

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF VIRGINIA  
ALEXANDRIA DIVISION**

DAVID HOPPAUGH, Individually and On  
Behalf of All Others Similarly Situated,

Plaintiff,

vs.

K12 INC., RONALD J. PACKARD, and  
HARRY T. HAWKS,

Defendants.

Civ. A. No. 1:12-cv-00103-CMH-IDD

CLASS ACTION

**NOTICE OF PENDENCY OF CLASS ACTION AND  
PROPOSED SETTLEMENT AND MOTION FOR  
ATTORNEYS' FEES AND EXPENSES**

**IF YOU PURCHASED OR OTHERWISE ACQUIRED THE PUBLICLY TRADED COMMON STOCK OF K12 INC. ("K12" OR THE "COMPANY") DURING THE PERIOD FROM SEPTEMBER 9, 2009 THROUGH DECEMBER 12, 2011, INCLUSIVE, (THE "CLASS PERIOD") YOU MAY BE ELIGIBLE FOR A PAYMENT FROM A CLASS ACTION SETTLEMENT**

**A Federal Court authorized this Notice. This is not a solicitation from a lawyer.**

- Court-appointed lead plaintiff, Arkansas Teacher Retirement System ("Lead Plaintiff"), on behalf of the Class (as defined below), has reached a proposed settlement in the amount of \$6,750,000 in cash (the "Settlement") that will resolve all claims against K12 and Ronald J. Packard and Harry T. Hawks (the "Individual Defendants," and together with K12, the "Defendants") in this proposed class action (the "Litigation").<sup>1</sup>
- The Settlement resolves claims that the Defendants allegedly misled investors about certain aspects of K12's business performance, avoids the costs and risks of continuing the Litigation, pays money to investors like you, and releases the Defendants from liability.
- This Notice explains important rights you may have, including your possible receipt of cash from the Settlement. **Your legal rights will be affected whether or not you act. Please read this Notice carefully.**
- The Court in charge of the Litigation still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and after any appeals are resolved. Please be patient.

**YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:**

ACTIONS YOU MAY TAKE	EFFECT OF TAKING THIS ACTION
<b>SUBMIT A CLAIM FORM NO LATER THAN AUGUST 3, 2013.</b>	The only way to get a payment.
<b>EXCLUDE YOURSELF FROM THE CLASS NO LATER THAN JUNE 10, 2013.</b>	Get no payment. This is the only option that allows you to ever bring or be part of any other lawsuit about the Released Claims (defined below) against Defendants and the other Released Defendant Parties (defined below).
<b>OBJECT TO THE SETTLEMENT NO LATER THAN JUNE 10, 2013.</b>	Write to the Court about why you do not like the Settlement, the proposed Plan of Allocation and/or the request for attorneys' fees and reimbursement of expenses. You will still be a member of the Class.
<b>ASK TO SPEAK AT THE HEARING ON JULY 19, 2013 AT 10:00 A.M., NO LATER THAN JUNE 10, 2013.</b>	Speak in Court about the Settlement at the Settlement Hearing.
<b>DO NOTHING</b>	Get no payment. Remain a Class Member. Give up your rights.

**SUMMARY OF THIS NOTICE**

**I. Description of the Litigation and the Class**

This Notice relates to the proposed Settlement of a class action lawsuit against the Defendants. As explained in more detail below, the proposed Settlement, if approved by the Court, will settle claims of all persons and entities that purchased or otherwise acquired the publicly traded common stock of K12 from September 9, 2009 through December 12, 2011, inclusive, and who were damaged thereby (the "Class").

<sup>1</sup> All capitalized terms not otherwise defined in this Notice have the meanings provided in the Stipulation and Agreement of Settlement, dated March 4, 2013.

**II. Statement of the Plaintiff's Recovery**

Subject to Court approval, and as described more fully on page 3 below, Lead Plaintiff, on behalf of the proposed Class, has agreed to settle all claims remaining in the Litigation related to the purchase or acquisition of the publicly traded common stock of K12 during the Class Period that were or could have been asserted against K12 in the Litigation in exchange for a payment of \$6,750,000 in cash (the "Settlement Amount") to be deposited into an interest-bearing escrow account (the "Settlement Fund"). Based on Lead Plaintiff's consulting damages expert's estimate of the amount of K12's publicly traded common stock that may have been damaged as a result of the alleged misstatements and omissions by the Defendants, and assuming that all those shares participate in the Settlement, Lead Counsel estimates that the average recovery would be approximately \$0.30 per allegedly damaged share,<sup>2</sup> before the deduction of Court-approved attorneys' fees and expenses, taxes, and notice and administration costs. Class Members should note, however, that this is only an estimate based on the overall number of potentially damaged shares in the Class. Some Class Members may recover more or less than this estimated amount depending on, among other factors, when, where, and the prices at which their shares were purchased or sold. The Net Settlement Fund (the Settlement Fund less taxes, notice and administration costs, and attorneys' fees and litigation expenses) will be distributed in accordance with a plan of allocation (the "Plan of Allocation") approved by the Court and will determine how the Net Settlement Fund shall be allocated to the members of the Class. The proposed Plan of Allocation is included in this Notice (see page 8 below).

**III. Statement of Potential Outcome of the Case**

The Parties do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiff were to prevail on the claims against the Defendants. The Defendants deny all liability and deny that K12's publicly traded common stock was damaged as Lead Plaintiff has alleged. The issues on which the Parties disagree include, for example: (i) the amount by which the prices of K12's publicly traded common shares were artificially inflated as a result of the alleged misstatements and omissions by the Defendants; (ii) the amount of any alleged damages suffered by purchasers or acquirers of K12's publicly traded common stock; (iii) the appropriate economic models for determining the amounts by which K12's publicly traded common shares were allegedly artificially inflated (if at all); and (iv) the effect of various market forces influencing the trading prices of K12's publicly traded common shares.

**IV. Statement of Attorneys' Fees and Litigation Expenses Sought**

Lead Counsel (as defined on page 6 below) will apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed 25% of the Settlement Fund, which will include interest. In addition, Lead Counsel also will apply for the reimbursement of litigation expenses paid or incurred in connection with the prosecution and resolution of the Litigation, in an amount not to exceed \$600,000, plus interest from the date of funding at the same rate as earned by the Settlement Fund. Lead Counsel's fee and expense application may include a request for an award to Lead Plaintiff for reimbursement of its reasonable costs and expenses, including lost wages, directly related to its representation of the Class in an amount not to exceed \$10,000. If the Court approves Lead Counsel's fee and expense application in full, the average amount of fees and expenses will be approximately \$0.10 per allegedly damaged share.

**V. Identification of Attorneys' Representatives**

Lead Plaintiff and the Class are being represented by Labaton Sucharow LLP, the Court-appointed Lead Counsel. Any questions regarding the Settlement should be directed to Jonathan Gardner, Labaton Sucharow LLP, 140 Broadway, New York, NY 10005, Tel: (888) 219-6877, www.labaton.com, settlementquestions@labaton.com.

**VI. Reasons for the Settlement**

For Lead Plaintiff, the principal reason for the Settlement is the immediate benefit of a substantial cash recovery for the Class. This benefit must be compared to the risk that no recovery or a smaller recovery might be achieved after fact and expert discovery are complete, summary judgment motions are made by the Parties, and a contested trial and likely appeals are resolved, possibly years into the future. For the Defendants, who deny all allegations of liability and deny that any Class Members were damaged, the principal reason for the Settlement is to eliminate the burden, expense, uncertainty and risk of further litigation.

**[END OF COVER PAGE]**

**BASIC INFORMATION**

**1. Why did I get this notice package?**

You or someone in your family may have purchased or acquired K12's publicly traded common stock during the period from September 9, 2009 through December 12, 2011, inclusive. The Court directed that this Notice be sent to Class Members because they have a right to know about the proposed Settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. If approved, the Settlement will end all of the Class's claims against the Defendants. The Court will consider whether to approve the Settlement at a Settlement Hearing on July 19, 2013 at 10:00 a.m. If the Court approves the Settlement, and after any appeals are resolved and the Settlement administration is completed, the claims administrator appointed by the Court will make the payments that the Settlement allows.

<sup>2</sup> An allegedly damaged share might have been traded more than once and this average recovery would be the total for all purchasers of that share.

The Court in charge of the case is the United States District Court for the Eastern District of Virginia, and the case is known as *Hoppaugh v. K12 Inc., et al*, No. 12-cv-00103-CMH (E.D. Va.). This case was assigned to United States District Judge Claude M. Hilton. The persons who are suing are called “plaintiffs” and the company and the persons being sued are called “defendants.”

