UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

[redacted] Individually and On Behalf of All Others Similarly Situated,

Plaintiff,

v.

K12 INC., RONALD J. PACKARD, NATHANIEL A. DAVIS, and JAMES J. RHYU,

Defendants.

Case No.:

CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

Plaintiff [redacted] ("Plaintiff"), by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, among other things, his counsel's investigation, which includes without limitation: (a) review and analysis of regulatory filings made by K12 Inc. ("K12" or the "Company"), with the United States ("U.S.") Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and media reports issued by and disseminated by K12; and (c) review of other publicly available information concerning K12.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that acquired K12 securities between November 7, 2013, and October 27, 2015, inclusive (the "Class Period"), against the Defendants,[1] seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

2. K12 is a technology-based education company that purportedly provides technology-based educational products and solutions to public school districts, public schools, virtual charter schools, private schools, and families.

3. On October 27, 2015, Stanford's Center for Research on Education Outcomes ("CREDO") published a study regarding online charter schools, specifically mentioning K12. CREDO also published a press release in conjunction with the study, summarizing the results of the study. CREDO, in the press release, stated: "Innovative new research suggests that students of online charter schools had significantly weaker academic performance in math and reading, compared with their counterparts in conventional schools." Multiple news organizations publicized the CREDO study.

4. On the same day, October 27, 2015, the Company issued a press release entitled "K12 Inc. Reports First Quarter Fiscal 2016 With Revenue of $221.2 Million." Therein, the

[1] "Defendants" refers to K12, Ronald J. Packard, Nathaniel A. Davis, and James J. Rhyu, collectively.

Company reported disappointing financial results including "[r]evenues of $221.2 million, compared to $236.7 million in the first quarter of FY 2015," "EBITDA . . . of negative $3.9 million, compared to $3.7 million in the first quarter of FY 2015," and an "[o]perating loss of $20.5 million, compared to an operating loss of $13.2 million in the first quarter of FY 2015."

5. On this news, K12's stock price fell $1.93 per share, or 15.8%, to close at $10.25 per share on October 27, 2015, on unusually heavy trading volume.

6. After the market closed on October 27, 2015, K12 filed its Form 10-Q with the SEC for the fiscal quarter ended September 30, 2015. Therein, the Company disclosed that it received a subpoena from the Attorney General of the State of California, Bureau of Children's Justice in connection with an investigation styled "In the Matter of the Investigation of: For-Profit Virtual Schools."

7. Though the market did not immediately react to the disclosure of the subpoena buried in the Company's Form 10-Q, K12's stock price slid a cumulative $0.54 per share, or 5.2%, over three days from a close of $10.25 per share on October 27, 2015, to a close of $9.71 per share on October 30, 2015.

8. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose: (1) that K12 was publishing misleading advertisements about students' academic progress, parent satisfaction, their graduates' eligibility for University of California and California State University admission, class sizes, the individualized and flexible nature of K12's instruction, hidden costs, and the quality of the materials provided to students; (2) that K12 submitted inflated student attendance numbers to the California Department of Education in order to collect additional funding; (3) that, as a result of the aforementioned practices, the Company was open to potential civil and criminal liability; (4) that the Company would likely be forced to end these practices, which would have a negative impact on K12's operations and prospects, and/or that K12 was, in fact, ending the practices; and (5) that, as a result of the

foregoing, Defendants' statements about K12's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

9. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

10. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

11. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

12. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District.

13. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

14. Plaintiff [redacted], as set forth in the accompanying certification, incorporated by reference herein, purchased K12 common stock during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

15. Defendant K12 is a Delaware corporation with its principal executive offices located at 2300 Corporate Park Drive, Herndon, Virginia. K12's common stock trades on the

New York Stock Exchange ("NYSE") under the symbol "LRN."

16. Defendant Ronald J. Packard ("Packard") was the Chief Executive Officer ("CEO") of K12 prior to the beginning of the Class Period, and during the Class Period until December 31, 2013.

17. Defendant Nathaniel A. Davis ("Davis") was, at all relevant times, CEO of K12 from January 1, 2014 through the end of the Class Period. Davis relinquished his position as CEO on February 8, 2016. Davis was also Executive Chairman of the Board of Directors throughout the Class Period.

18. Defendant James J. Rhyu ("Rhyu") was, at all relevant times, Chief Financial Officer ("CFO") of K12.

19. Defendants Packard, Davis, and Rhyu are collectively referred to hereinafter as the "Individual Defendants." The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of K12's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. Each defendant was provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, each of these defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each "group-published" information, the result of the collective actions of the Individual Defendants.

SUBSTANTIVE ALLEGATIONS

Background

20. K12 is a technology-based education company that purportedly provides technology-based educational products and solutions to public school districts, public schools,

virtual charter schools, private schools, and families.

