1Q'19 Earnings Results

May 7, 2019

www.2u.com

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 presentation, 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, or 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 platform; 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 ability to attract, hire, and retain qualified employees; 2U's expectations about the scalability of its cloud-based platform; 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, 2018 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.

2U is the trusted brand steward and the partner of choice to the world's top universities.

2U

- American University, Washington, DC
- Arcadia University
- Baylor University
- Case Western Reserve University, Est. 1826
- Emerson College
- Fordham University, The Jesuit University of New York
- The George Washington University, Washington, DC
- Georgetown University
- Harvard University
- LSE, The London School of Economics and Political Science
- MIT, Massachusetts Institute of Technology
- NYU
- Northwestern University
- University of Oxford
- Pepperdine University
- Rice
- Simmons College
- SMU
- Syracuse University
- Tecnológico de Monterrey
- Tufts University
- UCL
- Berkeley, University of California
- University of Cambridge
- UC Davis, University of California
- University of Cape Town, iYunivesithi yaseKapa • Universiteit van Kaapstad
- The University of Chicago
- University of Dayton
- University of Denver
- The University of North Carolina at Chapel Hill
- USC
- Universiteit Stellenbosch University
- Washington University in St. Louis
- University of the Witwatersrand, Johannesburg
- Vanderbilt University
- Yale

As of May 7, 2019.

We help universities reach more students.