## **2. What is this lawsuit about and what has happened so far?**

This Litigation began on January 30, 2012 when the first class action complaint was filed against the Defendants. On May 18, 2012, the Court issued an order appointing Lead Plaintiff and Labaton Sucharow LLP as Lead Counsel to represent the Class. The current complaint in the Litigation is the Amended Class Action Complaint, which was filed by Lead Plaintiff on June 22, 2012 (“Amended Complaint”). On March 4, 2013, the Parties filed a Stipulation of Partial Voluntary Dismissal, voluntarily dismissing with prejudice certain claims asserted in the Amended Complaint.

The operative Amended Complaint, which contains the remaining claims that are being settled, generally alleges, among other things, that the Defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 promulgated thereunder by making alleged misstatements and omissions and/or carrying out a common plan, scheme, and unlawful course of conduct during the Class Period in connection with the “churn” rate of students at virtual schools managed by K12. Lead Plaintiff alleges that Defendants recklessly failed to disclose high churn rates at K12 managed schools during the Class Period, which rendered the Company’s reported enrollment figures and Defendants’ statements regarding student retention false and misleading. When the truth about K12’s high student churn rates was fully disclosed before the beginning of trading on December 13, 2011, the Company’s stock price fell, allegedly damaging Class Members who purchased or acquired K12 common stock during the Class Period at artificially inflated prices.

Defendants moved to dismiss the Amended Complaint on July 20, 2012, and briefing on the motion to dismiss was completed on August 20, 2012. On September 14, 2012, the Court issued an order denying the motion to dismiss. Discovery commenced, including the production of documents by Defendants and third-parties, which resulted in the production of over one million pages of documents. Lead Plaintiff, through Lead Counsel, conducted a thorough investigation relating to the claims, defenses, and underlying events and transactions that are the subject of the Litigation. This process included reviewing and analyzing publicly available information and data concerning K12, interviewing approximately fifty former K12 employees, and consulting with experts on education, damages and causation issues.

The Defendants deny all allegations contained in the Amended Complaint, and deny having engaged in any wrongdoing whatsoever. The Settlement should not be construed or seen as evidence of or an admission or concession on the part of any Defendant with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity or weakness in the defenses that the Defendants have asserted.

On January 8, 2013, the Parties met with former Judge Daniel Weinstein of JAMS to explore a potential negotiated resolution of the claims, however a settlement was not reached. On January 31, 2013, settlement negotiations resumed through discussions with Judge Weinstein and direct negotiations between counsel for the Parties. On February 1, 2013, the Parties reached an oral agreement for a settlement framework, as memorialized in the Stipulation.

After extensive discovery to date, Lead Plaintiff concluded that there was insufficient support for its claims relating to academic performance and educational quality, and on March 4, 2013, the Parties filed a stipulation voluntarily dismissing those claims against Defendants.

The Parties entered into the Stipulation and Agreement of Settlement as of March 4, 2013. On March 22, 2013, the Court preliminarily approved the Settlement, authorized this Notice to be sent to potential Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

The Defendants deny the claims and contentions alleged by Lead Plaintiff in this Litigation, deny any liability whatsoever, and maintain that they have meritorious defenses to all claims that were raised or could have been raised in the Litigation.

## **3. Why is this a class action?**

In a class action, one or more people called class representatives (in this case the Lead Plaintiff on behalf of the Class) sue on behalf of people or entities, known as “class members,” who have similar claims. A class action allows one court to resolve in a single case many similar claims that, if brought separately by individuals, might be economically so small that they would never be brought. One court resolves the issues for all class members, except for those who exclude themselves, or “opt out,” from the Class (see page 6 below).

## **4. Why is there a settlement?**

The Court did not decide in favor of Lead Plaintiff or the Defendants. The Settlement will end all the claims against the Defendants in the Litigation and avoid the uncertainties and costs of further litigation and any future trial. Affected investors will be eligible to get compensation immediately, rather than after the time it would take to resolve future motions to dismiss, conduct discovery, have a trial and exhaust all appeals.

The Settlement was reached after months of investigation and litigation. Lead Plaintiff, through Lead Counsel, conducted an extensive investigation of the claims, defenses and underlying events and transactions relating to the Litigation. This investigation included, among other things, reviewing and analyzing K12's filings with the Securities and Exchange Commission (the "SEC"), securities analysts' reports, public statements by Defendants, media reports about Defendants, court records, and more than one million pages of documents produced by Defendants and third-parties. Lead Counsel also located and interviewed numerous former employees of the Company, and consulted with an experienced damages expert and an expert in the educational field. Lead Plaintiff also conducted 14 depositions of current K12 employees. Further, Lead Counsel and Lead Plaintiff participated in rigorous arm's-length negotiations and a mediation before an experienced mediator before entering into the Settlement.

Defendants have denied and continue to deny each and all of the claims and contentions alleged by Lead Plaintiff in the Litigation and deny that they are liable to the Class. Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. The Settlement should not be seen as an admission or concession on the part of the Defendants about any of the claims, their fault or liability for damages.

### **WHO IS IN THE SETTLEMENT**

#### **5. How do I know if I am part of the Settlement?**

The Court determined that everyone who fits the following description, and is not excluded by definition from the Class (see Question 13 below), is a member of the Class, or a "Class Member," unless they take steps to exclude themselves:

any person or entity that purchased or otherwise acquired the publicly traded common stock of K12 from September 9, 2009 through December 12, 2011, inclusive, and who were damaged thereby.

Receipt of this Notice does not mean that you are a Class Member. Please check your records or contact your broker to see if you purchased or otherwise acquired K12's publicly traded common stock during the Class Period.

#### **6. Are there exceptions to being included in the Class?**

There are some people who are excluded from the Class by definition. Excluded from the Class are: Defendants; members of the immediate family of Messrs. Packard or Hawks; any person who was an officer or director of K12 during the Class Period; any firm, trust, corporation, officer, or other entity in which any Defendant has or had a controlling interest; Defendants' directors' and officers' liability insurance carriers, and any affiliates or subsidiaries thereof; and the legal representatives, agents, affiliates, heirs, successors-in-interest, or assigns of any such excluded party.

Also excluded from the Class are any proposed Class Members who properly exclude themselves by submitting a valid and timely request for exclusion in accordance with the requirements set forth in this Notice. If you do not want to be a Class Member - for example if you want to continue with or bring your own lawsuit against the Defendants at your own expense for the claims that are being released as part of the Settlement - **you must exclude yourself** by submitting a request for exclusion in accordance with the requirements explained in Question 13 below.

#### **7. What if I am still not sure if I am included?**

If you are still not sure whether you are included, you can ask for free help by writing to or calling the Claims Administrator: K12, Inc. Securities Litigation, Claims Administrator, c/o GCG Inc., P.O. Box 9974, Dublin, OH 43017-5974, [www.gcginc.com/cases/K12](http://www.gcginc.com/cases/K12), 1-866-282-3028. Or you can fill out and return the Proof of Claim and Release form ("Proof of Claim") described in Question 10 below, to see if you qualify.

### **THE SETTLEMENT BENEFITS—WHAT YOU MAY RECEIVE**

#### **8. What does the Settlement provide?**

In the Settlement, K12 has agreed to pay \$6,750,000 in cash, which will be deposited in an interest-bearing escrow account for the benefit of the Class (the "Settlement Fund"). The Settlement Fund will be divided, after deduction of Taxes, Court-awarded attorneys' fees and expenses, and settlement administration costs, among all Class Members who timely submit valid Proofs of Claim that are accepted for payment by the Court.

#### **9. How much will my payment be?**

The Plan of Allocation, discussed on pages 8-12 below, explains how claimants' "Recognized Claim" will be calculated. Your share of the Net Settlement Fund will depend on several things, including: (i) the quantity of K12's publicly traded common stock you bought; (ii) how much you paid for it; (iii) when you bought it; (iv) whether or when you sold it (and, if so, for how much); and (v) the amount of claims of other Authorized Claimants.

It is unlikely that you will get a payment for your entire Recognized Claim, given the number of potential Class Members. After all Class Members have sent in their Proofs of Claim, the payment any Authorized Claimant will get will be their *pro rata* share of the

Net Settlement Fund. An Authorized Claimant's share will be his, her or its Recognized Claim divided by the total of all Authorized Claimants' Recognized Claims and then multiplied by the total amount in the Net Settlement Fund. See the Plan of Allocation beginning on page 8 for more information.

