

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA**

**ROBB v. EDUCATION MANAGEMENT
CORPORATION, ET AL.**

CASE NO. 2:14-CV-01287-DSC

**NOTICE OF PROPOSED SETTLEMENT
OF CLASS ACTION, MOTION FOR
ATTORNEYS' FEES AND EXPENSES, AND
FINAL APPROVAL HEARING**

IF YOU PURCHASED OR OTHERWISE ACQUIRED COMMON STOCK OF EDUCATION MANAGEMENT CORPORATION (“EDMC”) BETWEEN JULY 1, 2011 AND SEPTEMBER 16, 2014, INCLUSIVE, AND INCURRED DAMAGES, YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Your legal rights are affected whether you act, or don't act. Read this Notice carefully.

SUMMARY OF KEY PROVISIONS AND REASONS FOR SETTLEMENT

- The Settlement will provide two million five hundred thousand dollars (\$2,500,000.00) to pay claims from investors who bought EDMC common stock between July 1, 2011 and September 16, 2014, both dates inclusive.
- The Settlement resolves a lawsuit over whether EDMC misled investors about its sales, marketing, and recruiting practices and compliance with applicable law, including its eligibility to continue to participate in Federal student loan programs. EDMC and its officers deny they did anything wrong.
- Court-appointed lawyers for investors (“Lead Counsel”) will ask the Court for up to 33% (\$825,000 or \$0.057 per share) in attorneys’ fees and reimbursement of up to (\$200,000) for litigation costs. The lawyers will also ask the Court to pay to Lead Plaintiff Maurice M. Shihadi up to \$1,000 for his contribution to the lawsuit.
- Lead Counsel estimates that the per-share recovery from the Settlement for Settlement Class Members, following deduction of attorneys’ fees, awards to Lead Plaintiff, and administration costs, will average \$0.097 per damaged share, though the actual recovery for each Class Member who files an eligible claim may be higher or lower than that amount.
- The two sides disagree on how much EDMC would have been liable for if the case continued and investors ultimately had won at trial.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM	The only way to get a payment as part of this Settlement. MUST BE DONE BY MARCH 18, 2016.
EXCLUDE YOURSELF	Get no Payment as part of this Settlement. This is the only option that allows you to ever be part of any other lawsuit against EDMC about the legal claims that were at issue in this case. MUST BE DONE BY DECEMBER 14, 2015.
OBJECT	Write to the Court about why you do not like the Settlement. MUST BE DONE BY JANUARY 28, 2016.
GO TO A HEARING	Ask to speak in Court about the fairness of the Settlement at the Final Approval Hearing, to take place on February 17, 2016 at 11:00 a.m.
DO NOTHING	Get no payment. You give up your right to bring an individual action.

These rights and options are explained in this Notice.

The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement, orders distribution of such monies, and all appeals are resolved. Please be patient.

This case has been pending since September 2014. The Lead Plaintiff and Lead Counsel believe that the Settlement provides the Class with a substantial benefit now, in lieu of engaging in years of further litigation with the possibility of no recovery at all, or inability to collect any sizable judgment. By settling the Action, the Defendants do not concede they engaged in any wrongdoing, that the Action had merit or that Class Members ultimately would have recovered any damages.

More Information: www.educationmanagementsecuritieslitigation.com

Claims Administrator:
 Education Management Securities Litigation
 Claims Administrator
 PO Box 4098
 Portland, OR 97208-4098
 Tel: (866) 819-2163

Lead Counsel:
 Michele S. Carino Esq.
 Pomerantz LLP
 600 Third Avenue
 New York, NY 10016
 Tel: (212) 661-1100

- You may submit a claim, object, do both, or do nothing. You may also exclude yourself from the Settlement. However, if you timely exclude yourself, that is the **only** thing you can do; you cannot then also object in writing, appear at the Final Approval Hearing to be held on February 17, 2016 at 11:00 a.m. to state any objections, or submit a claim.
- If you object and do not request exclusion, you will remain a Settlement Class Member, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Settlement Class Members who do not object. If you object to the Settlement, you must still submit a claim by the deadline set forth in the table above. Submission of a claim will not waive your objection.
- Unless you timely request exclusion from the Settlement Class, or unless the Court rejects the proposed Settlement, you are bound by the Stipulation and Agreement of Settlement, whether or not you submit a claim or object.
- These rights are explained in this Notice. ***Please take careful note of the deadlines to exercise them, set forth in the table above.***
- The Court presiding over this case must decide whether to approve the Settlement, which it will do at the Final Approval Hearing on February 17, 2016. Payments will be made thereafter only if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