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

>48,000
Enrolled **Grad** Students

36
UNI. PARTNERS

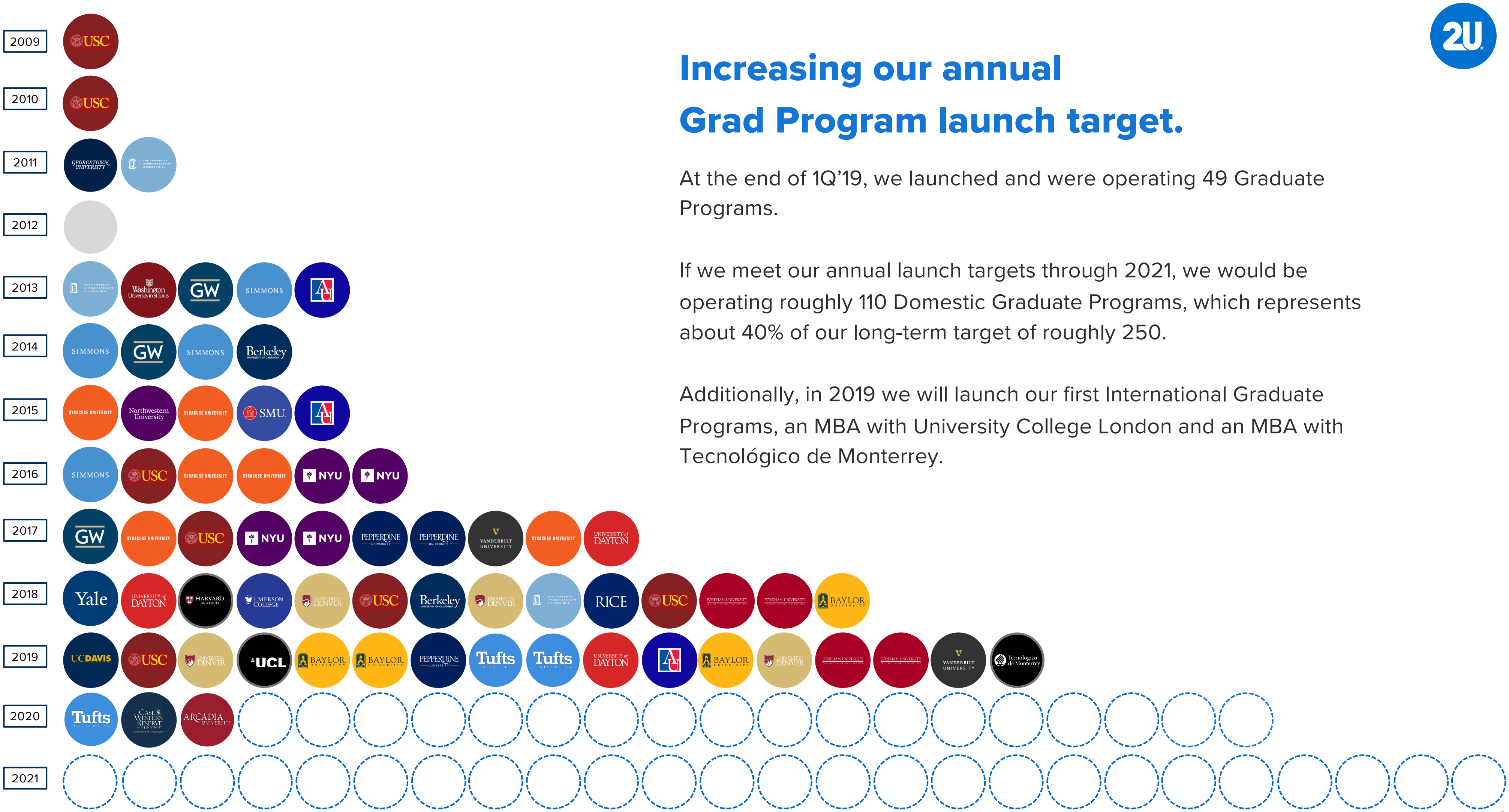
567,000+
LIVE CLASSES

100+
SHORT COURSES

>18,000
Grad Graduates

68
PROGRAMS

Inception through 1Q'19. Live class data reflects degree programs only.



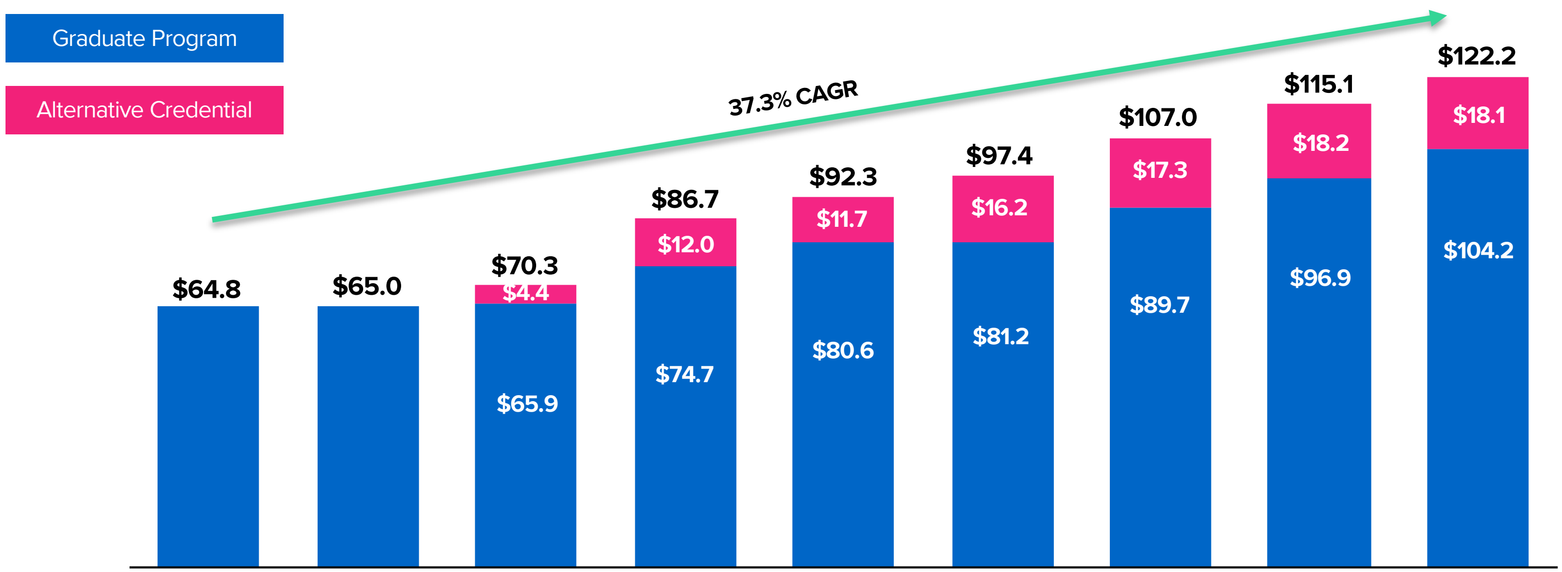
Increasing our annual Grad Program launch target.