Once all the Proofs of Claim are processed and claims are calculated, Lead Counsel, without further notice to the Class, will apply to the Court for an order authorizing distribution of the Net Settlement Fund to the Authorized Claimants. Lead Counsel will also ask the Court to approve payment of the Claims Administrator's fees and expenses incurred in connection with administering the Settlement that have not already been reimbursed.

### **HOW YOU GET A PAYMENT—SUBMITTING A PROOF OF CLAIM**

#### **10. How can I get a payment?**

To qualify for a payment, you must timely send in a valid Proof of Claim with supporting documents (DO NOT SEND ORIGINALS of your supporting documents). A Proof of Claim is enclosed with this Notice. You may also get copies of the Proof of Claim on the Internet at the websites for the Claims Administrator: [www.gcginc.com/cases/K12](http://www.gcginc.com/cases/K12), or Lead Counsel: [www.labaton.com](http://www.labaton.com). Please read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks for, sign it, and mail it to the Claims Administrator by First-Class Mail, **postmarked on or before August 3, 2013**. *The Claims Administrator needs all of the information requested in the Proof of Claim in order to determine if you are eligible to receive a distribution from the Net Settlement Fund.*

#### **11. When will I get my payment?**

The Court will hold a hearing on July 19, 2013 at 10:00 a.m., to decide whether to, among other things, approve the Settlement and the proposed Plan of Allocation. All Proofs of Claim must be submitted to the Claims Administrator, **postmarked on or before August 3, 2013**. If the Court approves the Settlement, there may still be appeals which would delay payment, perhaps for more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

#### **12. What am I giving up by staying in the Class?**

Unless you exclude yourself, you will stay in the Class, which means that as of the date that the Settlement becomes effective under the terms of the Stipulation (the "Effective Date"), you will forever give up and release all "Released Claims" (as defined below) against the "Released Defendant Parties" (as defined below). You will not in the future be able to bring a case asserting any Released Claim against the Released Defendant Parties.

"Released Claims" means all claims, rights and causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, whether known or Unknown (as defined below), whether arising under federal, state, common or foreign law, that Lead Plaintiff or any other Class Member: (i) have asserted in the Litigation or (ii) could have asserted in any forum that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the complaints filed in the Litigation and that relate to the purchase or acquisition during the Class Period of the common stock of the Company. Released Claims do not include: (i) claims to enforce the Settlement; (ii) any governmental or regulatory agency's claims asserted in any criminal or civil action against any of the Defendants; or (iii) *Staal v. Tisch*, No. 12-365 (D. Del.) and related demand letters and requests for corporate records.

"Released Defendants' Claims" means all claims, rights and causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, whether known or Unknown, whether arising under federal, state, common or foreign law, or any other law, that the Defendants or any other Released Defendant Party asserted, or could have asserted, against any of the Released Plaintiff Parties that arise out of or relate in any way to the commencement, prosecution, settlement or resolution of the Litigation or the claims against the Released Defendant Parties (other than claims to enforce the Settlement).

"Released Defendant Parties" means the Defendants and their current or former trustees, officers, directors, principals, employees, agents, partners, insurers, auditors, heirs, attorneys, predecessors, successors or assigns, parents, subsidiaries, divisions, joint ventures, general or limited partners or partnerships, limited liability companies and any trust of which any Individual Defendant is the settlor or which is for the benefit of their immediate family members.

"Unknown Claims" means any and all Released Claims, which the Lead Plaintiff or any other Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Defendant Parties, and any Released Defendants' Claims that the Defendants or any other Released Defendant Party does not know or suspect to exist in his, her or its favor at the time of the release of the Released Plaintiff Parties, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims and Released Defendants' Claims, the Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff and the Defendants shall expressly, and each other Class Member and each other Released Defendant Party shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, expressly waived and relinquished any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiff, the other Class Members, the Defendants or the other Released Defendant Parties may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims and the Released Defendants' Claims, but Lead Plaintiff and the Defendants shall expressly, fully, finally and forever settle and release, and each other Class Member and each other Released Defendant Party shall be deemed to have settled and released, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall have settled and released, fully, finally, and forever, any and all Released Claims and Released Defendants' Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiff and the Defendants acknowledge, and other Class Members and each other Released Defendant Party by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims and Released Defendants' Claims was separately bargained for and was a key element of the Settlement.

### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you want to keep any right you may have to sue or continue to sue the Released Defendant Parties on your own about the Released Claims, then you must take steps to exclude yourself from the Class. Excluding yourself is known as "opting out" of the Class. The Defendants may withdraw from and terminate the Settlement if potential Class Members who purchased in excess of a certain amount of K12's publicly traded common stock opt out from the Class.

#### **13. How do I "opt out" (exclude myself) from the proposed Settlement?**

To "opt out" (exclude yourself) from the Class, you must deliver or mail a signed letter by First-Class Mail stating that you "request to be excluded from the Class in *Hoppaugh v. K12 Inc., et al*, No. 12-cv-00103-CMH (E.D. Va.)" Your letter **must** provide documentation of the date(s), price(s) and number of shares of all your purchases, acquisitions and sales of K12's publicly traded common stock during the Class Period. This information is needed to determine whether you are a Class Member. In addition, you must include your name, address, telephone number, and your signature. You must submit your request for exclusion addressed to K12, Inc. Securities Litigation - EXCLUSIONS, c/o GCG, Inc., P.O. Box 9974, Dublin, OH 43017-5974. The request for exclusion must be **received on or before June 10, 2013. You cannot exclude yourself or opt out by telephone or by email.** Your request for exclusion must comply with these requirements in order to be valid. If you are excluded, you will not be eligible to get any payment from the Settlement proceeds and you cannot object to the Settlement, the proposed Plan of Allocation or the application for attorneys' fees and reimbursement of expenses.

#### **14. If I do not exclude myself, can I sue the Defendants and the other Released Defendant Parties for the same thing later?**

No. Unless you exclude yourself, you give up any rights to sue the Defendants and the other Released Defendant Parties for all Released Claims. If you have a pending lawsuit, speak to your lawyer in that case **immediately**. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is **June 10, 2013**.

#### **15. If I exclude myself, can I get money from the proposed Settlement?**

No. If you exclude yourself, do not send in a Proof of Claim to ask for any money. But, you may exercise any right you may have to sue, continue to sue or be part of a different lawsuit against the Defendants and the other Released Defendant Parties.

### **THE LAWYERS REPRESENTING YOU**

#### **16. Do I have a lawyer in this case?**

The law firm of Labaton Sucharow was appointed to represent all Class Members. These lawyers are called Lead Counsel. You will not be separately charged for these lawyers. The Court will determine the amount of Lead Counsel's fees and expenses. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

#### **17. How will the lawyers be paid?**

Lead Counsel has not received any payment for their services in pursuing the claims against the Defendants on behalf of the Class, nor have they been reimbursed for their litigation expenses. At the Settlement Hearing described below, or at such other time as the Court may order, Lead Counsel will ask the Court to award them, from the Settlement Fund, attorneys' fees of no more than 25% of the Settlement Fund, which will include interest, and to reimburse them for their litigation expenses, such as the cost of experts, that they have incurred in pursuing the Litigation. The request for reimbursement of expenses will not exceed \$600,000, plus interest on the expenses from the date of funding at the same rate as may be earned by the Settlement Fund.

**OBJECTING TO THE SETTLEMENT**

**18. How do I tell the Court that I do not like something about the proposed Settlement?**

If you are a Class Member and do not “opt out,” you can object to any part of the Settlement, the proposed Plan of Allocation, the voluntary dismissal, and/or the application by Lead Counsel for attorneys’ fees and reimbursement of expenses. You must write to the Court setting out your objection, giving reasons why you think the Court should not approve any part or all of the Settlement.

To object, you must send a signed letter stating that you object to the proposed Settlement, the proposed Plan of Allocation, the voluntary dismissal, and/or the application by Lead Counsel for attorneys’ fees and reimbursement of expenses in the case known as “*Hoppaugh v. K12 Inc., et al*, No. 12-cv-00103-CMH (E.D. Va.)” You must include your name, address, telephone number and your signature; provide documentation of the date(s), price(s) and number of shares of all purchases, acquisitions and sales of K12’s publicly traded common stock during the Class Period; and state the reasons why you object. This information is needed to demonstrate your membership in the Class.

Unless otherwise ordered by the Court, any Class Member who does not object in the manner described in this Notice will be deemed to have waived any objection and will not be able to make any objection to the Settlement, the voluntary dismissal, the proposed Plan of Allocation, and/or the application for attorneys’ fees and reimbursement of expenses in the future.