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BASIC INFORMATION

1. Why Did I Receive This Notice Package?

You or someone in your family may have purchased or otherwise acquired EDMC securities during the Class Period July 1, 2011 to September 16, 2014, inclusive. This Notice is being sent because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments to those persons who timely submit claims by March 18, 2016 in the manner described below (See Question 10).

The Court in charge of the case is the United States District Court for the Western District of Pennsylvania, U.S. District Judge David Stewart Cercone presiding, and the case is known as *Brian H. Robb v. Education Management Corporation*, Case No. 2:14-cv-01287-DSC. Lead Plaintiff is Maurice M. Shihadi. Defendants are EDMC, EDMC’s CEO Edward H. West, EDMC’s former CFO Randall J. Killeen, and EDMC’s current CFO Mick J. Beekhuizen.

2. What Is This Lawsuit About?

EDMC is one of the largest for-profit education companies in the United States with its headquarters located in Pittsburgh, Pennsylvania. The Company offers academic programs to students through campus-based and online instruction to earn undergraduate and graduate degrees in a range of disciplines. The Consolidated Amended Class Action Complaint (the “Complaint”) alleges that from July 1, 2011 through and including September 16, 2014 (the “Class Period”), EDMC violated Federal Securities Laws. Specifically, the Complaint alleges that EDMC and its senior officers made false and/or misleading statements and/or failed to disclose, among other things, that: (1) EDMC misrepresented the Company’s job placement rates; (2) EDMC employed recruiting and enrollment practices that violated federal regulations and standards established by its accrediting bodies; and (3) as a result of these practices, EDMC was at risk of losing federal funding under Title IV of the Higher Education Act, 20 U.S.C. §§ 1070, et seq (“Title IV”).

The Complaint further alleges that investors learned about the Company’s compliance deficiencies through a series of partial, corrective disclosures. Beginning on June 20, 2013, the Company announced the first in a series of terminations and resignations of high-level Company executives, commencing with the termination of John M. Mazzone, the President of EDMC-subsiary, The Art Institutes. Then, on January 24, 2014, EDMC announced that it had received “inquiries” from twelve states regarding the Company’s business practices related to, inter alia, “the recruitment of students, graduate placement statistics, graduate certification and licensing results, and student lending activities.” Subsequently, on September 16, 2014, the Company announced that it would delay the filing of its Annual Report on Form 10-K for the period ended June 30, 2014. Thereafter, EDMC shares fell \$1.10, and have since been delisted.

This lawsuit followed. By order dated December 19, 2014, the Court appointed the Lead Plaintiff and Pomerantz LLP as Lead Counsel. The operative Complaint was filed March 3, 2015. Claims were asserted for violations of the Federal Securities Laws (specifically Sections 10(b) and 20(a) of the Exchange Act, and Rule 10b-5 promulgated thereunder). On April 20, 2014, U.S. District Judge David Stewart Cercone ordered the parties to participate in mediation. On May 18, 2015, the Defendants filed a motion to dismiss the Complaint. Specifically, Defendants argued that the Complaint failed to plead particularized facts showing that any of EDMC's statements about its national job placement rates, its national enrollment practices, or its regulatory compliance efforts were materially false and misleading; that a number of the challenged statements were too vague and subjective to support a claim of securities fraud as a matter of law; and that, as to others, EDMC in fact disclosed the very information that Lead Plaintiff claimed that EDMC misleadingly omitted. Defendants' motion to dismiss also contended that the Complaint had not pleaded particularized facts giving rise to a strong inference that EDMC's senior executives acted with an intent to defraud. Finally, Defendants' motion contended that Lead Plaintiff had failed sufficiently to plead loss causation. In particular, the Defendants pointed out that Lead Plaintiff had not alleged that EDMC's stock price declined when some of the alleged corrective disclosures were made, and that some of the corrective disclosures could not have been corrective because they did not reveal what Lead Plaintiff alleged had been misstated or not disclosed.

