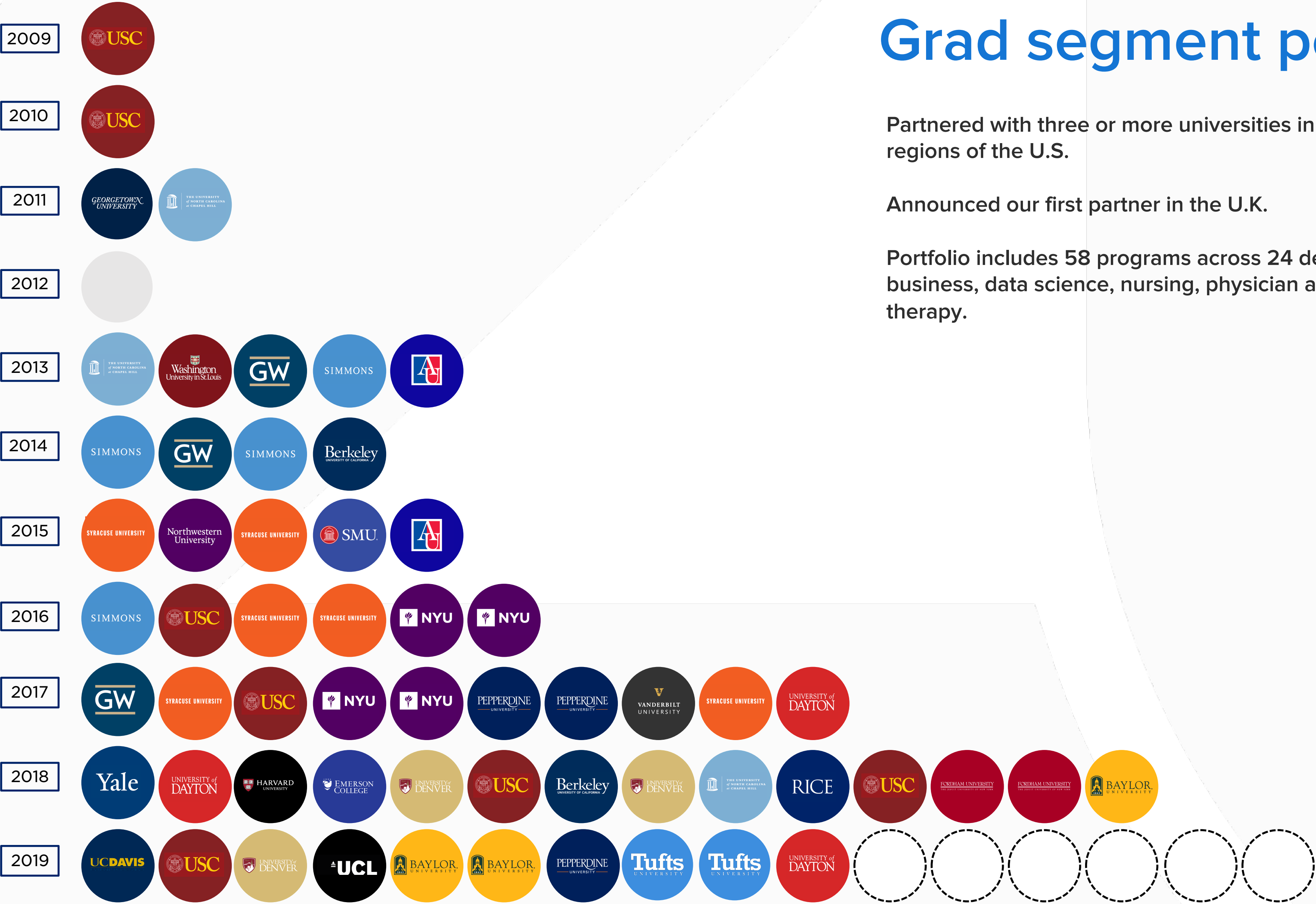


Grad segment portfolio

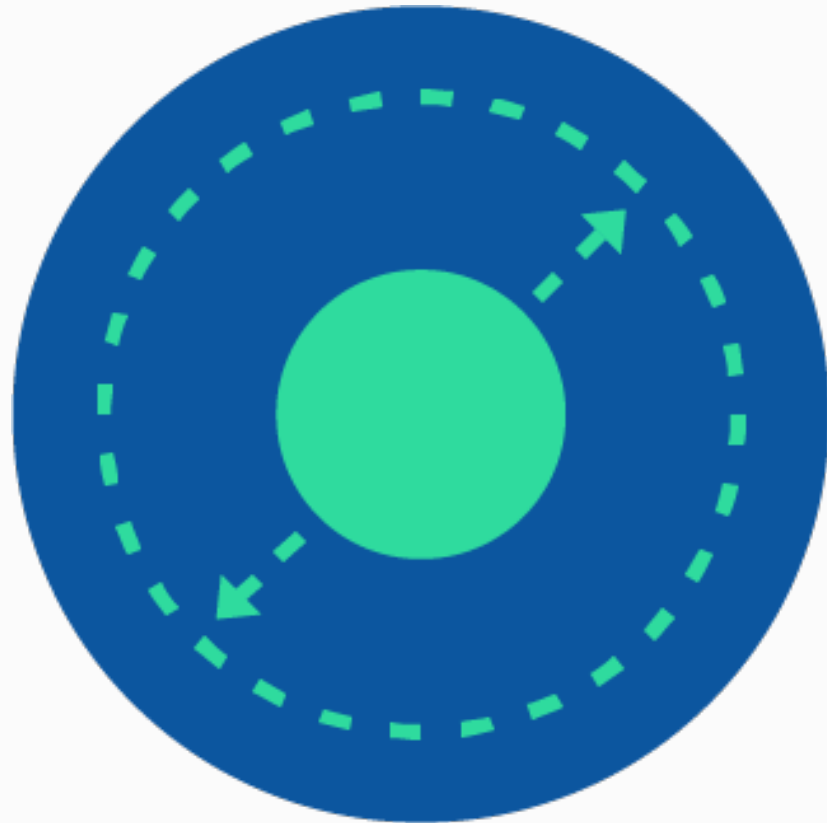
Partnered with three or more universities in each of the major regions of the U.S.