Your objection must be filed with the United States District Court for the Eastern District of Virginia by hand or by mail such that it is **received on or before June 10, 2013** at the address set forth below. You must also serve the papers on Lead Counsel and Defendants’ Counsel at the addresses set forth below so that the papers are **received on or before June 10, 2013**.

<b>COURT:</b>	<b>LEAD COUNSEL:</b>	<b>COUNSEL FOR DEFENDANTS:</b>
CLERK OF THE COURT United States District Court for the Eastern District of Virginia, Alexandria Division Albert V. Bryan U.S. Courthouse 401 Courthouse Square Alexandria, VA 22314	LABATON SUCHAROW LLP Jonathan Gardner 140 Broadway New York, New York 10005	LATHAM & WATKINS LLP Michele E. Rose, Esq. 555 Eleventh Street, NW, Suite 1000 Washington, DC 20004

**19. What is the difference between objecting and requesting exclusion?**

Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can still recover from the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

**THE COURT’S SETTLEMENT HEARING**

**20. When and where will the Court decide whether to approve the proposed Settlement?**

The Court will hold a Settlement Hearing at 10:00 a.m. on July 19, 2013, in Courtroom 800 of the United States District Court for the Eastern District of Virginia, Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, VA 22314. At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. The Court also will consider the proposed Plan of Allocation for the proceeds of the Settlement and the applications for attorneys’ fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions set out above in the answer to Question 18. We do not know how long it will take the Court to make these decisions.

You should also be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Class Members. If you want to come to the hearing, you should check with Lead Counsel before coming to be sure that the date and/or time has not changed.

**21. Do I have to come to the hearing?**

No. Lead Counsel will answer any questions the Court may have. But, you are welcome to come at your own expense. If you validly submit an objection, it will be considered by the Court. You do not have to come to Court to talk about it.

**22. May I speak at the hearing and submit additional evidence?**

If you file an objection, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (see Question 18 above), on or before June 10, 2013, a statement that it is your “notice of intention to appear in *Hoppaugh v. K12 Inc., et al*, No. 12-cv-00103-CMH (E.D. Va.)” Persons who object and want to present evidence at the Settlement Hearing must also include in their written objection the identity of any witness they may call to testify and exhibits they intend to introduce at the Settlement Hearing. You cannot speak at the Settlement Hearing if you excluded yourself from the Class or if you have

not provided written notice of your intention to speak at the Settlement Hearing according to the procedures described above and in the answer to Question 18.

### **IF YOU DO NOTHING**

#### **23. What happens if I do nothing at all?**

If you do nothing, you will get no money from this Settlement and you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants and the Released Defendant Parties about the Released Claims in this case. To be eligible to share in the Net Settlement Fund you must submit a Proof of Claim (see Question 10). To start, continue or be a part of any *other* lawsuit against the Defendants and the other Released Defendant Parties about the Released Claims you must exclude yourself from this Class (see Question 13).

### **GETTING MORE INFORMATION**

#### **24. Are there more details about the proposed Settlement and the lawsuit?**

This Notice summarizes the proposed Settlement and voluntary dismissal of certain claims. More details regarding the proposed Settlement are in the Stipulation and Agreement of Settlement, dated as of March 4, 2013 (the "Settlement Stipulation"). More details regarding the voluntary dismissal are in the Stipulation of Partial Voluntary Dismissal With Prejudice, dated as of March 4, 2013 (the "Voluntary Dismissal Stipulation," or, collectively with the Settlement Stipulation, the "Stipulations"). You may review the Stipulations filed with the Court and all documents filed in the Litigation during business hours at the Office of the Clerk of the United States District Court for the Eastern District of Virginia, Albert V. Bryan U.S. Courthouse, 401 Courthouse Square, Alexandria, VA 22314.

You also can call the Claims Administrator toll free at 1-866-282-3028; call Lead Counsel: Labaton Sucharow at (888) 219-6877; write to K12, Inc. Securities Litigation, Claims Administrator, c/o GCG Inc., P.O. Box 9974, Dublin, OH 43017-5974; or visit the websites [www.gcginc.com/cases/K12](http://www.gcginc.com/cases/K12) and [www.labaton.com](http://www.labaton.com), where you can download copies of this Notice and the Proof of Claim.

**Please Do Not Call the Court or K12 With Questions About the Settlement.**

### **PLAN OF ALLOCATION OF NET SETTLEMENT FUND**

The Net Settlement Fund shall be distributed to each Class Member who timely submits a valid Proof of Claim to the Claims Administrator that is accepted for payment by the Court ("Authorized Claimant"). The Net Settlement Fund will not be distributed to Authorized Claimants until the Court has approved the Settlement and the Plan of Allocation, and the time for any petition for rehearing, appeal or review, whether by *certiorari* or otherwise, of the order(s) approving the Settlement and the Plan of Allocation has expired. The Defendants are not entitled to get back any portion of the Settlement Fund once the Effective Date of the Settlement has occurred.

The Plan of Allocation set forth herein is the plan that is being proposed by Lead Plaintiff and Lead Counsel to the Court for approval. The Court may approve this Plan of Allocation as proposed, or it may modify it without further notice to the Class. Any orders regarding a modification of the Plan of Allocation will be posted on the settlement website, [www.gcginc.com/cases/K12](http://www.gcginc.com/cases/K12).

#### **A. Preliminary Matters**

Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiff, Lead Counsel, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the Plan of Allocation, or further orders of the Court. Lead Plaintiff, the Defendants, their respective counsel, Lead Plaintiff's damages expert, and all other Released Parties shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund consistent with the terms of the Stipulation, the Plan of Allocation, or the determination, administration, calculation, or payment of any Proof of Claim or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund, or any losses incurred in connection therewith.

Claimants who fail to complete and file a valid and timely Proof of Claim form shall be barred from participating in distributions from the Net Settlement Fund, unless the Court otherwise orders. Class Members who do not either submit a request for exclusion or submit a valid and timely Proof of Claim will nevertheless be bound by the Settlement and the Order and Final Judgment of the Court dismissing this Litigation.

The purpose of this Plan of Allocation is to establish a reasonable and equitable method of distributing the Net Settlement Fund among Authorized Claimants. For purposes of determining the amount an Authorized Claimant may recover under this Plan of Allocation, Lead Counsel has consulted with their damages consultants and others. This Plan of Allocation is intended to be generally consistent with an assessment of, among other things, the damages that Lead Plaintiff and Lead Counsel believe could have been recovered had they prevailed at trial. The Plan of Allocation is not intended to and does not exactly replicate such assessment of damages, however. Certain Class Members who may not have had recoverable damages at trial may be eligible to receive a distribution under the Plan of Allocation.



Because the Net Settlement Fund is likely less than the total losses suffered by Class Members, the formulas described below for calculating Recognized Losses are not intended to estimate the amount that will actually be paid to Authorized Claimants. Rather, these formulas provide the basis on which the Net Settlement Fund will be distributed among Authorized Claimants.

A "Recognized Claim" will be calculated using the formulas set forth below for each purchase or acquisition of K12's publicly traded common stock listed in the claim form that occurred during the Class Period and for which adequate documentation is provided. The Recognized Claim for a claimant's transactions will be calculated by the Claims Administrator in consultation with Lead Counsel in accordance with the provisions of this Plan of Allocation, or another plan approved by the Court.

## **B. Additional Definitions**

This Plan of Allocation is based on the following principles and additional definitions (listed alphabetically), among others:

