Best Virtual School Solution for Students

Background

K12 Inc. (NYSE: LRN), a technology-based education company, is the nation’s largest provider of proprietary curriculum and online education programs to students in kindergarten through high school. K12 provides high quality, customized education solutions to states, school districts, schools, and directly to families through a range of offerings including fully managed virtual and blended public schools, classroom solutions, and best-in-class curriculum. K12 Inc. also operates the K12 International Academy, an accredited, diploma-granting online private school serving students in 50 countries.

K12 was founded in 2000 to utilize the advances in technology to provide children access to a high-quality education regardless of their geographic location or socio-economic background. Given the geographic flexibility of technology-based education, K12 believed that the pursuit of this mission could help address the growing concerns regarding the regionalized disparity in the quality of public school education, both in the United States and abroad. Today K12 is widely acknowledged as a leader in the field. With over 1.5 million online courses delivered to date, and more than 70,000 currently enrolled students, we have set the standard for high-quality online education and are working hard to raise the bar higher each year.

Virtual Public Schools: A virtual school solution to meet students’ needs across Geography and Socio-Economic Backgrounds

We deliver our best-in-class full-time virtual learning model to students through online public schools. In their online learning environment, students receive assignments, complete lessons, and obtain instruction from certified teachers with whom they interact online, telephonically, in virtual classroom environments, and face-to-face. Many states have embraced virtual public schools as a means to provide families with a publicly funded alternative to a traditional classroom-based education. Many children simply cannot get the individually focused and flexible learning they need in a traditional classroom. Parents and educators who choose K12 understand the great potential of an individualized education. Additionally, since parents are not required to pay tuition, virtual public schools make our learning system available to the broadest range of students. The K12 curriculum and patented methodology for online learning are ideal for harnessing this powerful approach to learning.

We offer virtual public schools our proprietary, award-winning K12 curriculum and online learning platform, along with academic and management services. We take responsibility for all
aspects of the management of K12 partner Virtual Academy schools, including monitoring academic achievement, ensuring alignment with state educational standards, and administration of proctored state exams.

We believe our virtual school solution is unique in the education industry because of our direct involvement in every component of the educational development and delivery process. Most educational content, software and service providers typically concentrate on only a portion of that process, such as publishing textbooks, managing schools or providing testing and assessment services. This traditional segmented approach has resulted in an uncoordinated and unsatisfactory education for many students. Unburdened by legacy, we have taken a holistic approach to the design of our learning system. We have developed an engaging curriculum which includes online courses delivered over our proprietary school platform. We combine this with a rigorous system to test and assess students and processes to manage school performance and compliance. In addition, our professional development programs enable teachers to better utilize technology for instruction. Our end-to-end learning system is designed to maximize the performance of the schools we serve and enhance student academic achievement.

For the 2010-11 school year, K12 will manage schools in 27 states and the District of Columbia serving over 70,000 students.

KEY INGREDIENTS OF A K<sup>12</sup> FULLY MANAGED VIRTUAL SCHOOL SOLUTION

A best-in-class virtual school solution must contain a comprehensive curriculum and instructional program surrounded by academic and student support services to ensure that students attain maximum benefit from this individualized form of education. Consequently, an effective solution must provide seamless delivery of courses and lessons, teacher support, assessments, progress tracking, and strong supportive community to all students in order to make a significant difference in the lives of students selecting virtual schools.

Comprehensive Curriculum

Since its inception, K<sup>12</sup> has invested more than $150 million to develop curriculum and an online learning platform that promotes mastery of core concepts and skills for students of all abilities. We have developed an extensive catalog of proprietary courses, consisting of more than 210 courses, 21,000 lessons and more than 100,000 multimedia elements, designed to teach concepts to students from kindergarten through 12th grade.
**Online Courses/Lessons:** Our online lessons are accessed through an Online School (OLS) platform. Each online lesson provides a roadmap for the entire lesson including a summary of the major objectives for the lesson, online lesson content, and directions regarding use of integrated offline materials. Lessons utilize a combination of innovative technologies including flash animation, audio, video, game simulation, and other online interactivity, integrated textbooks and hands-on materials and individualized feedback to create an engaging, responsive and highly effective curriculum.