The Defendants have denied and continue to deny that they engaged in any wrongdoing, including, without limitations, that their public statements were misleading; that they failed to disclose any material information from investors; that they acted in any deceitful manner; and that any investment losses sustained by Lead Plaintiff and the Class were caused by Defendants' alleged misconduct.

On June 30, 2015, the parties participated in a full-day mediation session presided over by former federal district judge Layn R. Phillips, which resulted in an agreement to resolve the claims asserted in the Action for payment of \$2,500,000 in return for a release of all securities fraud related claims against the Defendants, as further detailed below.

3. Why Is This A Class Action?

Classes are generally used in lawsuits that affect a large number of individuals. The class action consolidates into a single action all of the claims of individuals allegedly harmed by the same conduct or course of conduct in the same period of time, thus removing the need for members of the class to file their own individual lawsuits to separately seek to recover for the harm alleged. Once the class is certified, the Court is empowered to resolve all issues on behalf of members of the class, except for those members of the class, if any, who specifically choose to exclude themselves from the class.

In this Action, the Court has made a preliminary determination for settlement purposes only that the requirements for certification of a Class have been satisfied. For purposes of providing Notice, the Class is defined as follows:

All persons who purchased or otherwise acquired EDMC securities during the Class Period, July 1, 2011 through September 16, 2014, both dates inclusive, and who were damaged thereby. Excluded from the Class are Defendants, all current and former EDMC directors and officers and their families, as well as all private equity funds affiliated with Providence Equity Partners, Goldman Sachs Capital Partners, and Leeds Equity Partners, and any trust, company, entity or affiliate controlled or owned by any of the excluded persons and entities referenced above.

4. Why Is There a Settlement?

The Court did not decide in favor of the Lead Plaintiff or Defendants. Instead, both sides agreed to a Settlement. This permits the parties to avoid the cost, delay, and uncertainty of a trial, and permits eligible Class Members who submit valid claims to receive some compensation rather than risk ultimately receiving nothing.

Lead Plaintiff and Lead Counsel recognize the expense and length of continued prosecution of the Action against Defendants through completion of discovery, trial, and any subsequent appeals, particularly given the uncertainty regarding the outcome of pending state attorneys general investigations and qui tam (whistleblower) lawsuits, as well as Defendants' ultimate ability to pay any Judgment. Lead Plaintiff and Lead Counsel also believe that the Settlement confers substantial benefits upon the Class, and is fair, reasonable, adequate, and in the best interests of the Class and represents a reasonable compromise of the claims.

Defendants, having taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as this one, have concluded that further litigation of the action would be protracted, burdensome, and expensive, and that it is desirable and beneficial that the claims asserted in the Action be fully and finally settled and terminated in the manner and upon the terms and conditions called for by the Settlement.

WHO IS IN THE SETTLEMENT

To see if you will receive money from this Settlement, you first have to determine if you are a possible Class Member.

5. How Do I Know if I Am Part of the Settlement?

The Court directed, for the purpose of the proposed Settlement, that everyone who fits this description is a Settlement Class Member unless they are an excluded person or they take steps to exclude themselves (see below):

All persons who purchased or otherwise acquired EDMC securities during the Class Period, July 1, 2011 through September 16, 2014, both dates inclusive, and who were damaged thereby. Excluded from the Class are Defendants, all current and former EDMC directors and officers and their families, as well as all private equity funds affiliated with Providence Equity Partners, Goldman Sachs Capital Partners, and Leeds Equity Partners, and any trust, company, entity or affiliate controlled or owned by any of the excluded persons and entities referenced above.

6. What Are the Exceptions to Being Included?

You are not a member of the Settlement Class if you are the Defendant, an officer or director of EDMC, a former officer or director of EDMC, or a member of any of their immediate families or their legal representatives, heirs, successors or assigns or any entity in which Defendants have or had a controlling interest.