1. "Inflation" is the amount by which the price of K12 common stock was overvalued on each day in the Class Period because of the alleged misrepresentations and omissions.
2. "Inflation Loss" is the amount of loss calculated based on the amount of Inflation in the price of K12 common stock based on the methodology described below.
3. A "Net Trading Loss (Gain)" for each Claimant will be computed by adding up all Trading Losses and subtracting all Trading Gains for all transactions in K12 common stock by such Claimant that qualify to participate in the Plan of Allocation as described herein.
4. The "PSLRA 90-Day Lookback Period" is the period of ninety calendar days beginning on the trading day following the end of the Class Period from Tuesday, December 13, 2011 through Friday, March 9, 2012 (because March 11, 2012 falls on a Sunday, the PSLRA 90-Day Lookback Price is measured through March 9, 2012).
5. The "PSLRA 90-Day Lookback Price" is the average of the closing prices for K12 common stock over the PSLRA 90-Day Lookback Period and equals \$20.90 per share.
6. A "purchase" is the acquisition of K12 common stock by any means other than a gift, inheritance, or operation of law (as discussed below) or a purchase transaction conducted for the purpose of covering a "short sale" transaction.
7. "Purchase Amount" is the Purchase Price Per Share multiplied by the number of shares of K12 common stock purchased by a Claimant during the Class Period.
8. "Purchase Price Per Share" is the amount paid per share by a Claimant to purchase shares of K12 common stock.
9. "Recognized Claim" is the amount of the Net Settlement Fund that an Authorized Claimant is entitled to after calculation of the Authorized Claimant's *pro rata* share of the Net Settlement Fund.
10. "Recognized Loss" is the amount of a claim under this Plan of Allocation and is the number used to calculate an Authorized Claimant's Recognized Claim.
11. A "sale" is the disposition of K12 common stock by any means other than a gift, inheritance or operation of law (as discussed below) or a "short sale" transaction.
12. "Sale Price Per Share" is the amount received per share by a Claimant upon the sale of shares of K12 common stock.
13. "Sales Proceeds" equals the number of shares of K12 common stock purchased during the Class Period by a Claimant multiplied by (i) Sale Price Per Share if sold during the Class Period or the PSLRA 90-Day Lookback Period; or (ii) the PSLRA 90-Day Lookback Price of \$20.90 per share, if unsold at the end of the PSLRA 90-Day Lookback Period.
14. A "Total Inflation Loss" for each Claimant will be computed by adding up all Inflation Losses for all transactions in K12 common stock by such Claimant that qualify to participate in the Plan of Allocation as described herein.
15. "Trading Gain" means the amount by which the Sales Proceeds exceeds the Purchase Amount for each transaction by a Claimant in K12 common stock.
16. "Trading Loss" means the amount by which the Purchase Amount exceeds the Sales Proceeds for each transaction by a Claimant in K12 common stock.

## **C. Principles**

1. *Authorized Claimants:* Authorized Claimants must have purchased or otherwise acquired shares of K12 common stock between September 9, 2009 and December 12, 2011, inclusive (the "Class Period"). Further, in order for the Authorized Claimant to share in the distribution of the Net Settlement Fund, the market price of K12 common stock must have declined due to disclosure of the alleged misrepresentations and omissions. In order for an Authorized Claimant to share in the distribution, the shares of K12 common stock must have been either (a) purchased during the Class Period prior to the close of trading on November 16, 2011 (the date of the first corrective disclosure) and held until at least until the close of trading on November 16, 2011, or (b) purchased on or after November 17, 2011 and held until at least the close of trading on December 12, 2011 (the day before the second and final corrective disclosure); and, in either case, the Authorized Claimant must have suffered a Net Trading Loss as described below.

2. *FIFO Matching:* For purposes of computing Inflation Losses, and Trading Losses (Gains) for a Claimant's multiple purchases or sales of K12 common stock, purchases will be matched to sales using the "first-in/first out" (FIFO) inventory method, which matches sales to purchases based on the dates of those transactions. Specifically, when any Proof of Claim includes a sale of

shares of K12 common stock either during the Class Period or the PSLRA 90-Day Lookback Period, the earliest sale will be matched first against the Claimant's opening position on the first day of the Class Period, if any, and then matched chronologically thereafter against each purchase or acquisition during the Class Period. Sales matched to shares of K12 common stock from a Claimant's opening position are excluded from the calculation of Inflation Loss and Trading Loss (Gain). In addition, all sales prior to November 17, 2011 and purchases matched to such sales are excluded from the calculation of Inflation Loss. Note: Short sales and purchases to cover short sales (whether they occurred before, during, or after the Class Period) are not included when calculating Inflation Loss or Trading Loss (Gain).

3. *Effect of shares acquired from the exercise of call options:* K12 common stock acquired during the Class Period through the exercise of an exchange-traded call option shall be treated as a purchase of K12 common stock on the date of exercise. The purchase price paid for such stock shall be the closing price of K12 common stock on the date of exercise.

4. *Effect of shares disposed of from the exercise of put options:* K12 common stock delivered during the Class Period or the PSLRA 90-Day Lookback Period pursuant to the exercise of an exchange-traded put option shall be treated as a sale of K12 common stock on the date of exercise. The sale price received for such stock shall be the closing price of K12 common stock on the date of exercise.

5. *Treatment of acquisition of shares of K12 common stock by means of a gift, inheritance or operation of law:* If a Claimant acquired shares of K12 common stock by means of a gift, inheritance or operation of law, the purchase date for that acquisition will be the original date of purchase and not the date of transfer, unless the transfer resulted in a taxable event or other change in the cost basis of those shares of K12 common stock. To the extent that any share of K12 common stock that was sold during the Class Period or the PSLRA 90-Day Lookback Period and was originally purchased prior to the beginning of or after the end of the Class Period, and there was no taxable event or change in cost basis at the time of transfer during the Class Period, the Class Member's Inflation Loss and Trading Loss for that acquisition shall be zero.

6. *Treatment of disposition of shares of K12 common stock by means of a gift, inheritance or operation of law:* If a Claimant disposed of shares of K12 common stock by means of a gift, inheritance or operation of law, the sale date for that disposition will be the date of sale by the Transferee and not the date of transfer, unless the transfer resulted in a taxable event or other change in the cost basis of those shares of K12 common stock. To the extent that a share of K12 common stock that was purchased during the Class Period and was disposed of by means of a gift, inheritance or operation of law during the Class Period or the PSLRA 90-Day Lookback Period and the Transferee did not subsequently sell those shares during the Class Period or the PSLRA 90-Day Lookback Period, and there was no taxable event or change in cost basis at the time of transfer during the Class Period, the Class Member's Inflation Loss and Trading Loss for that disposition shall be zero.

#### **D. Computation of Inflation Loss and Trading Loss**

##### **1. Inflation Loss**

For each purchase of K12 common stock during the Class Period, the Inflation Loss for each purchase transaction will be computed (using FIFO matching of purchases to sales) as follows:

- i) If purchased during the Class Period on or before November 16, 2011 and:
  - a) *if sold on or before November 16, 2011*, the last day before the first corrective disclosure that reduced the amount of inflation in K12 stock price, the Inflation Loss for purchased shares matched to such sales is zero;
  - b) *if sold after November 16, 2011 but on or before December 12, 2011*, the last day before the amount of inflation in K12 stock price was reduced from the second and final corrective disclosure, the Inflation Loss equals the number of shares purchased matched to such sales in such transaction multiplied by the lesser of: (i) the difference between the inflation per share on the date of purchase as shown in Exhibit 1 and the inflation per share on the date of sale as shown in Exhibit 1; (ii) \$1.13 per share, the amount of inflation removed from K12 stock price on November 17, 2011; or (iii) the difference between the purchase price per share and the sale price per share;
  - c) *if sold after December 12, 2011 but on or before March 9, 2012*, the Inflation Loss equals the number of shares purchased matched to such sales in such transaction multiplied by the lesser of: (i) the inflation per share on the date of purchase as shown in Exhibit 1; (ii) \$7.47 per share, the amount of inflation removed from K12 stock price on November 17, 2011 and December 13, 2011; or (iii) the difference between the purchase price per share and the sale price per share;
  - d) *if held as of the close of trading on March 9, 2012*, the Inflation Loss equals the number of shares purchased matched to such shares held in such transaction multiplied by the lesser of: (i) the inflation per share on the date of purchase as shown in Exhibit 1; (ii) \$7.47 per share, the amount of inflation removed from K12 stock price on November 17, 2011 and December 13, 2011; or (iii) the difference between the purchase price per share and the PSLRA 90-Day Lookback Price of \$20.90 per share.

- ii) If purchased during the Class Period after November 16, 2011 and:
  - a) *if sold on or before December 12, 2011*, the last day before the amount of inflation in K12 stock price was reduced from the second and final corrective disclosure, the Inflation Loss for purchased shares matched to such sales is zero;
  - b) *if sold after December 12, 2011 but on or before March 9, 2012*, the Inflation Loss equals the number of shares purchased matched to such sales in such transaction multiplied by the lesser of: (i) the inflation per share on the date of purchase as shown in Exhibit 1; (ii) \$6.34 per share, the amount of inflation removed from K12 stock price on December 13, 2011; or (iii) the difference between the purchase price per share and the sale price per share;
  - c) *if held as of the close of trading on March 9, 2012*, the Inflation Loss equals the number of shares purchased matched to such shares held in such transaction multiplied by the lesser of: (i) the inflation per share on the date of purchase as shown in Exhibit 1; (ii) \$6.34 per share, the amount of inflation removed from K12 stock price on December 13, 2011; or (iii) the difference between the purchase price per share and the PSLRA 90-Day Lookback Price of \$20.90 per share.

If the Inflation Loss is greater than zero, then the Claimant has an Inflation Loss for that purchase transaction.