Materially False and Misleading
Statements Issued During the Class Period

21. The Class Period begins on November 7, 2013. On that day, K12 issued a press release entitled, "K12 Inc. Reports First Quarter Fiscal 2014 Results." Therein, the Company, in relevant part, stated:

> HERNDON, Va., Nov. 7, 2013 (GLOBE NEWSWIRE) -- K12 Inc. (NYSE:LRN), a leading provider of proprietary, technology-based curriculum, software and education services created for individualized learning for students primarily in kindergarten through 12th grade, today announced its results for the first fiscal quarter ended September 30, 2013.
>
> **Financial Highlights for the Three Months Ended September 30, 2013 (First Quarter Fiscal Year 2014)**
>
> - Revenues for the first quarter of FY 2014 increased 3.3% to $228.4 million.
>   - Revenues in Q1 were reduced by $4.5 million as a result of changes in certain contract agreements. The revenue has been deferred to the remainder of the current fiscal year.
>   - Institutional Sales were lower on market pressure for some of our product lines.
> - EBITDA, a non-GAAP measure (see reconciliation below), for the first quarter of FY 2014 was $8.5 million, compared to $24.3 million from the first quarter of FY2013.
> - Operating loss of $8.5 million compared to operating income of $8.7 million in the first quarter of FY 2013.
> - EBITDA and the operating loss in Q1 were negatively impacted by deferral of revenue mentioned above along with higher seasonal selling, administrative and operating expenses in anticipation of stronger enrollments.
> - Net loss attributable to common and Series A stockholders of $5.0 million, compared to net income of $4.4 million from first quarter of FY 2013.
> - Diluted net loss attributable to common stockholders per share was $0.13, which includes the pro rata effect of the Series A Special shares conversion to common shares onSeptember 3, 2013.

Stock Buyback

The Board of Directors has authorized the repurchase of up to $75 million of the Company's outstanding common stock. Any purchases under this buyback would be dependent upon business and market conditions and other factors. The stock purchases may be made from time to time and may be made through a variety of methods including open market purchases and 10b5-1 plans.

Comments from Management

"We are clearly disappointed by our first quarter enrollment and revenue results and the operating issues that hampered growth. However, demand for our services remains strong and I am encouraged by the early indicators that our new programs will make a positive difference in student academic outcomes," said Nate Davis, Executive Chairman of the Board. "The authorization of a stock buyback underscores the Board's continuing confidence in the company's capacity for further growth and creation of shareholder value," added Davis.

* * *

Enrollment Data

The following table sets forth average enrollment data for students in Managed Public Schools and total enrollment data for students in the International and Private Pay Schools for the periods indicated. These figures exclude enrollments from classroom pilot programs and consumer programs.

	Three Months Ended September 30,		2013 / 2012	
	2013	2012	Change	Change %
Managed Public Schools				
Average Student Enrollments *	128,550	121,665	6,885	5.7%
International and Private Pay Schools				
Total Student Enrollments	13,284	12,996	288	2.2%
Total Semester Course Enrollments	37,627	36,032	1,595	4.4%

* The Managed Public Schools average student enrollments include enrollments for which we receive no public funding. Q1 average student enrollments are equal to the official count date number, which is the first Wednesday of October in a year.

22. On November 7, 2013, after the market closed, K12 filed its Quarterly Report with the SEC on Form 10-Q for the fiscal quarter ended September 30, 2013. The Company's Form 10-Q was signed by Defendant Rhyu, and reaffirmed the Company's financial results previously announced in the press release issued the same day.

23. On February 4, 2014, K12 issued a press release entitled, "K12 Inc. Reports Second Quarter Fiscal 2014 With Revenue of $223.9 Million." Therein, the Company, in relevant part, stated:

> HERNDON, Va., Feb. 4, 2014 (GLOBE NEWSWIRE) -- K12 Inc. (NYSE:LRN), a technology-based education company and leading provider of proprietary curriculum and online school programs for students in pre-K through high school, today announced its results for the second fiscal quarter ended December 31, 2013. Financial measures are provided on a GAAP basis, followed by a summary of results excluding the impact of specific charges which had a significant impact on second quarter results.
>
> **Financial Highlights for the Three Months Ended December 31, 2013 (Second Quarter Fiscal Year 2014)**
>
> - Revenues for the second quarter of FY 2014 increased 8.7% from the prior year to $223.9 million.
> - EBITDA, a non-GAAP measure (see reconciliation below), for the second quarter of FY 2014 was $25.6 million, compared to $32.5 million from the second quarter of FY 2013.
> - Operating loss of $8.9 million compared to operating income of $16.3 million in the second quarter of FY 2013.
> - Net loss attributable to common stockholders of $3.7 million, compared to net income of $9.5 million from second quarter of FY 2013.
> - Diluted net loss attributable to common stockholders per share was $0.09.
>
> During the quarter ended December 31, 2013, the Company incurred the following charges, totaling $32.2 million including $4.4 million in cash charges.
>
> - Additional reserve for excess inventory and accelerated depreciation on software, products and computer hardware of $18.6 million.
> - Accelerated amortization of trade names in our Institutional business of $5.2 million.
> - Severance costs associated with the departure of Ron Packard, K12's former CEO, and a modest workforce reduction enacted primarily at K12 headquarters, collectively $7.4 million.
> - The Company announced its intent to form a new company which K12 will contribute assets and its partners will contribute cash. Other charges

and expenses of $1.0 million included costs related to the formation of this new company.

Excluding the impact of the aforementioned charges, for the three months ended December 31, 2013 (see additional tables below).