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

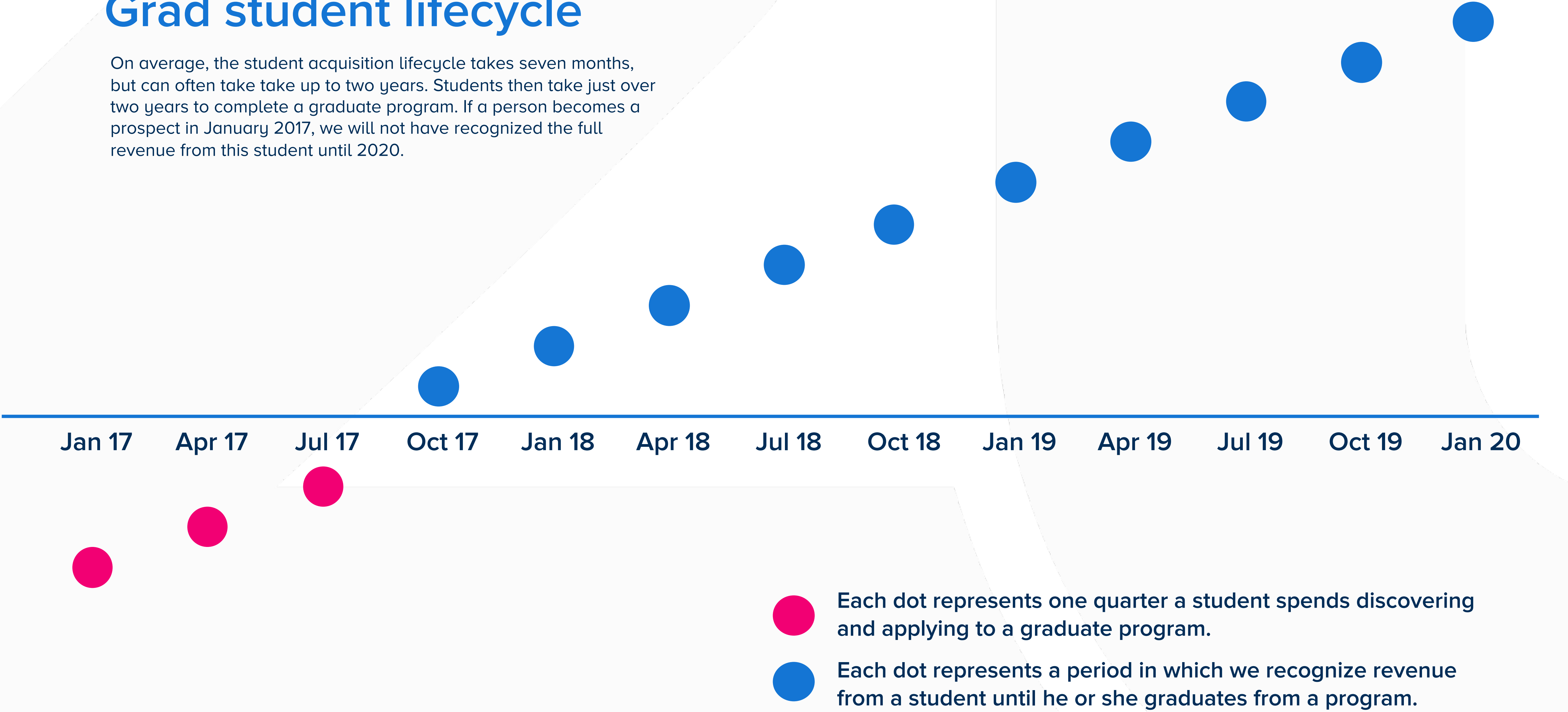


	AVG. PROGRAM	
	Avg. Tuition	\$70 - \$75k
	Annual New Student Enrollments	300 – 500
	Avg. Retention Rate	82 – 84%
	Avg. Annual Steady State Tuition	\$25-28 million
	2U ECONOMICS	UNIVERSITY ECONOMICS
Revenue Share	Low to mid 60 percent	Mid 30 to 40 percent
Steady State Annual Revenue	\$15-17 million	\$9-10 million
Profitability	\$5-6 million *	\$6-7 million

**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.



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.

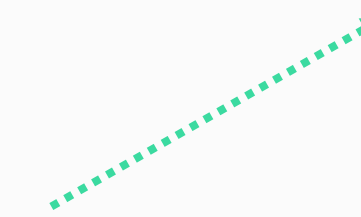
2U must be able to predict enrollment in order to spend marketing efficiently.

Predictive engine

**Gather data from
every interaction**



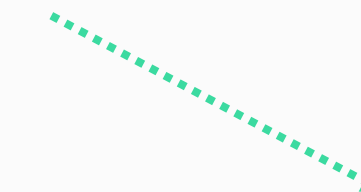
**Predict enrollment
outcomes**



**Scale up tactics
that work**



**Find new ways to
experiment**



**Scale down tactics
that don't work**

LTR / TCA is our framework for managing 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.

KNOWN KNOWN KNOWN KNOWN

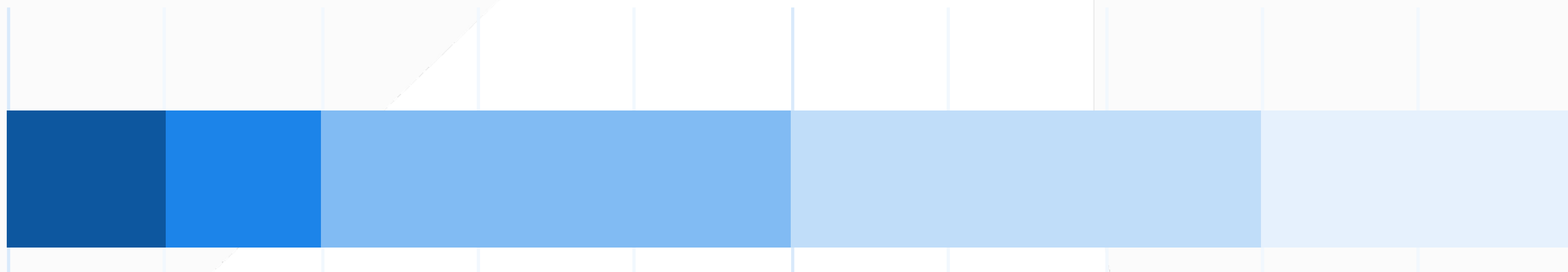


$$\text{TCA} = \frac{\text{Spend} + \text{People} + \text{Content} + \text{Infrastructure}}{\text{Number of Students Generated}}$$



UNKNOWN

By allocating resources for the best outcome-



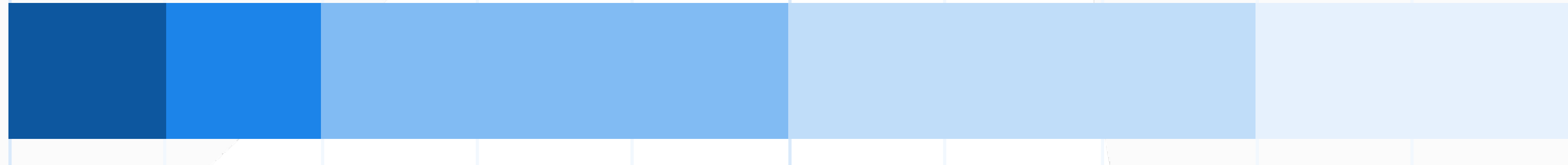
Least experimental

Most experimental

We are pushing each program to the efficient frontier of marketing.



