



## Academic Performance and Educational Quality Claims in Securities Class Action Against K12 Inc. to Be Voluntarily Dismissed

March 4, 2013

HERNDON, Va.--(BUSINESS WIRE)--Mar. 4, 2013-- In federal court documents filed today, the Lead Plaintiff in a class action securities lawsuit against K12 Inc. (NYSE:LRN) voluntarily and permanently dismissed the claims it made about the academic performance and educational quality of K12-managed schools.

The stipulation of dismissal by the Lead Plaintiff in the class action will state that “substantial fact and expert discovery to date does not support the academic performance and educational quality claims on the merits.” This discovery included “voluminous document production ... totaling 132,355 documents comprising 1,032,725 pages,” deposition testimony of K12 corporate representatives and of ten additional witnesses, along with several expert reports.

The allegations the Lead Plaintiff will dismiss for lack of merit include:

- Concealment of K12’s academic performance and annual growth measures
- Excessive and burdensome student-teacher ratios
- Improper grading and attendance policies at K12-managed schools
- Hiring of unqualified teachers who were not properly certified
- Failure of special education programs to meet government standards
- Misleading high parent satisfaction scores

The remaining claims, which relate to the disclosure of student enrollment and retention data at K12-managed schools, will be dismissed as part of a proposed settlement agreement. Under the settlement, \$6.75 million will be paid into a settlement fund by K12’s insurance carriers for stockholders in the class. The company continues to deny each and all of the claims and all charges of wrongdoing or liability. Furthermore, the company stands by its stated position that it operates schools with high integrity and a focus on strong academic performance for all students.

Nate Davis, Executive Chairman of K12 Inc., stated, “Ending the litigation on these terms is a powerful vindication of K12 and a pragmatic resolution for the company. The plaintiff is representing before a court of law what K12 has always maintained: that the claims in this lawsuit regarding our academic standards, student-teacher ratios, grading and attendance policies – allegations unfairly echoed in the media and other forums – could not be supported on the merits.”

Continued Davis, “While we also contend that Plaintiff’s remaining claims about enrollment and retention are equally unsupported, given the escalating costs of defense, the reality we faced is that the continued litigation costs would have significantly exceeded the settlement amount. Ending this litigation will allow our company to put this distraction behind us and focus on our mission to continue to improve academic performance and expand the availability of high-quality, individualized learning for students worldwide.”

In addition to the resolution of the securities class action, the company also resolved a related derivative lawsuit and associated shareholder demands. All of these actions are subject to preliminary and final court approval.

### Special Note on Forward-Looking Statements

*This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by their use of terms and phrases such as “anticipates,” “believes,” “estimates,” “continues,” “likely,” “may,” “opportunity,” “potential,” “projects,” “will,” “expects,” “plans,” “intends” and other similar terms and phrases, and such forward-looking statements include, but are not limited to, our ability to resolve all claims for \$6.75 million. These statements reflect our current beliefs and are based upon information currently available to us. Accordingly, such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, such statements. These risks, uncertainties, factors and contingencies include, but are not limited to: our ability to secure final approval from the court; the extent to which individual claimants opt out of the class and pursue individual claims; and other risks and uncertainties associated with our business described in the Company’s filings with the Securities and Exchange Commission. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material. All information in this release is as of March 4, 2013, and the Company undertakes no obligation to update any forward-looking statement to conform the statement to actual results or changes in the Company’s expectations.*

### About K12 Inc.

K12 Inc. (NYSE: LRN) is leading the transformation to individualized learning as the nation’s foremost provider of technology-powered online solutions for students in pre-kindergarten through high school. K12 has worked with over 2,000 school districts and has delivered more than four million courses over the past decade. K12 provides curricula, academic services, and learning solutions to public schools and districts, traditional classrooms, blended school programs, and families. K12’s curriculum is rooted in decades of research combined with 21st-century technology by cognitive scientists, interactive designers and teachers. K12’s portfolio of more than 550 unique courses and titles—the most extensive in the technology-based education industry—covers every core subject and four academic levels for high school including Honors and AP. K12 offers credit recovery courses, career-building electives, remediation support, six world languages and a deep STEM offering. The K12 Program is offered through K12 partner public schools in more than two-thirds of the states and the District of Columbia, and through private schools serving students in all 50 states and 85

countries. More information can be found at [K12.com](https://www.k12.com).

Source: K12 Inc.

K12 Inc.

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