- EBITDA would have increased to $40.2 million, a 23.7% increase compared to the $32.5 million from the second quarter of FY 2013.
- Operating income would have increased to $23.3 million, a 42.9% increase compared to operating income of $16.3 million in the second quarter of FY 2013.
- Net income attributable to common and Series A stockholders would have increased to $14.3 million, a 50.5% increase compared to net income of $9.5 million in the second quarter of FY 2013.
- Diluted net income attributable to common stockholders per share would have increased to $0.36 as compared to the $0.24 in the prior year.

Financial Highlights for the Six Months Ended December 31, 2013

- Revenues for the six months ended December 31, 2013 increased 5.9% to $452.3 million.
- EBITDA, a non-GAAP measure (see reconciliation below), was $34.1 million, compared to $56.8 million from the first six months of FY 2013.
- Operating loss of $17.4 million compared to operating income of $24.9 million for the first six months of FY 2013.
- Net loss attributable to common and Series A stockholders of $8.7 million, compared to net income of $13.9 million for the first six months of FY 2013.
- Diluted net loss attributable to common stockholders per share was $0.22, which includes the pro rata effect of the Series A Special shares conversion to commons shares on September 3, 2013.

Excluding the impact of the aforementioned charges, for the six months ended December 31, 2013

- EBITDA would have been $48.6 million compared to $56.8 million for the first six months of FY 2013.
- Operating income would have been $14.9 million compared to operating income of $24.9 million for the first six months of FY 2013.
- Net income attributable to common and Series A stockholders would have been $9.2 million compared to net income of $13.9 million for the first six months of FY 2013.
- Diluted net income attributable to common stockholders per share would have been $0.24, which includes the pro rata effect of the Series A Special shares conversion to common shares on September 3, 2013.

> **Comments from Management**
>
> "We continue to be focused on our primary mission to provide an individualized and effective educational experience for our students," said Nate Davis, Chairman and Chief Executive Officer. "This quarter we continued to invest in new content, programs, and infrastructure while improving internal operating efficiency. Our Managed Schools are now in the middle of the school year using many of the new educational programs we put in place this year which we believe will improve educational outcomes for all engaged families," added Davis.

24. On February 4, 2014, after the market closed, K12 filed its Quarterly Report with the SEC on Form 10-Q for the fiscal quarter ended December 31, 2013. The Company's Form 10-Q was signed by Defendant Rhyu, and reaffirmed the Company's financial results previously announced in the press release issued the same day.

25. On April 29, 2014, K12 issued a press release entitled, "K12 Inc. Reports Third Quarter Fiscal 2014 With Revenue of $235.2 Million." Therein, the Company, in relevant part, stated:

> HERNDON, Va., April 29, 2014 (GLOBE NEWSWIRE) -- K12 Inc. (NYSE:LRN), a technology-based education company and leading provider of proprietary curriculum and online school programs for students in pre-K through high school, today announced its results for the third fiscal quarter ended March 31, 2014.
>
> **Financial Highlights for the Three Months Ended March 31, 2014 (Third Quarter Fiscal Year 2014)**
>
> - Revenues for the third quarter of FY 2014 increased 7.9% from the prior year to $235.2 million.
> - EBITDA, a non-GAAP measure (see reconciliation below), for the third quarter of FY 2014 was $45.4 million, an increase of 27.5% compared to $35.6 million from the third quarter of FY 2013.
> - Operating income of $27.4 million, an increase of 41.2% compared to operating income of $19.4 million in the third quarter of FY 2013.
> - Net income attributable to common stockholders of $15.9 million, an increase of 32.5% compared to net income of $12.0 million from third quarter of FY 2013.
> - Diluted net income attributable to common stockholders per share was $0.40, an increase of 29.0% compared to the year ago period.

Financial Highlights for the Nine Months Ended March 31, 2014

- Revenues of $687.5 million, compared to revenues of $645.1 million for the first nine months of FY 2013.
- EBITDA, a non-GAAP measure (see reconciliation below), of $79.5 million, compared to EBITDA of $92.5 million for the first nine months of FY 2013.
- Operating income of $10.0 million, compared to operating income of $44.3 million for the first nine months of FY 2013.
- Net income attributable to common and Series A stockholders of $7.2 million, compared to net income of $25.8 million for the first nine months of FY 2013.
- Diluted net income attributable to common stockholders per share was $0.19, which includes the pro rata effect of the Series A Special shares conversion to commons shares on September 3, 2013.

Excluding the impact of the $32.2 million in charges relating to additional reserves, accelerated amortization and severance costs recorded in the second fiscal quarter, for the nine months ended March 31, 2014:

- EBITDA would have been $94.0 million, compared to EBITDA of $92.5 million for the first nine months of FY 2013.
- Operating income would have been $42.3 million, compared to operating income of $44.3 million for the first nine months of FY 2013.
- Net income attributable to common and Series A stockholders would have been $26.8 million, compared to net income of $25.8 million for the first nine months of FY 2013.
- Diluted net income attributable to common stockholders per share would have been $0.68, which includes the pro rata effect of the Series A Special shares conversion to common shares on September 3, 2013.