Optimize to the middle



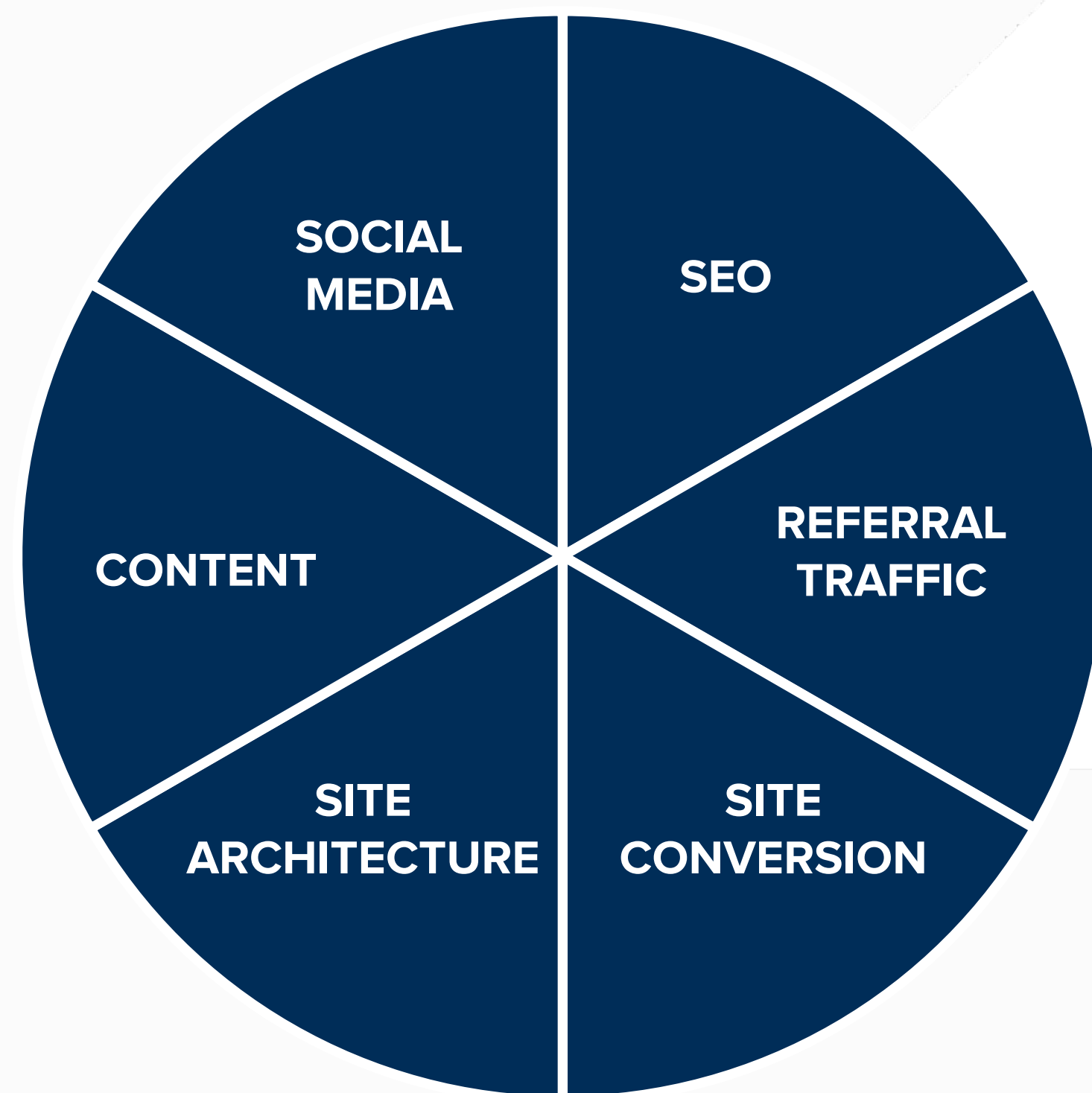
Least experimental

Most experimental

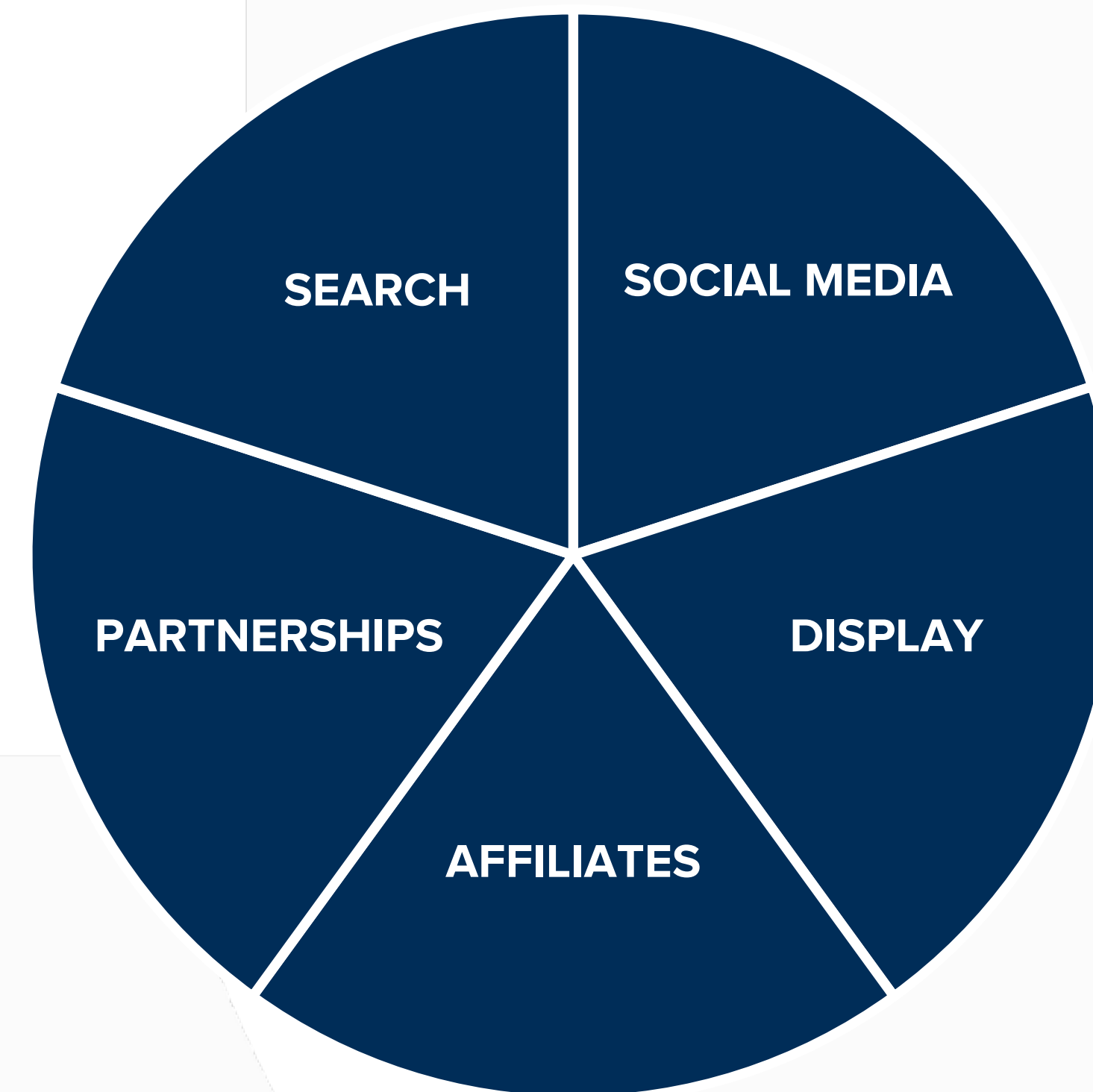
Spend

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.

Organic Marketing



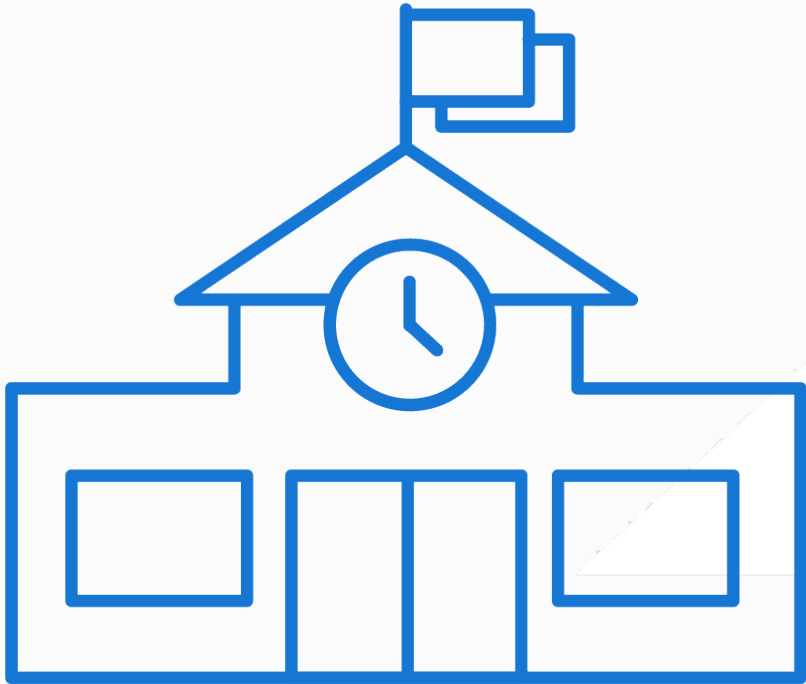
Paid Media



People

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.

2U[®]OS.marketing



University



Email Operations	Websites & CRO
SEO	Demand Generation
Content Marketing	Ad Operations
Public Relations	Creative
Admissions	Insights & Analytics

Content

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**



SPEECH@NYU

Dining with Dysphagia

A Cookbook

Share on social:



1.
Hyper relevant to
speech pathology
practitioners

2.
Takes advantage
of a high profile
event

3.
On trend. Cooking
competitions and
foodie culture.