At the end of 1Q’19, we launched and were operating 49 Graduate Programs.

If we meet our annual launch targets through 2021, we would be operating roughly 110 Domestic Graduate Programs, which represents about 40% of our long-term target of roughly 250.

Additionally, in 2019 we will launch our first International Graduate Programs, an MBA with University College London and an MBA with Tecnológico de Monterrey.

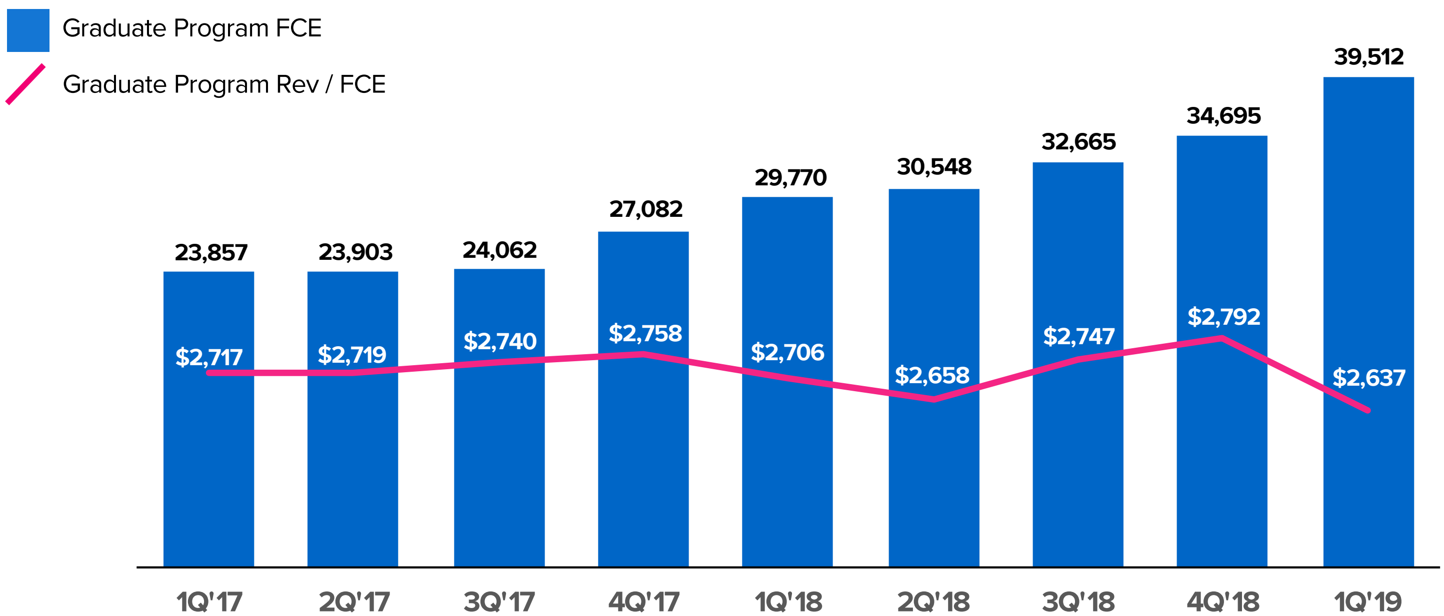
Consolidated revenue growth.
(in millions)