Comments from Management

"Improving academic outcomes remains our number one priority," said Nate Davis, Chairman and Chief Executive Officer. "To support this goal, we will continue to invest in new content, systems and tools for our students and teachers while driving further enhancements across the schools we serve," added Davis.

26. On April 29, 2014, after the market closed, K12 filed its Quarterly Report with the SEC on Form 10-Q for the fiscal quarter ended March 31, 2014. The Company's Form 10-Q was signed by Defendant Rhyu, and reaffirmed the Company's financial results previously announced in the press release issued the same day.

27. On August 14, 2014, K12 issued a press release entitled, "K12 Inc. Reports Full

Year Fiscal 2014 With Revenue of $919.6 Million." Therein, the Company, in relevant part, stated:

> HERNDON, Va., Aug. 14, 2014 (GLOBE NEWSWIRE) -- K12 Inc. (NYSE:LRN), a technology-based education company and leading provider of proprietary curriculum and online school programs for students in pre-K through high school, today announced its results for the fourth fiscal quarter and full fiscal year ended June 30, 2014.
>
> **Financial Highlights for the Three Months Ended June 30, 2014 (Fourth Quarter Fiscal Year 2014)**
>
> - Revenues of $232.0 million, compared to $203.1 million in the fourth quarter of FY 2013.
> - EBITDA, a non-GAAP measure (see reconciliation below), of $36.0 million, compared to $19.0 million in the fourth quarter of FY 2013.
> - Operating income of $12.8 million, compared to $1.4 million in the fourth quarter of FY 2013.
> - Net income attributable to common stockholders of $12.4 million, compared to $2.3 million in the fourth quarter of FY 2013.
> - Diluted net income attributable to common stockholders per share of $0.32, compared to $0.06 in the fourth quarter of FY 2013.
>
> **Financial Highlights for the Year Ended June 30, 2014**
>
> - Revenues of $919.6 million, compared to $848.2 million for the full fiscal year of 2013.
> - EBITDA, a non-GAAP measure (see reconciliation below), of $115.5 million, compared to $111.4 million for the full fiscal year of 2013.
> - Operating income of $22.9 million, compared to $45.7 million for the full fiscal year of 2013.
> - Net income attributable to common and Series A stockholders of $19.6 million, compared to $28.1 million for the full fiscal year of 2013.
> - Diluted net income attributable to common stockholders per share was $0.50, which includes the pro- rata effect of the Series A Special shares conversion to commons shares on September 3, 2013, compared to $0.72 for the full fiscal year of 2013.
>
> Excluding the impact of the $32.2 million in charges relating to additional reserves, accelerated amortization and severance costs and the $6.4 million realized gain on sale of assets, for the year ended June 30, 2014:
>
> - EBITDA would have been $123.6 million, compared to $111.4 million for the full fiscal year of 2013.
> - Operating income would have been $55.1 million, compared to $45.7 million for the full fiscal year of 2013.

- Net income attributable to common and Series A stockholders would have been $35.6 million, compared to net income of $28.1 million for the full fiscal year of 2013.
- Diluted net income attributable to common stockholders per share would have been $0.91, which includes the pro rata effect of the Series A Special shares conversion to common shares on September 3, 2013, compared to $0.72 for the full fiscal year of 2013.

Comments from Management

"While I am pleased with our solid financial performance this year, I am even more proud of our teachers, our school administrators and our employees who have worked tirelessly to improve academic outcomes," said Nate Davis, Chairman and Chief Executive Officer. "The academic performance of the students we serve has improved, but our work is far from finished. We will continue to invest and innovate to drive further improvements for all the students that we serve," added Davis.

* * *

Enrollment Data

The following table sets forth average enrollment data for students in Managed Public Schools and total enrollment data for students in the International and Private Pay Schools for the periods indicated. These figures exclude enrollments from classroom pilot programs and consumer programs.

	Year Ended June 30,			
	2014	2013	Change	Change %
Managed Public Schools				
Average Student Enrollments *	123,259	117,563	5,696	4.8%
International and Private Pay Schools				
Total Student Enrollments	32,625	31,619	1,006	3.2%
Total Semester Course Enrollments	89,630	84,642	4,988	5.9%

* The Managed Public Schools average student enrollments includes some enrollments for which we may receive no public funding.

28. On August 15, 2014, after the market closed, K12 filed its Annual Report with the SEC on Form 10-K for the fiscal year ended June 30, 2014. The Company's Form 10-K was signed by Defendant Davis, and reaffirmed the Company's financial results previously announced in the press release issued August 14, 2014.