4.
Tied to NYU's Top
Chef contest

SPEECH@NYU

Picked up
by Food
Republic

Parkinson's
Foundation
distributed printed
copies at their
annual gala!

Dining with Dysphagia

A Cookbook

75 high-
quality link
placements

Scroll for recipes

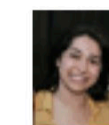


foodrepublic.com



BIG IDEAS

Hurray For Puree! NYU Launches Dysphagia Cookbook



Jess Kapadia
February 16, 2017

100 Years of Feminist History Explained in 10 Women's Work Suits

MBA@UNC

Picked up
by Huffington
Post

Earned
300+ links



1.
Relevant to
business industry
and beyond

2.
Timed around the
Hilary campaign
news cycle

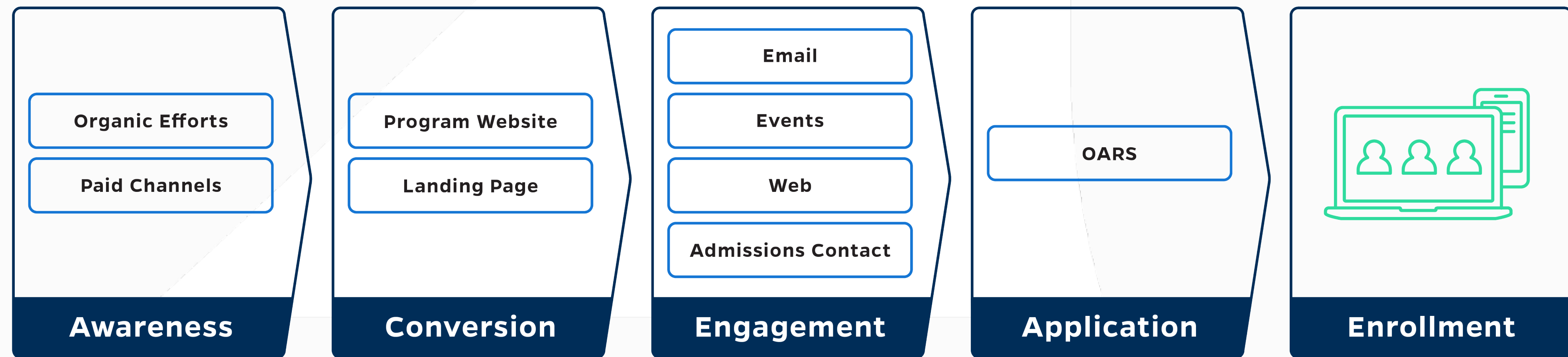
3.
Shareable GIF that
tells a story

4.
One of the tenets
of the program
brand is women in
leadership

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.