If the Inflation Loss is less than zero, then the Claimant has no Inflation Loss for that purchase transaction.

Total Inflation Loss for a Claimant is the sum of all Inflation Losses for all transactions in K12 common stock.

If a Claimant has a Total Inflation Loss for a Claimant's purchases of K12 common stock, the Claims Administrator will then compute the Trading Loss (Gain), as indicated below.

## 2. Trading Loss (Gain)

For each purchase of K12 common stock during the Class Period, the Trading Loss (Gain) for each purchase transaction (using FIFO matching of purchases to sales) will be computed as follows:

- a) *if sold on or before March 9, 2012*, the Trading Loss (Gain) equals the number of shares purchased matched to such sales in such transaction multiplied by the difference between the purchase price per share and the sale price per share; or
- b) *if held as of the close of trading on March 9, 2012*, the Trading Loss (Gain) equals the number of shares purchased matched to such shares held in such transaction multiplied by the difference between the purchase price per share and the PSLRA 90-Day Lookback Price of \$20.90 per share.

If the Trading Loss is greater than zero, then the Claimant has a Trading Loss for that purchase transaction.

If the Trading Loss is less than zero, then the Claimant has a Trading Gain (negative Trading Loss) for that purchase transaction.

Net Trading Loss (Gain) for each Claimant will be the sum of all Trading Losses and Trading Gains (negative Trading Losses) for all transactions in K12 common stock for that Claimant.

If a Claimant has a Net Trading Gain (Total Trading Gains exceed or are equal to Total Trading Losses) for the transactions in K12 common stock, the Claimant will not be eligible to receive a distribution from the Net Settlement Fund.

If there is a Total Inflation Loss and a Net Trading Loss for a Claimant's purchases of K12 common stock, the Claims Administrator will then compute the Recognized Loss (and Recognized Claim), as indicated below.

## **E. Recognized Loss and Recognized Claim**

### 1. Recognized Loss

For transactions in K12 common stock, if a Claimant has a Total Inflation Loss and a Net Trading Loss, the Recognized Loss for each Claimant will be the **lesser** of such Claimant's: (i) Total Inflation Loss; or (ii) Net Trading Loss.

### 2. Recognized Claim

The Recognized Claim for an Authorized Claimant will be based on the Claimant's *pro rata* share of the Net Settlement Fund. The Claimant's Recognized Claim will be calculated by multiplying the Net Settlement Fund by a fraction, the numerator of which is the Claimant's Recognized Loss for transactions in K12 common stock and the denominator of which is the aggregate Recognized Losses of **all** Authorized Claimants for **all** transactions in K12 common stock.

**F. Distribution of the Net Settlement Fund**

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. Following an initial distribution of the Net Settlement Fund, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator will conduct a redistribution of any funds remaining in the Net Settlement Fund by reason of returned or uncashed checks or otherwise, to Authorized Claimants who have cashed their initial distribution checks, after payment from the Net Settlement Fund of any unpaid Taxes and costs or fees incurred in administering the funds, including for such redistribution. Additional redistributions may occur thereafter to Authorized Claimants if Lead Counsel, in consultation with the Claims Administrator, determines that additional redistribution is cost-effective. When it is determined that the redistribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance of the Net Settlement Fund shall be contributed to a non-sectarian, not-for-profit organization serving the public interest.

Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Eastern District of Virginia with respect to his, her or its Proof of Claim.

**SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased or otherwise acquired K12's publicly traded common stock during the Class Period for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE, you either: (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or otherwise acquired K12's publicly traded common stock during such time period (preferably in an MS Excel data table, setting forth (i) title/registration, (ii) street address, (iii) city/state/zip; or electronically in MS Word) or; (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) calendar days of receipt of such copies send them by First-Class mail directly to the beneficial owners of those K12 common shares.

If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid after request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

*K12, Inc. Securities Litigation*  
c/o The Garden City Group, Inc.  
Claims Administrator  
P.O. Box 9974  
Dublin, OH 43017-5974  
Phone: 1-866-282-3028  
k12questions@gcginc.com  
www.gcginc.com/cases/K12