29. On October 30, 2014, K12 issued a press release entitled, "K12 Inc. Reports First Quarter Fiscal 2015 with Revenue of $236.7 Million." Therein, the Company, in relevant part, stated:

> HERNDON, Va., Oct. 30, 2014 (GLOBE NEWSWIRE) -- K12 Inc. (NYSE:LRN), a technology-based education company and leading provider of proprietary curriculum and online school programs for students in pre-K through high school, today announced its results for the first fiscal quarter ended September 30, 2014.
>
> **Financial Highlights for the Three Months Ended September 30, 2014 (First Quarter Fiscal Year 2015)**
>
> - Revenues of $236.7 million, compared to $228.4 million in the first quarter of FY 2014.
> - EBITDA, a non-GAAP measure (see reconciliation below), of $3.7 million, compared to $8.5 million in the first quarter of FY 2014.
> - Operating loss of $13.2 million, compared to an operating loss of $8.5 million in the first quarter of FY 2014.
> - Net loss attributable to common stockholders of $6.8 million, compared to a net loss of $5.0 million in the first quarter of FY 2014.
> - Diluted net loss attributable to common stockholders per share of $0.18, compared to a diluted net loss of $0.13 in the first quarter of FY 2014.
>
> During fiscal year 2014, the Company sold certain businesses which, in aggregate, were responsible for $16.9 million in revenue for the full year and were close to breakeven for the year. Excluding the impact of these businesses, revenue for the first quarter of FY 2014 would have been $224.9 million.
>
> **Comments from Management**
>
> "K12 continues to drive the advancement of education by developing state-of-the art, adaptive learning programs for students," said Chairman and CEO Nate Davis. "We will continue to invest in emerging digital technologies that enhance the potential of each student and empowers them to achieve the highest quality of education possible."

30. On October 30, 2014, after the market closed, K12 filed its Quarterly Report with the SEC on Form 10-Q for the fiscal quarter ended September 30, 2014. The Company's Form 10-Q was signed by Defendant Rhyu, and reaffirmed the Company's financial results previously announced in the press release issued the same day.

31. On January 29, 2015, K12 issued a press release entitled, "K12 Inc. Reports

Second Quarter Fiscal 2015 With Revenue of $231.3 Million." Therein, the Company, in relevant part, stated:

> HERNDON, Va., Jan. 29, 2015 (GLOBE NEWSWIRE) -- K12 Inc. (NYSE:LRN), a technology-based education company and leading provider of proprietary curriculum and online school programs for students in pre-K through high school, today announced its results for the second fiscal quarter ended December 31, 2014.
>
> **Financial Highlights for the Three Months Ended December 31, 2014 (Second Quarter Fiscal Year 2015)**
>
> - Revenues of $231.3 million, compared to $223.9 million in the second quarter of FY 2014.
> - EBITDA, a non-GAAP measure (see reconciliation below), of $38.1 million, compared to $25.6 million in the second quarter of FY 2014.
> - Operating income of $20.5 million, compared to an operating loss of $8.9 million in the second quarter of FY 2014.
> - Net income attributable to common stockholders of $12.3 million, compared to a net loss of $3.7 million in the second quarter of FY 2014.
> - Diluted net income attributable to common stockholders per share of $0.33, compared to a diluted net loss of $0.09 in the second quarter of FY 2014.
>
> During fiscal year 2014, the Company sold certain businesses and incurred charges relating to additional reserves, accelerated amortization and severance costs. Excluding the impact of these businesses and charges, for the three months ended December 31, 2014 (see Appendix C below).
>
> - EBITDA, a non-GAAP measure (see reconciliation below), of $38.1 million, compared to $39.7 million in the second quarter of FY 2014.
> - Operating income of $20.5 million, compared to $23.1 million in the second quarter of FY 2014.
> - Net income attributable to common stockholders of $12.3 million, compared to $14.2 million in the second quarter of FY 2014.
> - Diluted net income attributable to common stockholders per share of $0.33, compared to $0.35 in the second quarter of FY 2014.
>
> **Financial Highlights for the Six Months Ended December 31, 2014**
>
> - Revenues of $468.0 million, compared to $452.3 million for the first six months of FY 2014.
> - EBITDA, a non-GAAP measure (see reconciliation below), of $41.8 million, compared to $34.1 million for the first six months of FY 2014.
> - Operating income of $7.3 million compared to an operating loss of $17.4 million for the first six months of FY 2014.

- Net income attributable to common and Series A stockholders of $5.6 million, compared to a net loss of $8.7 million for the first six months of FY 2014.
- Diluted net income attributable to common stockholders per share of $0.15, which includes the pro rata effect of the Series A Special shares conversion to commons shares on September 3, 2013, compared to a diluted net loss of $0.22 for the first six months of FY 2014.

Excluding the impact of the aforementioned charges and sold businesses, for the six months ended December 31, 2014 (See Appendix C below).

- EBITDA, a non-GAAP measure (see reconciliation below), of $41.8 million, compared to $48.7 million for the first six months of FY 2014.
- Operating income of $7.3 million compared to $15.2 million for the first six months of FY 2014.
- Net income attributable to common and Series A stockholders of $5.6 million, compared to $9.4 million for the first six months of FY 2014.
- Diluted net income attributable to common stockholders per share of $0.15, which includes the pro rata effect of the Series A Special shares conversion to commons shares on September 3, 2013, compared to $0.24 for the first six months of FY 2014.

Comments from Management

"The academic progress of our students and successes of our managed public schools continue to drive K12 forward," said Chairman and CEO Nate Davis. "After years of focused investment coupled with an unrivaled commitment to putting students first, we are beginning to see improvement in student proficiency on State academic assessments. The K12 team remains passionate about supporting students, teachers and our partner schools to continue this trend toward academic excellence."