	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19
Y/Y Growth	36.6%	32.3%	35.2%	51.1%	42.4%	49.9%	52.3%	32.8%	32.4%
G.P. Y/Y Growth	36.6%	32.3%	26.9%	30.2%	24.3%	24.9%	36.1%	29.7%	29.3%
A.C. Y/Y Growth	-	-	-	-	-	-	298.6%	51.9%	54.0%

Note: Segment revenue may not add to consolidated revenue due to rounding.

Full course equivalent* enrollments.



	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19
G.P. FCE Y/Y Growth	34.7%	27.0%	25.8%	24.9%	24.8%	27.8%	35.8%	28.1%	32.7%
G.P. Rev / FCE Y/Y Growth	1.4%	4.2%	0.8%	4.3%	(0.4)%	(2.2)%	0.3%	1.2%	(2.5)%

Note: We acquired GetSmarter, now our Alternative Credential Segment, on July 1, 2017.

In 1Q'19, Alternative Credential FCE was 9,128 at an average Rev/FCE of $1,979.

In 4Q'18, Alternative Credential FCE was 9,041 at an average Rev/FCE of $2,015.

In 3Q'18, Alternative Credential FCE was 8,937 at an average Rev/FCE of $1,930.

In 2Q'18, Alternative Credential FCE was 8,222 at an average Rev/FCE of $1,972.

In 1Q'18, Alternative Credential FCE was 6,002 at an average Rev/FCE of $1,954.

In 4Q'17, Alternative Credential FCE was 6,751 at an average Rev/FCE of $1,777.

In 3Q'17, Alternative Credential FCE was 4,079 at an average Rev/FCE of $1,232.

*We measure full course equivalent enrollments for each of the courses offered during a particular period by taking the number of students enrolled in that course and multiplying it by the percentage of the course completed during that period.

1Q'19 cash walk.

(in millions)

**Additions of Amortizable Intangible Assets includes Payments for Acquisition of Amortizable Intangible Assets*

***Other includes proceeds from stock option exercises, purchase of equity interests, advances repaid by university clients, and the effect of FX on cash.*

2Q and FY’19 guidance.

(in millions, except per share amounts)	2Q'19	FY’19
Revenue	$124.3 - $125.0	$534.0 - $537.0
Net Loss	$(36.0) - $(35.5)	$(79.0) - $(77.2)
Net Loss Per Share, Basic	$(0.61) - $(0.60)	$(1.35) - $(1.32)
Adjusted Net Loss	$(20.8) - $(20.3)	$(20.0) - $(18.2)
Adjusted Net Loss Per Share	$(0.36) - $(0.35)	$(0.34) - $(0.31)
Weighted-Average Shares of Common Stock Outstanding, Basic	58.6	58.7
Adjusted EBITDA (Loss)	$(13.1) - $(12.6)	$12.5 - $14.3
Stock-Based Compensation Expense	$14.0 - $14.2	$52.2 - $52.6

This guidance assumes foreign currency exchange rates as of March 31, 2019 for the U.S. dollar/South African rand and the U.S. dollar/British pound. Other than transaction costs incurred in the first quarter of 2019, it does not include the impact of the Trilogy acquisition that 2U expects to close in late-May 2019.

We expect that of the revenue it recognizes in the second half of 2019, approximately 48% will be recognized in the third quarter.

Note that our previously announced intention to increase marketing spend in the first half of 2019 is reflected in this guidance and has the effect of driving larger second quarter losses than would be expected based on typical performance patterns. Further note that cost seasonality in the second and fourth quarters typically reduces margins in the first half of each year and improves margins in the second half of each year, so second-half margins should not be viewed as being a run rate for the first half of the following year.