**Offline Materials/Kits:** Most of our courses utilize a series of offline learning materials in conjunction with the online lessons to help maximize the effectiveness of our learning system. In addition to receiving access to our online lessons through the Internet, each student receives a shipment of offline materials, including award winning textbooks, art supplies, laboratory supplies (e.g. microscopes and scales) and other reference materials which are integrated throughout our curriculum.

**Lesson Guides:** Lesson guides accompany our courses providing helpful information for learning coaches and teachers including lesson objectives, lesson outlines and activities, answer keys to student exercises and suggestions for explaining difficult concepts to students.

**Comprehensive Instructional Program**

**Individualized Learning Plan for Every Student:** An Individualized Learning Plan for each student is designed to outline academic objectives, document strengths and challenges, and to sequence the student’s course work for maximum success. For middle and high school students, the ILP expands to include academic objectives, including post-secondary goals for college and/or career. The development of the ILP is a collaborative team process involving all parties—the student, parent, teachers, guidance counselor, and advisor.

**Assess Every Objective to Ensure Mastery:** Ongoing assessments are the most effective way to evaluate a student’s mastery of a lesson or concept. To facilitate effective assessment, our curriculum establishes clear objectives for each lesson. Throughout a course, each student’s progress is assessed at a point when each objective is expected to be mastered, providing direction for appropriate pacing. These periodic and well-timed assessments reinforce learning and promote mastery of a topic before a student moves to the next lesson or course.

**Facilitate Flexibility as the Level, Pace and Hours Spent on Each Objective Vary by Child:** We believe that each student should be challenged appropriately. Each individual student may take greater or fewer instructional hours and more or less effort than the average student to achieve progress. Our learning system is designed to facilitate this flexibility in order to ensure that the appropriate amount of time and effort is allocated to each lesson.
Employ Technology Appropriately for Learning: While all of our courses are delivered primarily through an online platform and include a significant amount of online content, we employ technology specifically where we feel it is appropriate and can enhance the learning process. In addition to online content, our curriculum includes a mix of offline course materials, including engaging award-winning textbooks and hands-on materials such as science lab materials and musical instruments. We believe our balanced use of technology and offline materials helps to maximize the effectiveness of our learning system.

Lesson Planning and Scheduling Tools: In a school year, a typical student will complete between 800 and 1,200 lessons across six or more subject areas. Our lesson planning and scheduling tools enable teachers and parents to establish a master plan for completing these lessons. These tools are designed to dynamically update the lesson plan as a student progresses through each lesson and course, allowing flexibility to increase or decrease the pace at which the student moves through the curriculum while ensuring that the student progresses towards completion in the desired time frame.

Progress Tracking Tools: Our progress tracking tool allows students, parents and teachers to monitor student progress. In addition, information collected by our progress tracking tool regarding student performance, attendance and other data is transferred to our proprietary management system for use in providing administrative support services.

Assessment Tracking Tool: Independent third-party assessments (such as Scantron and Study Island tests) are used in most of our managed K12 partner schools to pinpoint specific individual student strengths and weaknesses relative to state content standards at the beginning of the school year. These results enable the teacher to develop a highly personalized individual learning plan for students. End-of-year testing provides a measure of individual student growth demonstrating the value-added gains of the school program.