32. On January 29, 2015, after the market closed, K12 filed its Quarterly Report with the SEC on Form 10-Q for the fiscal quarter ended December 31, 2014. The Company's Form 10-Q was signed by Defendant Rhyu, and reaffirmed the Company's financial results previously announced in the press release issued the same day.

33. On April 28, 2015, K12 issued a press release entitled, "K12 Inc. Reports Third Quarter Fiscal 2015 With Revenue of $244.6 Million." Therein, the Company, in relevant part, stated:

HERNDON, Va., April 28, 2015 (GLOBE NEWSWIRE) -- K12 Inc. (NYSE:LRN), a technology-based education company and leading provider of proprietary curriculum and online school programs for students in pre-K through high school, today announced its results for the third fiscal quarter ended March 31, 2015.

Financial Highlights for the Three Months Ended March 31, 2015 (Third Quarter Fiscal Year 2015)

- Revenues of $244.6 million, compared to $235.2 million in the third quarter of FY 2014.
- EBITDA, a non-GAAP measure (see reconciliation below), of $45.2 million, compared to $45.4 million in the third quarter of FY 2014.
- Operating income of $27.4 million, compared to $27.4 million in the third quarter of FY 2014.
- Net income attributable to common stockholders of $17.0 million, compared to $15.9 million in the third quarter of FY 2014.
- Diluted net income attributable to common stockholders per share of $0.45, compared to $0.40 in the third quarter of FY 2014.

Financial Highlights for the Nine Months Ended March 31, 2015

- Revenues of $712.6 million, compared to $687.5 million for the first nine months of FY 2014.
- EBITDA, a non-GAAP measure (see reconciliation below), of $87.0 million, compared to $79.5 million for the first nine months of FY 2014.
- Operating income of $34.7 million compared to $10.0 million for the first nine months of FY 2014.
- Net income attributable to common stockholders of $22.6 million, compared to $7.2 million for the first nine months of FY 2014.
- Diluted net income attributable to common stockholders per share of $0.60, compared to $0.19 for the first nine months of FY 2014, including the pro rata effect of the Series A Special shares conversion to common shares on September 3, 2013.

During fiscal year 2014, the Company sold certain businesses and incurred charges relating to additional reserves, accelerated amortization and severance costs. Excluding the impact of these businesses and charges, for the nine months ended March 31, 2015 (see Appendix C below).

- EBITDA, a non-GAAP measure, of $87.0 million (see reconciliation below), compared to $94.0 million for the first nine months of FY 2014.
- Operating income of $34.7 million compared to $42.1 million for the first nine months of FY 2014.
- Net income attributable to common and Series A stockholders of $22.6 million, compared to $26.7 million for the first nine months of FY 2014.
- Diluted net income attributable to common stockholders per share of $0.60, compared to $0.68 for the first nine months of FY 2014, including

> the pro rata effect of the Series A Special shares conversion to common shares on September 3, 2013.
>
> **Comments from Management**
>
> "I am extremely proud of this year's academic accomplishments which highlight the commitment of our dedicated teachers and school teams to put students first. I am also pleased that K12 has delivered solid financials including the second consecutive quarter of double digit gains in our education technology sales to school districts and strong growth in our private schools," said Nate Davis, Chairman and Chief Executive Officer. "We will continue to drive value and scale in our business and over-deliver on our commitment to improve academic results in our managed schools," added Davis.

34. On April 28, 2015, after the market closed, K12 filed its Quarterly Report with the SEC on Form 10-Q for the fiscal quarter ended March 31, 2015. The Company's Form 10-Q was signed by Defendant Rhyu, and reaffirmed the Company's financial results previously announced in the press release issued the same day.

35. On August 4, 2015, K12 issued a press release entitled, "K12 Inc. Reports Fiscal 2015 Revenue of $948.3 Million and Operating Income of $18.4 Million." Therein, the Company, in relevant part, stated:

> HERNDON, Va., Aug. 4, 2015 (GLOBE NEWSWIRE) -- K12 Inc. (NYSE:LRN), a technology-based education company and leading provider of proprietary curriculum and online school programs for students in pre-K through high school, today announced its results for the fourth fiscal quarter and full fiscal year ended June 30, 2015. Financial measures are provided on a GAAP basis, followed by a summary of results excluding the impact of specific charges which had a significant impact on fourth quarter and full year results.
>
> **Financial Highlights for the Three Months Ended June 30, 2015 (Fourth Quarter Fiscal Year 2015)**
>
> - Revenues of $235.7 million, compared to $232.0 million in the fourth quarter of FY 2014.
> - EBITDA, a non-GAAP measure (see reconciliation below), of $15.2 million, compared to $36.0 million in the fourth quarter of FY 2014.
> - Operating loss of $16.3 million, compared to income of $12.8 million in the fourth quarter of FY 2014.
> - Net loss attributable to common stockholders of $11.6 million, compared to net income of $12.4 million in the fourth quarter of FY 2014.
> - Diluted net loss attributable to common stockholders per share of $0.31,

compared to net income of $0.32 in the fourth quarter of FY 2014.

During the quarter ended June 30, 2015, the Company incurred the following charges, totaling $28.4 million of which $0.5 million are cash charges.