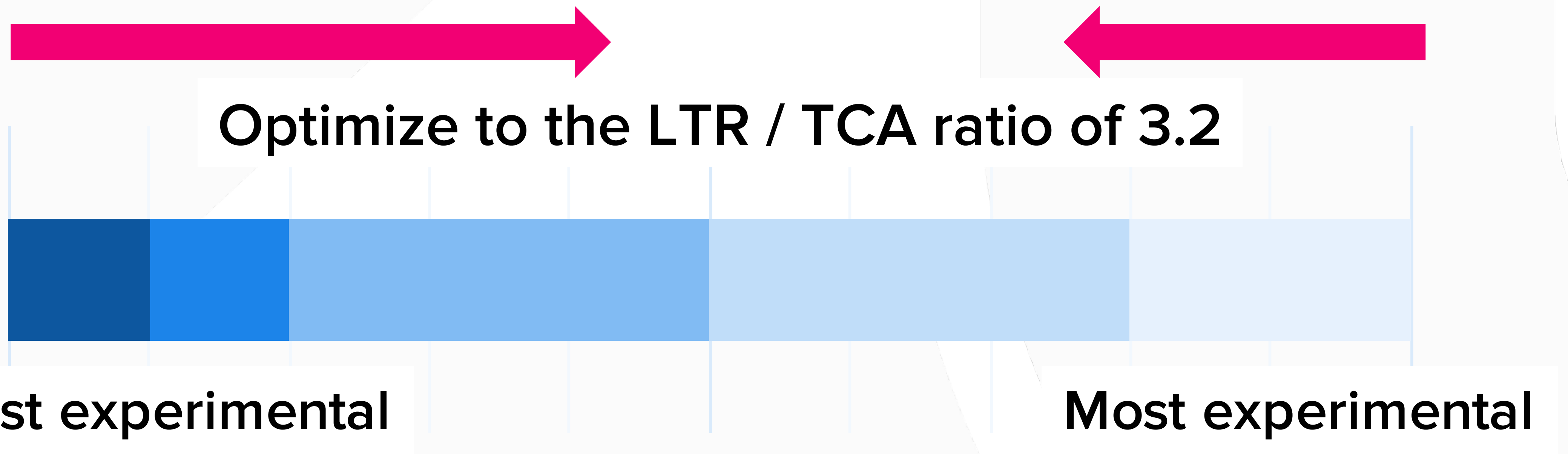
Increases
Increases
Increases
Scales
Partially
Partially
Nicely



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

↑
UNKNOWN

Multiple programs in a vertical increase our share of voice among high-intent audiences, and allows us to allocate resources toward more experimental channels.



Highly visible when it matters the most.

Search engine results page.

Google

online master of social work

All

News

Shopping

Images

Maps

More

Settings

Tools

About 214,000,000 results (0.33 seconds)

Paid

USC's Master of Social Work | Complete in One Year Online | USC.edu

requestinfo.msw.usc.edu/Online-Masters/Social-Work

Finish in as Little as One Year With USC's **Online** Advanced Standing **Program**.
Bachelor Degree Required · 7 Concentration Areas · 1 Year Program w/ BSW
Courses: Human Behavior, Policy & Practice, Social Work Research

Simmons Master of Social Work | Finish in as few as 15 months.

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Earn Your MSW **Online** with Simmons College. No GRE Required. Apply Now.
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Courses: Social Welfare, Dynamics of Racism, Human Behavior, Assessment & Diagnosis, Social Work ...
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Earn an MSW from a Top-Ranked School without Relocating. No GRE Required!
Deadlines Approaching · Rigorous MSW Coursework · Small, Online Classes · Financial Aid Available
Courses: Human behavior, Social policy analysis, Behavioral therapies, Social work leadership, Integrat...

Fordham's Online SW Master's | Accredited by the CSWE | fordham.edu

requestinfo.onlinemsw.fordham.edu/Online-MSW/Social-Work

Pursue Licensure With an **Online Master's** in **Social Work**. No GRE Required.

Organic

The 25 Best Online MSW Programs for 2018 | BestColleges.com

www.bestcolleges.com/features/top-online-masters-social-work-programs/

Looking to advance your career in social work and boost your earning potential with an **online master of social work** (MSW) degree? Candidates can distinguish themselves in the job market by earning a graduate degree in this dynamic field. Online master's in social work programs are designed to build on the knowledge ...

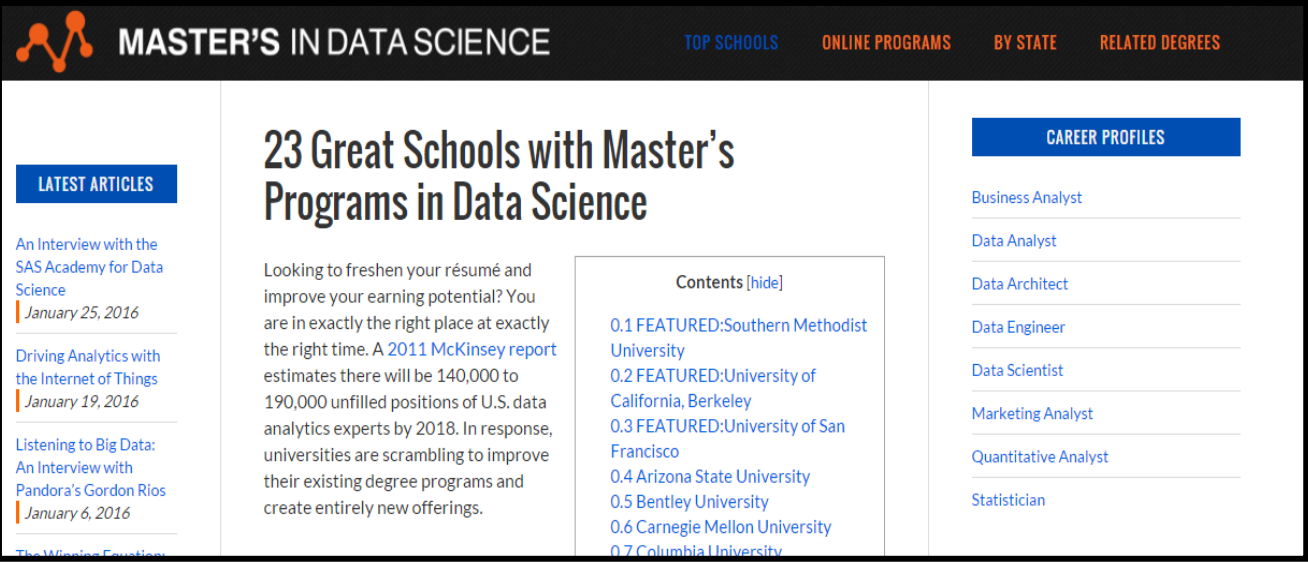
CSWE Accredited Online MSW Degree Programs: Full List of Schools