Providence Equity Partners, Goldman Sachs Capital Partners, and Leeds Equity Partners, and any trust, company, entity or affiliate those entities control or own are also excluded from the Settlement Class.

7. 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. You can contact your broker or the Claims Administrator at info@educationmanagementsecuritieslitigation.com or (866) 819-2163 for more information. Or you can fill out and return the claim form described in Question 10, to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What Does the Settlement Provide?

The Settlement will result in a fund of \$2,500,000. The balance of this fund, after payment of Court-approved attorneys' fees and expenses, and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing notice, and any incentive award granted to the Lead Plaintiff (the "Net Settlement Fund"), will be allocated on a pro rata basis among all eligible Class Members who send in valid claim forms according to the Plan of Allocation set forth herein. **See Question # 19.**

9. How Much Will My Payment Be?

Your share of the Net Settlement Fund will depend on the number of EDMC shares that you purchased or otherwise acquired between July 1, 2011 and September 16, 2014, inclusive, when and at what price you purchased such shares, and if sold, when and at what price you sold such shares. It will also depend on the number of EDMC shares similarly purchased or acquired and held by other Class Members who file valid claims. **See Question # 19.** You will not receive a payment, however, if your proportionate share of the Net Settlement Fund is less than \$10.00.

HOW YOU OBTAIN A PAYMENT — SUBMITTING A CLAIM FORM

10. How Will I Obtain a Payment?

To qualify for payment, you must be an eligible Class Member, send in a valid Proof of Claim and Release form by March 18, 2016, and properly document your claim as requested in the Proof of Claim and Release form. A Proof of Claim and Release form is enclosed with this Notice. You may also get a Proof of Claim and Release form on the internet at www.educationmanagementsecuritieslitigation.com. Read the instructions carefully, fill out the Proof of Claim and Release form, include the documents required by that form, sign it, and mail it postmarked no later than March 18, 2016.

11. When Will I Receive My Payment?

The Court will hold a hearing on February 17, 2016 at 11:00 a.m., to decide whether to approve the Settlement. If the Court approves the Settlement, there may be an appeal of such approval. It is always uncertain whether there will be an appeal and when any appeal will be resolved, and resolving an appeal can take time, perhaps more than a year. Even if no appeals are filed, it will take several months for the Claims Administrator to process all of the Proof of Claim and Release forms and determine the ultimate distribution amounts. Please be patient.

12. What Am I Giving Up to Receive a Payment?

As a Class Member, you will be giving up certain rights that you currently have if the Court approves the Settlement. Unless you timely exclude yourself from the Settlement Class by December 14, 2015, you are a Settlement Class Member and will be bound by the Release of claims against the Released Parties *even if you do not file a claim*. That means that you cannot sue, continue to sue, or be part of any other lawsuit against the Released Parties about the claims in this action. It also means that all of the Court's orders will apply to you and legally bind you, and you will release your claims in this action against the Released Parties. The terms of the Release are included in the Proof of Claim and Release form that is enclosed.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from the Settlement, but you want to keep the right to sue or continue to sue the Defendants on your own, then you must take steps to get out of the Class. This is called excluding yourself, or is sometimes referred to as "opting out" of the class.

13. How Do I Get Out of the Settlement Class?

You cannot exclude yourself on the phone or by e-mail. To exclude yourself from the Class, you must send a letter by mail which is postmarked no later than December 14, 2015 to:

Education Management Corporation Securities Litigation – OPT OUT
Claims Administrator
PO Box 4098
Portland, OR 97208-4098

The letter must state that you want to be excluded from *Brian H. Robb v. Education Management Corporation*, Case No. 2:14-cv-01287-DSC. You must include your name, address and telephone number, your signature, the number of shares of EDMC common stock you purchased or acquired between July 1, 2011 and September 16, 2014, and the number of shares of EDMC common stock you sold or otherwise disposed during the Class Period.

If you ask to be excluded, and your request is processed, you are not eligible to receive any settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in the action.

14. If I Do Not Exclude Myself, Can I Sue the Released Parties for the Same Thing Later?

No. Unless you exclude yourself from the Class, you give up any right to sue the Released Parties for Released Claims. **If you have a pending lawsuit against the Settling Defendants, speak to your lawyer in that case immediately.**

15. If I Exclude Myself, Can I Receive Money from the Net Settlement Fund?

No. If you exclude yourself, you will not be eligible to receive money from the Net Settlement Fund. Do not send in a Proof of Claim and Release form.