Dated: April 5, 2013

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF VIRGINIA

## Exhibit 1

Date	Inflation	Date	Inflation	Date	Inflation	Date	Inflation	Date	Inflation	Date	Inflation
9/9/2009	\$ 4.12	11/9/2009	\$ 4.42	1/12/2010	\$ 5.03	3/16/2010	\$ 5.69	5/14/2010	\$ 6.23	7/15/2010	\$ 5.76
9/10/2009	\$ 4.23	11/10/2009	\$ 4.46	1/13/2010	\$ 5.08	3/17/2010	\$ 5.73	5/17/2010	\$ 6.23	7/16/2010	\$ 5.70
9/11/2009	\$ 4.03	11/11/2009	\$ 4.41	1/14/2010	\$ 4.99	3/18/2010	\$ 5.73	5/18/2010	\$ 6.19	7/19/2010	\$ 5.74
9/14/2009	\$ 3.90	11/12/2009	\$ 4.37	1/15/2010	\$ 4.94	3/19/2010	\$ 5.80	5/19/2010	\$ 6.18	7/20/2010	\$ 5.99
9/15/2009	\$ 4.02	11/13/2009	\$ 4.43	1/19/2010	\$ 5.06	3/22/2010	\$ 5.93	5/20/2010	\$ 5.88	7/21/2010	\$ 5.77
9/16/2009	\$ 4.10	11/16/2009	\$ 4.50	1/20/2010	\$ 5.04	3/23/2010	\$ 6.07	5/21/2010	\$ 5.84	7/22/2010	\$ 5.87
9/17/2009	\$ 3.99	11/17/2009	\$ 4.68	1/21/2010	\$ 4.97	3/24/2010	\$ 6.03	5/24/2010	\$ 5.89	7/23/2010	\$ 6.06
9/18/2009	\$ 4.27	11/18/2009	\$ 4.50	1/22/2010	\$ 5.06	3/25/2010	\$ 5.84	5/25/2010	\$ 5.75	7/26/2010	\$ 6.33
9/21/2009	\$ 4.42	11/19/2009	\$ 4.40	1/25/2010	\$ 4.94	3/26/2010	\$ 5.88	5/26/2010	\$ 5.92	7/27/2010	\$ 6.34
9/22/2009	\$ 4.29	11/20/2009	\$ 4.44	1/26/2010	\$ 4.85	3/29/2010	\$ 5.89	5/27/2010	\$ 6.19	7/28/2010	\$ 6.32
9/23/2009	\$ 4.28	11/23/2009	\$ 4.55	1/27/2010	\$ 4.99	3/30/2010	\$ 5.80	5/28/2010	\$ 6.24	7/29/2010	\$ 6.31
9/24/2009	\$ 4.10	11/24/2009	\$ 4.52	1/28/2010	\$ 4.89	3/31/2010	\$ 5.54	6/1/2010	\$ 6.24	7/30/2010	\$ 6.50
9/25/2009	\$ 4.06	11/25/2009	\$ 4.49	1/29/2010	\$ 4.98	4/1/2010	\$ 5.53	6/2/2010	\$ 6.27	8/2/2010	\$ 6.63
9/28/2009	\$ 4.18	11/27/2009	\$ 4.42	2/1/2010	\$ 4.97	4/5/2010	\$ 5.73	6/3/2010	\$ 6.38	8/3/2010	\$ 6.52
9/29/2009	\$ 4.15	11/30/2009	\$ 4.47	2/2/2010	\$ 4.87	4/6/2010	\$ 5.75	6/4/2010	\$ 5.96	8/4/2010	\$ 6.49
9/30/2009	\$ 4.11	12/1/2009	\$ 4.53	2/3/2010	\$ 4.92	4/7/2010	\$ 5.94	6/7/2010	\$ 5.73	8/5/2010	\$ 6.30
10/1/2009	\$ 4.00	12/2/2009	\$ 4.58	2/4/2010	\$ 4.77	4/8/2010	\$ 5.88	6/8/2010	\$ 5.57	8/6/2010	\$ 6.26
10/2/2009	\$ 4.14	12/3/2009	\$ 4.49	2/5/2010	\$ 4.79	4/9/2010	\$ 5.79	6/9/2010	\$ 5.83	8/9/2010	\$ 6.46
10/5/2009	\$ 4.14	12/4/2009	\$ 4.62	2/8/2010	\$ 4.73	4/12/2010	\$ 5.82	6/10/2010	\$ 5.99	8/10/2010	\$ 6.37
10/6/2009	\$ 4.30	12/7/2009	\$ 4.64	2/9/2010	\$ 4.71	4/13/2010	\$ 5.99	6/11/2010	\$ 6.02	8/11/2010	\$ 6.22
10/7/2009	\$ 4.43	12/8/2009	\$ 4.74	2/10/2010	\$ 4.60	4/14/2010	\$ 6.20	6/14/2010	\$ 6.15	8/12/2010	\$ 6.15
10/8/2009	\$ 4.65	12/9/2009	\$ 4.77	2/11/2010	\$ 4.60	4/15/2010	\$ 6.23	6/15/2010	\$ 6.25	8/13/2010	\$ 5.88
10/9/2009	\$ 4.75	12/10/2009	\$ 4.68	2/12/2010	\$ 4.70	4/16/2010	\$ 6.30	6/16/2010	\$ 6.24	8/16/2010	\$ 5.96
10/12/2009	\$ 4.75	12/11/2009	\$ 4.82	2/16/2010	\$ 4.83	4/19/2010	\$ 6.09	6/17/2010	\$ 6.30	8/17/2010	\$ 5.96
10/13/2009	\$ 4.65	12/14/2009	\$ 5.13	2/17/2010	\$ 4.88	4/20/2010	\$ 6.13	6/18/2010	\$ 6.18	8/18/2010	\$ 5.97
10/14/2009	\$ 4.88	12/15/2009	\$ 5.04	2/18/2010	\$ 4.96	4/21/2010	\$ 6.24	6/21/2010	\$ 6.26	8/19/2010	\$ 5.91
10/15/2009	\$ 4.71	12/16/2009	\$ 4.97	2/19/2010	\$ 4.92	4/22/2010	\$ 6.26	6/22/2010	\$ 5.91	8/20/2010	\$ 5.94
10/16/2009	\$ 4.64	12/17/2009	\$ 4.92	2/22/2010	\$ 4.99	4/23/2010	\$ 6.24	6/23/2010	\$ 5.79	8/23/2010	\$ 5.84
10/19/2009	\$ 4.40	12/18/2009	\$ 4.91	2/23/2010	\$ 4.95	4/26/2010	\$ 6.19	6/24/2010	\$ 5.84	8/24/2010	\$ 5.74
10/20/2009	\$ 4.51	12/21/2009	\$ 4.94	2/24/2010	\$ 5.00	4/27/2010	\$ 6.15	6/25/2010	\$ 5.90	8/25/2010	\$ 5.88
10/21/2009	\$ 4.41	12/22/2009	\$ 4.99	2/25/2010	\$ 5.03	4/28/2010	\$ 6.07	6/28/2010	\$ 5.96	8/26/2010	\$ 5.99
10/22/2009	\$ 4.47	12/23/2009	\$ 5.03	2/26/2010	\$ 5.02	4/29/2010	\$ 6.17	6/29/2010	\$ 5.74	8/27/2010	\$ 6.25
10/23/2009	\$ 4.36	12/24/2009	\$ 4.87	3/1/2010	\$ 5.15	4/30/2010	\$ 5.90	6/30/2010	\$ 5.53	8/30/2010	\$ 5.94
10/26/2009	\$ 4.26	12/28/2009	\$ 4.97	3/2/2010	\$ 5.24	5/3/2010	\$ 6.03	7/1/2010	\$ 5.49	8/31/2010	\$ 5.77
10/27/2009	\$ 4.25	12/29/2009	\$ 5.05	3/3/2010	\$ 5.30	5/4/2010	\$ 5.91	7/2/2010	\$ 5.43	9/1/2010	\$ 5.84
10/28/2009	\$ 4.08	12/30/2009	\$ 5.04	3/4/2010	\$ 5.39	5/5/2010	\$ 5.84	7/6/2010	\$ 5.34	9/2/2010	\$ 5.79
10/29/2009	\$ 4.05	12/31/2009	\$ 5.05	3/5/2010	\$ 5.54	5/6/2010	\$ 5.77	7/7/2010	\$ 5.46	9/3/2010	\$ 6.07
10/30/2009	\$ 4.00	1/4/2010	\$ 4.93	3/8/2010	\$ 5.51	5/7/2010	\$ 5.58	7/8/2010	\$ 5.64	9/7/2010	\$ 5.93
11/2/2009	\$ 4.02	1/5/2010	\$ 4.85	3/9/2010	\$ 5.62	5/10/2010	\$ 5.77	7/9/2010	\$ 5.73	9/8/2010	\$ 6.00
11/3/2009	\$ 3.95	1/6/2010	\$ 5.00	3/10/2010	\$ 5.64	5/11/2010	\$ 5.97	7/12/2010	\$ 5.67	9/9/2010	\$ 5.98
11/4/2009	\$ 3.94	1/7/2010	\$ 5.10	3/11/2010	\$ 5.64	5/12/2010	\$ 6.05	7/13/2010	\$ 5.80	9/10/2010	\$ 5.96
11/5/2009	\$ 3.94	1/8/2010	\$ 5.03	3/12/2010	\$ 5.64	5/13/2010	\$ 6.23	7/14/2010	\$ 5.75	9/13/2010	\$ 6.47
11/6/2009	\$ 4.47	1/11/2010	\$ 5.05	3/15/2010	\$ 5.69						