https://www.onlinemswprograms.com/online-schools.html

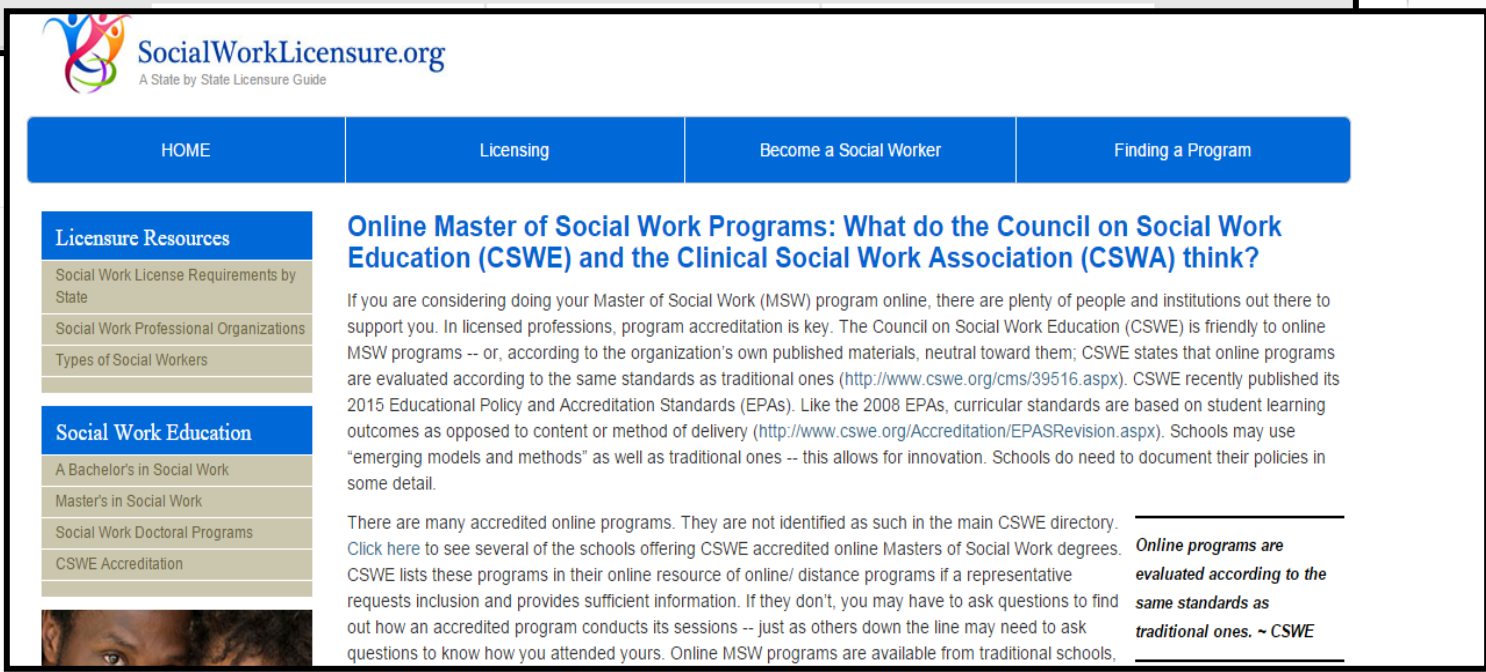
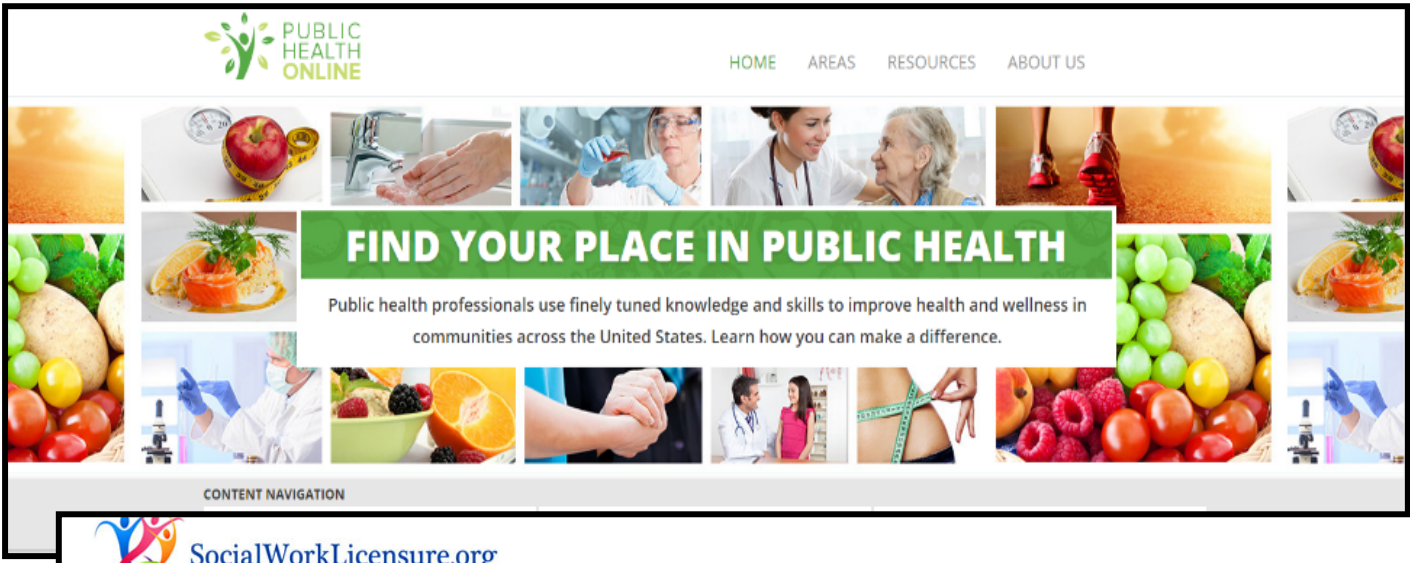
CSWE Accredited **Online Master of Social Work** (MSW) Programs. ... Currently, there are 38 schools that offer **online MSW** degree programs designed for students who have not earned a Bachelor of **Social Work** (BSW) (also known as traditional **MSW** programs). ... All schools listed on ...

Exclusive access to high performing websites.