- Reserves and write downs related to end of life products, software and inventory of $14.3 million.
- Incremental accounts receivable reserves of $10.7 million, primarily related to closed schools, a funding deficit in one state and the interest on a receivable.
- Severance costs of $3.4 million.

Excluding the impact of the aforementioned charges, for the three months ended June 30, 2015 (see Appendix C below).

- EBITDA would have been $26.6 million, compared to the $36.0 million from the fourth quarter of FY 2014.
- Operating income would have been $8.9 million, compared to operating income of $12.8 million in the fourth quarter of FY 2014.
- Net income attributable to common and Series A stockholders would have been $6.8 million, compared to net income of $12.4 million in the fourth quarter of FY 2014.
- Diluted net income attributable to common stockholders per share would have been $0.18 as compared to the $0.32 in the fourth quarter of FY 2014.

Financial Highlights for the Year Ended June 30, 2015

- Revenues of $948.3 million, compared to $919.6 million for the full fiscal year of 2014.
- EBITDA, a non-GAAP measure (see reconciliation below), of $102.2 million, compared to $115.5 million for the full fiscal year of 2014.
- Operating income of $18.4 million, compared to $22.9 million for the full fiscal year of 2014.
- Net income attributable to common and Series A stockholders of $11.0 million, compared to $19.6 million for the full fiscal year of 2014.
- Diluted net income attributable to common stockholders per share was $0.29, compared to $0.50, which includes the pro-rata effect of the Series A Special shares conversion to common shares on September 3, 2013, for the full fiscal year of 2014.

During fiscal year 2014, the Company sold certain businesses and incurred charges relating to additional reserves, accelerated amortization and severance costs. Excluding the impact of these businesses and charges, and excluding the impact of the aforementioned charges in the fourth quarter of fiscal year 2015, for the year ended June 30, 2015 (see Appendix C, D and E below).

- EBITDA would have been $113.6 million compared to $123.6 million for the full fiscal year of 2014.
- Operating income would have been $43.7 million compared to $54.5 million for the full fiscal year of 2014.
- Net income attributable to common and Series A stockholders would have been $29.4 million compared to $35.6 million for the full fiscal year of 2014.
- Diluted net income attributable to common stockholders per share would have been $0.78, compared to $0.88, which includes the pro-rata effect of the Series A Special shares conversion to common shares on September 3, 2013, for the full fiscal year of 2014.

Comments from Management

"We delivered solid financial results for the year, including double-digit revenue gains in our education technology sales to school districts and our private schools, while continuing significant investments in student academic outcomes," said Nate Davis, Chairman and Chief Executive Officer. "As we begin a new fiscal year, we will continue using our strong financial position to improve our products and services," added Davis.

36. On August 4, 2015, after the market closed, K12 filed its Annual Report with the SEC on Form 10-K for the fiscal year ended June 30, 2015. The Company's Form 10-K was signed by Defendant Davis, and reaffirmed the Company's financial results previously announced in the press release issued the same day.

37. The above statements contained in ¶¶21-36 were materially false and/or misleading, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, these statements were false and/or misleading statements and/or failed to disclose: (1) that K12 was publishing misleading advertisements about students' academic progress, parent satisfaction, their graduates' eligibility for University of California and California State University admission, class sizes, the individualized and flexible nature of K12's instruction, hidden costs, and the quality of the materials provided to students; (2) that K12 submitted inflated student attendance numbers to the California Department of Education in order to collect additional funding; (3) that, as a result of the aforementioned practices, the Company was open to potential civil and criminal liability; (4) that the Company would likely be

forced to end these practices, which would have a negative impact on K12's operations and prospects, and/or that K12 was, in fact, ending the practices; and (5) that, as a result of the foregoing, Defendants' statements about K12's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

38. On October 27, 2015, CREDO published a study regarding online charter schools, specifically mentioning K12. CREDO also published a press release in conjunction with the study, summarizing the results of the study. CREDO, in the press release, stated: "Innovative new research suggests that students of online charter schools had significantly weaker academic performance in math and reading, compared with their counterparts in conventional schools." Multiple news organizations publicized the CREDO study.

39. On the same day, October 27, 2015, the Company issued a press release entitled "K12 Inc. Reports First Quarter Fiscal 2016 With Revenue of $221.2 Million." Therein, the Company, in relevant part, stated:

> HERNDON, Va., Oct. 27, 2015 (GLOBE NEWSWIRE) -- K12 Inc. (NYSE:LRN), a technology-based education company and leading provider of proprietary curriculum and online school programs for students in pre-K through high school, today announced its results for the first fiscal quarter ended September 30, 2015.
>
> **Financial Highlights for the Three Months Ended September 30, 2015 (First Quarter Fiscal Year 2016)**
>
> - Revenues of $221.2 million, compared to $236.7 million in the first quarter of FY 2015. The year over year decline is largely due to the Agora Cyber School shifting from a Managed to Non-managed program.
> - EBITDA, a non-GAAP measure (see reconciliation below), of negative $3.9 million, compared to $3.7 million in the first quarter of FY 2015.
> - Operating loss of $20.5 million, compared to an operating loss of $13.2 million in the first quarter of FY 2015.
> - Net loss attributable to common stockholders of $12.8 million, compared to a net loss of $6.8 million in the first quarter of FY 2015.
> - Diluted net loss attributable to common stockholders per share of $0.34, compared to a diluted net loss of $0.18 in the first quarter of FY 2015.