## Exhibit 1

Date	Inflation	Date	Inflation	Date	Inflation	Date	Inflation	Date	Inflation	Date	Inflation
9/14/2010	\$ 6.54	11/11/2010	\$ 6.23	1/12/2011	\$ 7.67	3/15/2011	\$ 8.08	5/13/2011	\$ 9.12	7/14/2011	\$ 8.47
9/15/2010	\$ 6.59	11/12/2010	\$ 6.11	1/13/2011	\$ 7.61	3/16/2011	\$ 8.12	5/16/2011	\$ 8.73	7/15/2011	\$ 8.47
9/16/2010	\$ 6.56	11/15/2010	\$ 6.09	1/14/2011	\$ 7.73	3/17/2011	\$ 8.03	5/17/2011	\$ 8.63	7/18/2011	\$ 8.35
9/17/2010	\$ 6.85	11/16/2010	\$ 5.96	1/18/2011	\$ 7.63	3/18/2011	\$ 8.07	5/18/2011	\$ 8.61	7/19/2011	\$ 8.51
9/20/2010	\$ 7.11	11/17/2010	\$ 5.84	1/19/2011	\$ 7.49	3/21/2011	\$ 8.25	5/19/2011	\$ 8.59	7/20/2011	\$ 8.45
9/21/2010	\$ 7.13	11/18/2010	\$ 6.00	1/20/2011	\$ 7.48	3/22/2011	\$ 8.14	5/20/2011	\$ 8.56	7/21/2011	\$ 8.56
9/22/2010	\$ 7.13	11/19/2010	\$ 6.24	1/21/2011	\$ 7.40	3/23/2011	\$ 8.29	5/23/2011	\$ 8.34	7/22/2011	\$ 8.67
9/23/2010	\$ 7.11	11/22/2010	\$ 6.26	1/24/2011	\$ 7.43	3/24/2011	\$ 8.24	5/24/2011	\$ 8.37	7/25/2011	\$ 8.50
9/24/2010	\$ 7.29	11/23/2010	\$ 6.24	1/25/2011	\$ 7.23	3/25/2011	\$ 8.29	5/25/2011	\$ 8.41	7/26/2011	\$ 8.39
9/27/2010	\$ 7.19	11/24/2010	\$ 6.38	1/26/2011	\$ 7.16	3/28/2011	\$ 8.24	5/26/2011	\$ 8.49	7/27/2011	\$ 7.93
9/28/2010	\$ 7.22	11/26/2010	\$ 6.41	1/27/2011	\$ 7.11	3/29/2011	\$ 8.32	5/27/2011	\$ 8.59	7/28/2011	\$ 7.90
9/29/2010	\$ 7.23	11/29/2010	\$ 6.39	1/28/2011	\$ 6.90	3/30/2011	\$ 8.40	5/31/2011	\$ 8.68	7/29/2011	\$ 8.00
9/30/2010	\$ 7.24	11/30/2010	\$ 6.39	1/31/2011	\$ 6.80	3/31/2011	\$ 8.40	6/1/2011	\$ 8.29	8/1/2011	\$ 7.96
10/1/2010	\$ 7.23	12/1/2010	\$ 6.46	2/1/2011	\$ 6.94	4/1/2011	\$ 8.63	6/2/2011	\$ 8.41	8/2/2011	\$ 7.62
10/4/2010	\$ 7.20	12/2/2010	\$ 6.49	2/2/2011	\$ 6.96	4/4/2011	\$ 8.75	6/3/2011	\$ 8.33	8/3/2011	\$ 7.50
10/5/2010	\$ 7.25	12/3/2010	\$ 6.50	2/3/2011	\$ 6.98	4/5/2011	\$ 8.86	6/6/2011	\$ 8.22	8/4/2011	\$ 7.18
10/6/2010	\$ 7.13	12/6/2010	\$ 6.69	2/4/2011	\$ 6.98	4/6/2011	\$ 8.93	6/7/2011	\$ 8.22	8/5/2011	\$ 6.97
10/7/2010	\$ 7.12	12/7/2010	\$ 6.61	2/7/2011	\$ 7.06	4/7/2011	\$ 8.84	6/8/2011	\$ 8.05	8/8/2011	\$ 6.37
10/8/2010	\$ 6.87	12/8/2010	\$ 6.61	2/8/2011	\$ 7.07	4/8/2011	\$ 8.85	6/9/2011	\$ 8.23	8/9/2011	\$ 6.71
10/11/2010	\$ 6.86	12/9/2010	\$ 6.59	2/9/2011	\$ 7.73	4/11/2011	\$ 8.77	6/10/2011	\$ 8.16	8/10/2011	\$ 6.39
10/12/2010	\$ 6.79	12/10/2010	\$ 6.72	2/10/2011	\$ 8.02	4/12/2011	\$ 8.54	6/13/2011	\$ 8.06	8/11/2011	\$ 6.67
10/13/2010	\$ 7.11	12/13/2010	\$ 6.73	2/11/2011	\$ 8.02	4/13/2011	\$ 8.52	6/14/2011	\$ 8.11	8/12/2011	\$ 6.68
10/14/2010	\$ 6.99	12/14/2010	\$ 6.73	2/14/2011	\$ 8.08	4/14/2011	\$ 8.52	6/15/2011	\$ 8.04	8/15/2011	\$ 6.78
10/15/2010	\$ 6.86	12/15/2010	\$ 6.65	2/15/2011	\$ 8.08	4/15/2011	\$ 8.99	6/16/2011	\$ 8.11	8/16/2011	\$ 6.62
10/18/2010	\$ 6.99	12/16/2010	\$ 6.73	2/16/2011	\$ 8.30	4/18/2011	\$ 9.10	6/17/2011	\$ 8.09	8/17/2011	\$ 6.69
10/19/2010	\$ 6.77	12/17/2010	\$ 6.81	2/17/2011	\$ 8.44	4/19/2011	\$ 9.35	6/20/2011	\$ 8.12	8/18/2011	\$ 5.99
10/20/2010	\$ 6.90	12/20/2010	\$ 6.87	2/18/2011	\$ 8.42	4/20/2011	\$ 9.60	6/21/2011	\$ 8.20	8/19/2011	\$ 5.92
10/21/2010	\$ 6.75	12/21/2010	\$ 6.91	2/22/2011	\$ 8.05	4/21/2011	\$ 9.56	6/22/2011	\$ 7.98	8/22/2011	\$ 5.88
10/22/2010	\$ 6.97	12/22/2010	\$ 6.94	2/23/2011	\$ 8.04	4/25/2011	\$ 9.60	6/23/2011	\$ 8.04	8/23/2011	\$ 6.25
10/25/2010	\$ 7.08	12/23/2010	\$ 6.93	2/24/2011	\$ 8.23	4/26/2011	\$ 9.64	6/24/2011	\$ 8.04	8/24/2011	\$ 6.36
10/26/2010	\$ 7.08	12/27/2010	\$ 7.00	2/25/2011	\$ 8.48	4/27/2011	\$ 9.67	6/27/2011	\$ 8.07	8/25/2011	\$ 6.36
10/27/2010	\$ 7.01	12/28/2010	\$ 7.06	2/28/2011	\$ 8.39	4/28/2011	\$ 9.66	6/28/2011	\$ 8.19	8/26/2011	\$ 6.48
10/28/2010	\$ 7.00	12/29/2010	\$ 7.08	3/1/2011	\$ 8.30	4/29/2011	\$ 9.82	6/29/2011	\$ 8.17	8/29/2011	\$ 6.71
10/29/2010	\$ 6.96	12/30/2010	\$ 7.11	3/2/2011	\$ 8.19	5/2/2011	\$ 9.55	6/30/2011	\$ 8.26	8/30/2011	\$ 6.85
11/1/2010	\$ 6.90	12/31/2010	\$ 7.15	3/3/2011	\$ 8.38	5/3/2011	\$ 9.41	7/1/2011	\$ 8.48	8/31/2011	\$ 6.70
11/2/2010	\$ 7.04	1/3/2011	\$ 7.33	3/4/2011	\$ 8.26	5/4/2011	\$ 9.18	7/5/2011	\$ 8.45	9/1/2011	\$ 6.67
11/3/2010	\$ 7.04	1/4/2011	\$ 7.34	3/7/2011	\$ 8.19	5/5/2011	\$ 9.09	7/6/2011	\$ 8.55	9/2/2011	\$ 6.39
11/4/2010	\$ 7.00	1/5/2011	\$ 7.43	3/8/2011	\$ 8.33	5/6/2011	\$ 9.14	7/7/2011	\$ 8.70	9/6/2011	\$ 6.46
11/5/2010	\$ 7.05	1/6/2011	\$ 7.65	3/9/2011	\$ 8.24	5/9/2011	\$ 9.15	7/8/2011	\$ 8.70	9/7/2011	\$ 6.86
11/8/2010	\$ 7.02	1/7/2011	\$ 7.79	3/10/2011	\$ 8.22	5/10/2011	\$ 8.82	7/11/2011	\$ 8.52	9/8/2011	\$ 6.78
11/9/2010	\$ 6.21	1/10/2011	\$ 7.82	3/11/2011	\$ 8.03	5/11/2011	\$ 8.82	7/12/2011	\$ 8.63	9/9/2011	\$ 6.57
11/10/2010	\$ 6.24	1/11/2011	\$ 7.70	3/14/2011	\$ 8.09	5/12/2011	\$ 9.25	7/13/2011	\$ 8.67	9/12/2011	\$ 6.49

**Exhibit 1**

Date	Inflation	Date	Inflation
9/13/2011	\$ 6.41	11/10/2011	\$ 8.48
9/14/2011	\$ 6.57	11/11/2011	\$ 8.49
9/15/2011	\$ 6.75	11/14/2011	\$ 8.40
9/16/2011	\$ 6.90	11/15/2011	\$ 7.76
9/19/2011	\$ 6.86	11/16/2011	\$ 7.59
9/20/2011	\$ 6.89	11/17/2011	\$ 6.32
9/21/2011	\$ 6.71	11/18/2011	\$ 5.83
9/22/2011	\$ 6.44	11/21/2011	\$ 5.49
9/23/2011	\$ 6.40	11/22/2011	\$ 5.45
9/26/2011	\$ 6.62	11/23/2011	\$ 5.28
9/27/2011	\$ 6.71	11/25/2011	\$ 5.19
9/28/2011	\$ 6.52	11/28/2011	\$ 5.38
9/29/2011	\$ 6.63	11/29/2011	\$ 5.23
9/30/2011	\$ 6.35	11/30/2011	\$ 5.50
10/3/2011	\$ 6.35	12/1/2011	\$ 5.55
10/4/2011	\$ 6.60	12/2/2011	\$ 5.85
10/5/2011	\$ 6.98	12/5/2011	\$ 6.04
10/6/2011	\$ 7.18	12/6/2011	\$ 6.09
10/7/2011	\$ 6.78	12/7/2011	\$ 6.11
10/10/2011	\$ 7.74	12/8/2011	\$ 6.12
10/11/2011	\$ 7.94	12/9/2011	\$ 6.31
10/12/2011	\$ 7.97	12/12/2011	\$ 6.34
10/13/2011	\$ 7.92		
10/14/2011	\$ 8.07		
10/17/2011	\$ 7.67		
10/18/2011	\$ 7.97		
10/19/2011	\$ 7.93		
10/20/2011	\$ 7.90		
10/21/2011	\$ 8.10		
10/24/2011	\$ 8.67		
10/25/2011	\$ 8.48		
10/26/2011	\$ 8.69		
10/27/2011	\$ 9.19		
10/28/2011	\$ 9.11		
10/31/2011	\$ 8.74		
11/1/2011	\$ 8.48		
11/2/2011	\$ 8.73		
11/3/2011	\$ 9.00		
11/4/2011	\$ 9.07		
11/7/2011	\$ 9.05		
11/8/2011	\$ 9.17		
11/9/2011	\$ 8.61		