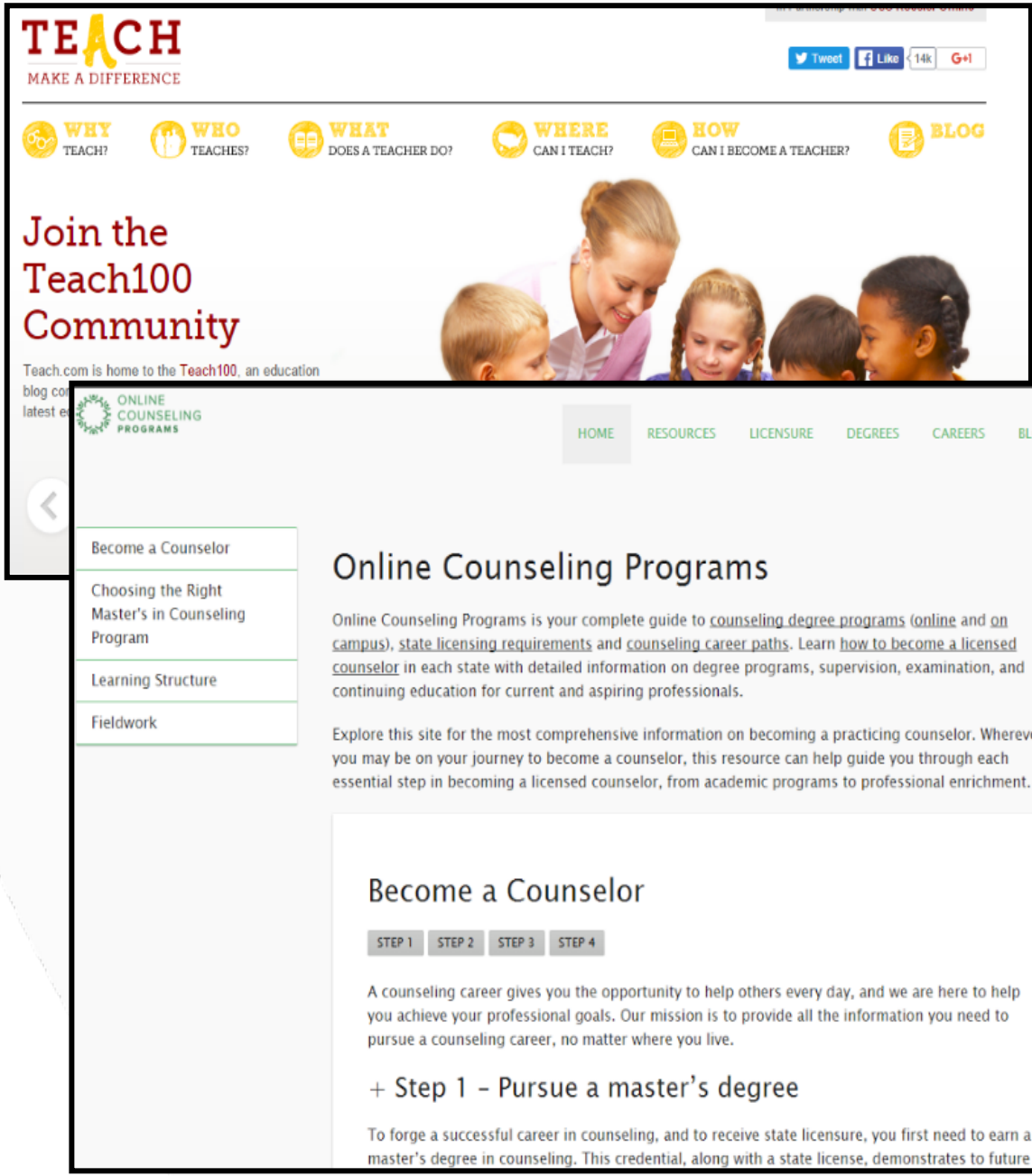
Acquire



Gain Exclusivity

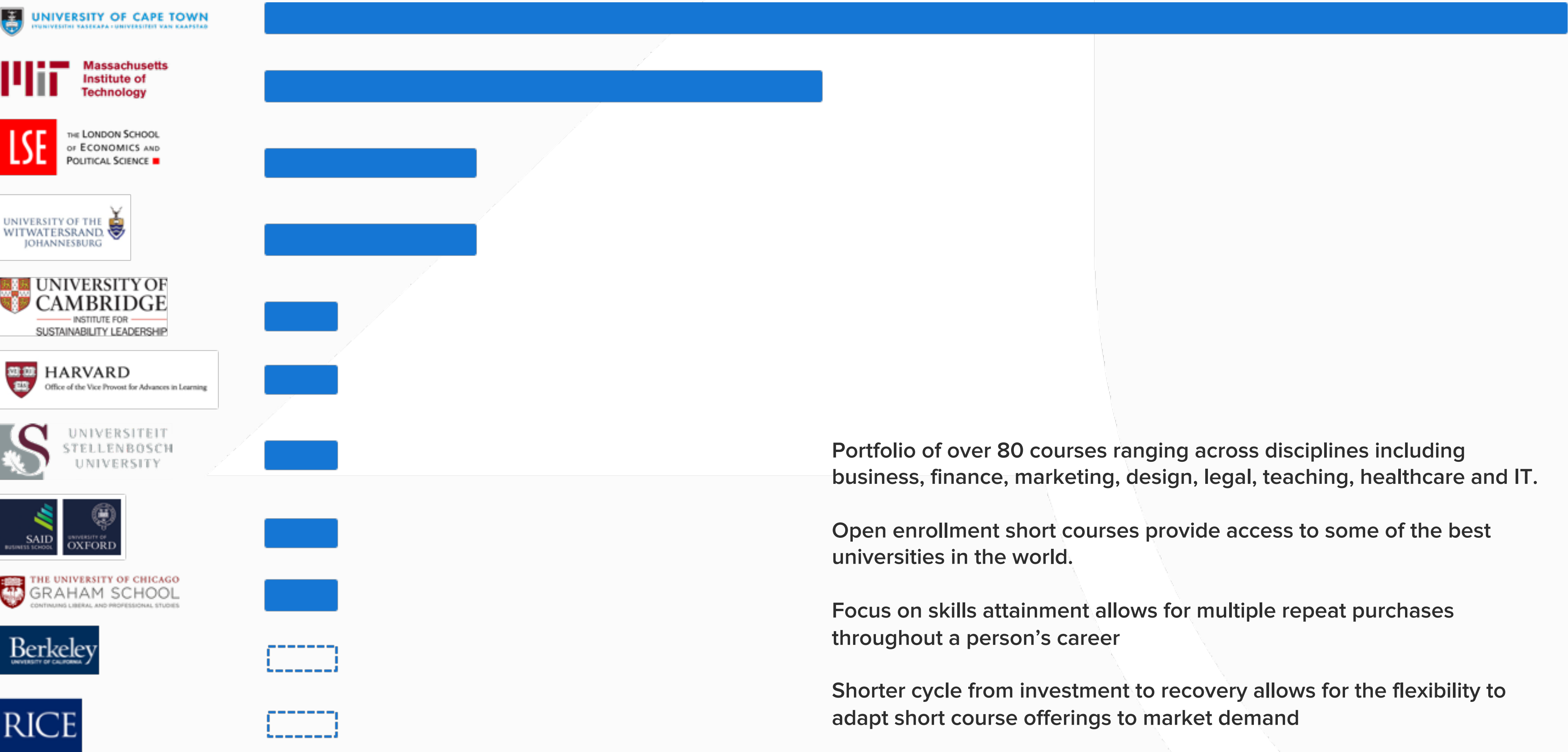


Build



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 Masters 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.