Comments from Management

"We have been using an online model to educate students for fifteen years, and every year we increase the tools and capabilities families and teachers can use to make their students successful," said Nate Davis, Chairman and Chief Executive Officer. "We remain committed to continuous improvement, including increased offerings, and improvements in technology and content that make us one of the nation's premier education technology providers. Bringing award winning technology to education is our contribution to our nation's commitment to its students."

Enrollment Data

The following table sets forth enrollment data for students in Managed Public School Programs and our Non-managed Public School Programs for the periods indicated. These figures exclude enrollments from classroom pilot programs and consumer programs.

	Three Months Ended September 30,		2015 / 2014	
	2015	2014	Change	Change %
Managed Public School Programs (1,2,3)	104,429	118,609	(14,180)	-12.0%
Non-managed Public School Programs (1,3)	27,754	20,630	7,124	34.5%

(1) If a school changes from a Managed to a Non-managed program, the corresponding enrollment classification would change in the period in which the contract arrangement changed.
(2) Managed Public School Programs include enrollments for which K12 receives no public funding or revenue.
(3) Enrollments are equal to the official count date number, which is the first Wednesday of October in a year, or October 7, 2015 for Q1 FY16 and October 1, 2014 for Q1 FY15.

40. On this news, K12's stock price fell $1.93 per share, or 15.8%, to close at $10.25 per share on October 27, 2015, on unusually heavy trading volume.

41. After the market closed on October 27, 2015, K12 filed its Form 10-Q with the SEC for the fiscal quarter ended September 30, 2015. Therein, the Company disclosed that it received a subpoena from the Attorney General of the State of California, Bureau of Children's Justice in connection with an investigation styled "In the Matter of the Investigation of: For-Profit Virtual Schools."

42. Though the market did not immediately react to the disclosure of the subpoena buried in the Company's Form 10-Q, K12's stock price slid a cumulative $0.54 per share, or 5.2%, over three days from a close of $10.25 per share on October 27, 2015, to a close of $9.71 per share on October 30, 2015.

CLASS ACTION ALLEGATIONS

43. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that acquired K12's securities between November 7, 2013, and October 27, 2015, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

44. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, K12's common stock actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of K12 shares were traded publicly during the Class Period on the NYSE. As of October 21, 2015, K12 had 38,939,704 shares of common stock outstanding. Record owners and other members of the Class may be identified from records maintained by K12 or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

45. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

46. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

47. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of K12; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

48. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

49. The market for K12's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, K12's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired K12's securities relying upon the integrity of the market price of the Company's securities and market information relating to K12, and have been damaged thereby.

50. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of K12's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially

false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about K12's business, operations, and prospects as alleged herein.

51. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about K12's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

52. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

53. During the Class Period, Plaintiff and the Class purchased K12's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

54. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced

in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of information reflecting the true facts regarding K12, his/her control over, and/or receipt and/or modification of K12's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning K12, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE
(FRAUD-ON-THE-MARKET DOCTRINE)

55. The market for K12's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, K12's securities traded at artificially inflated prices during the Class Period. On June 23, 2014, the Company's stock price closed at a Class Period high of $25.98 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of K12's securities and market information relating to K12, and have been damaged thereby.

56. During the Class Period, the artificial inflation of K12's stock was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about K12's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of K12 and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company stock. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

57. At all relevant times, the market for K12's securities was an efficient market for

the following reasons, among others:

(a) K12 stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, K12 filed periodic public reports with the SEC and/or the NYSE;

(c) K12 regularly communicated with public investors *via* established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) K12 was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

58. As a result of the foregoing, the market for K12's securities promptly digested current information regarding K12 from all publicly available sources and reflected such information in K12's stock price. Under these circumstances, all purchasers of K12's securities during the Class Period suffered similar injury through their purchase of K12's securities at artificially inflated prices and a presumption of reliance applies.

59. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set

forth above, that requirement is satisfied here.

NO SAFE HARBOR

60. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of K12 who knew that the statement was false when made.

FIRST CLAIM
Violation of Section 10(b) of The Exchange Act and
Rule 10b-5 Promulgated Thereunder
Against All Defendants

61. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

62. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase K12's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

63. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made

untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for K12's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

64. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about K12's financial well-being and prospects, as specified herein.

65. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of K12's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about K12 and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

66. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and

familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

67. The defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing K12's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

68. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of K12's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired K12's securities during the Class Period at artificially high prices and were damaged thereby.

69. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff

and the other members of the Class and the marketplace known the truth regarding the problems that K12 was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their K12 securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

70. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

71. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM
Violation of Section 20(a) of The Exchange Act
Against the Individual Defendants

72. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

73. The Individual Defendants acted as controlling persons of K12 within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

74. In particular, each of these Defendants had direct and supervisory involvement in

the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

75. As set forth above, K12 and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and/or omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.