Note: Refer to the Appendix for an explanation of non-GAAP financial measures, and why we believe these measures can be useful, as well as a reconciliation of non-GAAP financial measures to the most comparable GAAP measures, when applicable.

Appendix.

Non-GAAP financial measures and GAAP to non-GAAP reconciliation

Non-GAAP financial measures.

To supplement the Company's consolidated financial statements, which are prepared and presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation includes adjusted EBITDA, adjusted EBITDA margin, adjusted net income (loss) and adjusted net income (loss) per share, which are non-GAAP financial measures.

We define adjusted EBITDA as net income or net loss, as applicable, before net interest income (expense), taxes, depreciation and amortization expense, foreign currency gains or losses, acquisition-related gains or losses, transaction costs (including advisory fees and integration and restructuring expenses), and stock-based compensation expense. Some or all of these items may not be applicable in any given reporting period. Adjusted EBITDA margin represents adjusted EBITDA as a percentage of revenue.

We define adjusted net income (loss) as net income or net loss, as applicable, before foreign currency gains or losses, acquisition-related gains or losses, transaction costs (including advisory fees and integration and restructuring expenses), and stock-based compensation expense. Adjusted net income (loss) per share is calculated as adjusted net income (loss) divided by diluted weighted-average shares of common stock outstanding for periods which result in adjusted net income, and basic weighted-average shares outstanding for periods which result in an adjusted net loss.

As of the date of this earnings release, we revised our definition of adjusted EBITDA to exclude the impact of transaction costs in connection with the acquisition of Trilogy. We believe this change is meaningful to investors because we did not have material transaction costs in prior periods and as a result, excluding the impact of such costs beginning in this period facilitates a period-to-period comparison of our business.

The principal limitation of these non-GAAP financial measures is that they exclude significant expenses that are required by GAAP to be recorded in the Company's financial statements. These non-GAAP measures are key metrics Company management uses to compare the Company's performance to that of prior periods for trend analyses and for budgeting and planning purposes. These measures also provide useful information to investors and analysts relating to 2U's financial condition and results of operations. These financial measures are not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. In addition, these financial measures may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparison purposes.

GAAP to non-GAAP reconciliation – 2Q and FY'19 guidance.

Reconciliation of GAAP Net Loss Guidance to Non-GAAP Adjusted Net Loss and Adjusted EBITDA Guidance	Three Months Ending June 30, 2019		Year Ending December 31, 2019	
	$	$/Share	$	$/Share
	(in thousands, except per share amounts)			
Net Loss	**(35,700)**	**(0.61)**	**(78,075)**	**(1.33)**
Foreign Currency Loss	-	-	375	-
Amortization of Acquired Intangible Assets	1,600	0.03	6,200	0.11
Income Tax Benefit on Amortization of Acquired Intangible Assets	(425)	(0.01)	(1,700)	(0.03)
Transaction Costs	-	-	1,950	0.03
Stock-Based Compensation Expense	13,975	0.24	52,200	0.89
Adjusted Net Loss	**(20,550)**	**(0.35)**	**(19,050)**	**(0.33)**
Net Interest Income	(950)	*	(4,525)	*
Depreciation and Amortization Expense	8,925	*	36,650	*
Income Tax (Benefit) Expense	(275)	*	375	*
Adjusted EBITDA (Loss)	**(12,850)**	*	**13,450**	*
Projected Weighted-Average Shares of Common Stock Outstanding, Basic		58,600		58,700

* *Not Provided.*

** Transaction costs related Trilogy are not forecasted in the second quarter or for the remainder of the year. The year end expenses presented only related to those expenses actually incurred in the first quarter of 2019.

Note: This table presents (i) a reconciliation of net loss guidance to adjusted net loss guidance and adjusted EBITDA guidance and (ii) a reconciliation of net loss per share guidance to adjusted net income (loss) per share guidance, each at the midpoint of the ranges provided by the Company, for each of the periods indicated.