[M.Ed. 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 and 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.

Sponsored Programs

TEACH
MAKE A DIFFERENCE

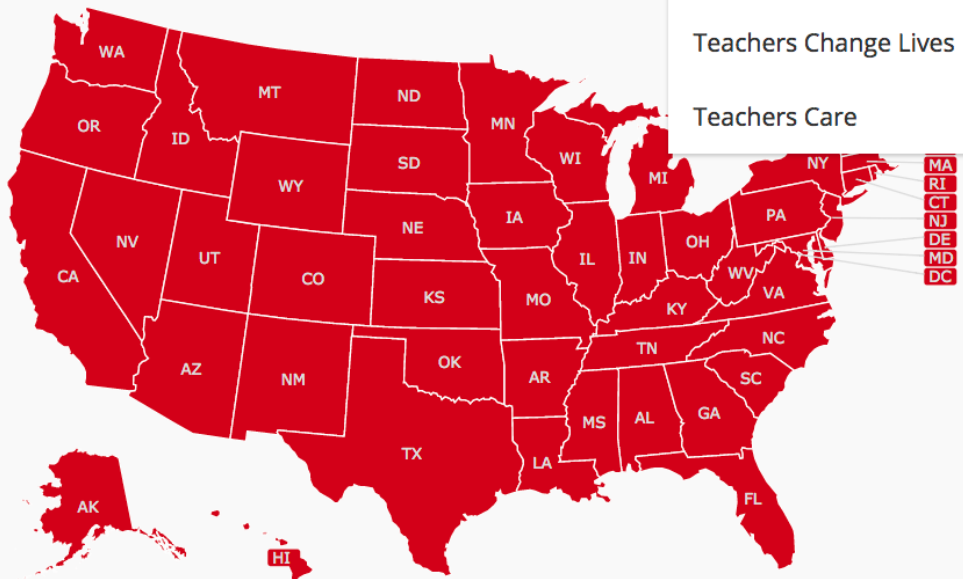
[Become a Teacher](#) [Why Teach](#) [Who Teaches](#) [Where Can I Teach](#) [What Does a Teacher Do](#) [Blog](#)

Switch to List view

Become a Teacher and Make a Difference

Find out how to earn your teacher certification and become a teacher in your area by selecting a state from the map.

- [Salary & Benefits](#)
- [Earning Your Credential](#)
- [Required Tests](#)
- [Certification Reciprocity](#)



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

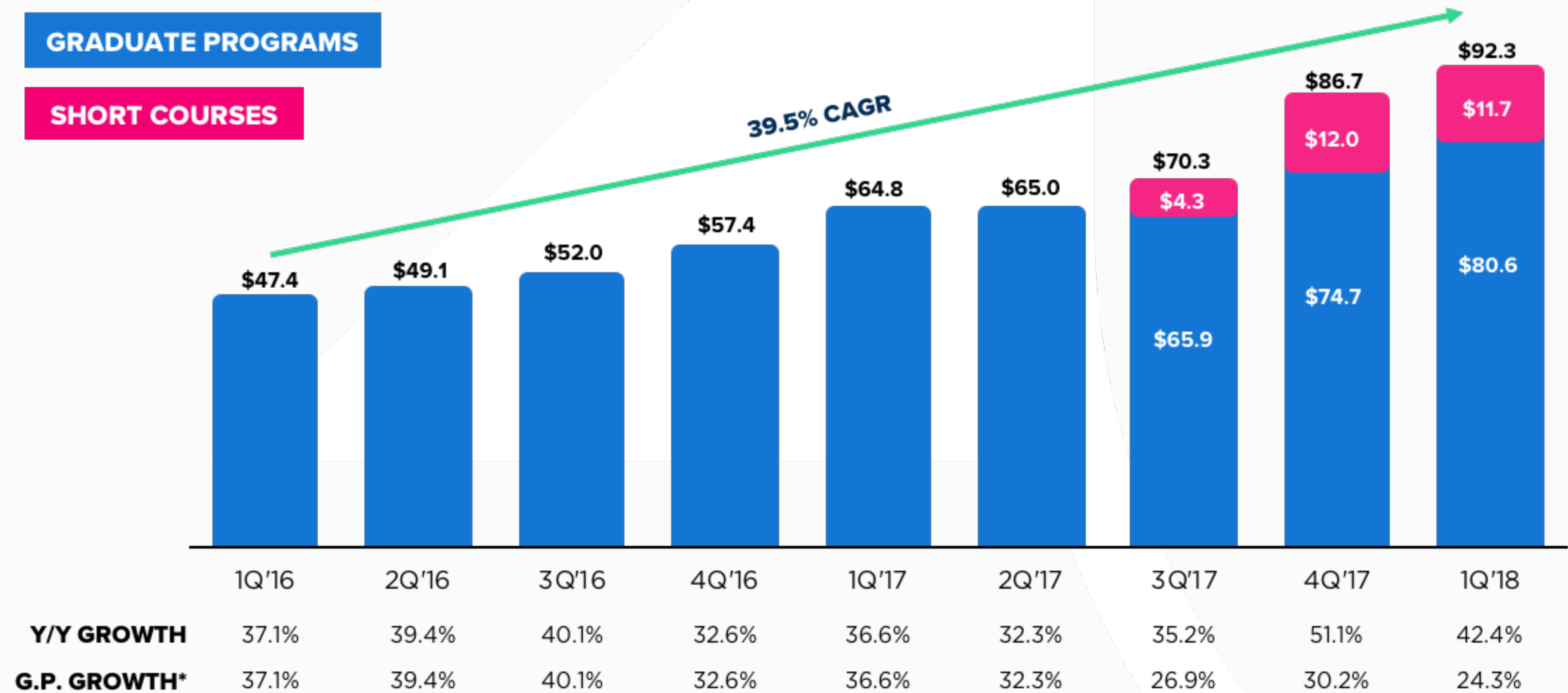
PROGRAM ENHANCEMENTS

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 Program Segment revenue growth.



.investors