Support Services

Teaching Support: We use a rigorous evaluation program for making hiring recommendations to the K12 partner schools we manage. We hire teachers who, at a minimum, are state certified and meet the federal requirements for designation as a “Highly Qualified Teacher,” and generally have at least three years of teaching experience. We also seek to recruit teachers who have the skill set necessary to be successful in a virtual public school environment. Teaching in a virtual public school is characterized by heightened one-on-one student-teacher and parent-teacher interaction, so virtual public school teachers must have strong interpersonal communications skills.
New virtual public school teachers participate in our comprehensive four-week training program during which, among other things, they are introduced to our educational philosophy, the K12 curriculum and our OLS and other technology applications, and are provided strategies for communicating and connecting with students and their families in a virtual public school environment. We also provide ongoing monthly professional development opportunities for teachers so that they may stay abreast of changing educational standards, key learning trends, and sound pedagogical strategies which we believe enhance their teaching abilities and effectiveness.

**Student Community Tools:** We place a strong emphasis on the importance of building a sense of community in the schools we manage. We offer tools that foster communication and interaction among virtual public school students and parents. We launched thebigthinK12 in the fall of 2008, our secure online community for enrolled K12 high school students (age 13 and over), parents, teachers, and school administrative staff. It includes capabilities such as discussion boards, blogs, document repositories, calendars, RSS feeds, polls, profiles and private messaging - the tools that make students in the 21st century feel connected to their peers and their teachers.

**Gifted and Special Education Services:** We believe that our individualized learning system is able to effectively address the educational needs of gifted and special education students because it is self-paced and employs flexible teaching methods. We support Gifted and Talented students through our Advanced Learner Program, which allows students to participate in advanced courses, along with a wide variety of enrichment seminars, clubs, and mentoring opportunities both at the school level and at the national level. For students requiring special attention, we employ a national director who is an expert on the delivery of special education services in a virtual public school environment and who oversees and directs the special education programs at our K12 partner schools. We direct and facilitate the development and implementation of individualized education plans for students with special needs. Our special education program is compliant with the federal Individuals with Disabilities Education Act and all state special education requirements. Each special needs student is assigned a certified special education teacher who arranges for any required ancillary services, including speech and occupational therapy, and any required assistive technologies, such as special computer displays or speech recognition software.

**Evidence of Success**

As evidence of the benefit of our holistic approach, our fully managed K12 partner schools generally test above state averages on standardized achievement tests. These results have been achieved despite the enrollment of a significant number of new students each school year who have had limited exposure to K12’s proprietary learning model prior to taking these required state
tests. Students using the K\textsuperscript{12} curriculum for at least three years perform better on standardized tests relative to state averages than students using it for one year or less.

Following are a few examples of success achieved by our students in the last 1-2 years:

- **The longer students remain with a K\textsuperscript{12} program**, the better they perform.

![Graph showing 2009 Reading Performance by Tenure with K\textsuperscript{12}](image1.png)

- **Struggling students demonstrated significant gains** in Math & Reading during the ‘08-'09 school year with K\textsuperscript{12}. This data suggest our students are making more gains than the Scantron Norm Group.

![Graph comparing gains in Scantron Math Scale Scores](image2.png)
- Florida Virtual Academy (FLVA) is the **top-scoring online public school** in the state since 2003. FLVA earned an “A” on the Florida Department of Education report card for the 3rd year in a row.

- Members of the Class of ’09 graduating from K12 partner schools were **accepted at over 150 post-secondary institutions**, including Princeton, Stanford, Duke, Berkeley, Juilliard, NYU, and Cornell. We are extremely proud of what our students are accomplishing and consider it a privilege to be preparing them to achieve their goals in life.

- The efficacy of our learning system has also helped us achieve high levels of customer satisfaction. Based on a Fall 2009 survey conducted by K12, 94% of K12 parents agree that their student has **benefited academically**, 96% of the parents are **satisfied with the curriculum quality**, and 94% would **recommend K12 curriculum**.

- In addition, our year-over-year strong growth in enrollment (many through word of mouth) shows the belief parents and educators have in our virtual school solution. *2010-11 enrollment numbers aren’t yet confirmed.*

\[\text{Enrollment}\]

K12’s Virtual School Solution for online public schools is designed to meet the needs of geographic, socio-economic, and educationally diverse student population - true to our mission of providing the best online curriculum and tools to any child anywhere in the world.