THE LAWYERS REPRESENTING YOU

16. Do I Have a Lawyer in This Case?

The Court appointed the law firm Pomerantz LLP to represent you and other Class Members. These lawyers are referred to as Lead Counsel. You will not be personally liable for the fees and expenses incurred by these lawyers. 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 will ask the Court for attorneys' fees of 33% of the Settlement Fund and for reimbursement of expenses up to \$200,000 which were advanced in connection with the action. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Lead Counsel for their substantial efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. Since the case began, Lead Counsel and other plaintiffs' counsel conducted all of the investigation, including examining EDMC's public filings and statements, interviewing dozens of witnesses, contacting government agencies and state attorneys general, and reviewing pleadings and motions in other cases involving EDMC, in addition to filing the Amended Complaint. Lead Counsel also consulted experts regarding the calculation of damages. In addition, as part of the Settlement, Lead Counsel obtained and reviewed documents provided by EDMC in order to evaluate whether the Settlement was in the best interests of Class Members.

To date, Lead Counsel and the other plaintiffs' counsel have not been paid for their services or out-of-pocket expenses in prosecuting this action on behalf of the Lead Plaintiff and the Class. The fee requested will compensate Lead Counsel and other plaintiffs' counsel for their efforts in achieving the recovery.

Lead Counsel will file a formal motion with the District Court for approval of the Settlement, the Plan of Allocation (set forth in Question #19), and the request for attorneys' fees and reimbursement of expenses no later than twenty-one (21) days prior to the Final Approval Hearing. That motion will argue that Lead Counsel's requested fees are well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court will determine what counsel should receive from the Settlement Fund for fees and expenses, and may award less than the requested amount.

18. Compensatory Awards for Lead Plaintiffs

In addition, Lead Counsel will request that the Court grant up to \$1,000 as a Compensatory Award to Lead Plaintiff. Lead Plaintiff contributed a significant amount of personal time for the benefit of the Class, and thereby contributed to the successful resolution of this action. Among other things, Lead Plaintiff consulted with Lead Counsel regarding litigation and settlement strategy and produced personal documents related to his investments in EDMC. The Lead Plaintiff's personal claims will otherwise be subject to the same Plan of Allocation as all other claimants.

UNDERSTANDING YOUR PAYMENT/PLAN OF ALLOCATION

19. Understanding Your Payment/The Plan of Allocation

The Net Settlement Fund (that is, the \$2,500,000 less court awarded payment of Attorney Fees, Expenses, Notice and Claims Administration Costs, and Lead Plaintiffs' Compensatory Awards) shall be distributed to Settlement Class Members who submit acceptable Proofs of Claim and Release forms ("Authorized Claimants"), in accordance with the Plan of Allocation.

The table below reflects the estimated amount of allegedly artificial inflation in the price of EDMC stock during the Class Period. The selected dates correspond to days on which Lead Plaintiff and Lead Counsel determined that EDMC experienced statistically-significant declines in the price of its stock following Company announcements as described herein and in the Plan of Allocation.

Table 1
Artificial Inflation in EDMC stock

From	To	Per-Share Price Inflation
July 1, 2011	June 20, 2013	\$0.95
June 21, 2013	June 23, 2013	\$0.78
June 24, 2013	January 26, 2014	\$0.62
January 27, 2014	September 16, 2014	\$0.01
September 17, 2014	Thereafter	\$0.00

The computation of the estimated alleged artificial inflation in the price of EDMC stock during the Class Period also takes into account Lead Counsel’s assessment of the differential litigation risk associated with certain of the alleged misrepresentations. In particular, Lead Counsel estimated the relative likelihood of recovery for each of these dates, taking into account that the greatest likelihood of recovery was for January 27, 2014 (when the state attorneys general investigations were announced), and that greater risks of recovery were present for June 21 and 24, 2013 (when the termination of John M. Mazzoni was announced, the reason for which was disputed by the parties), and for September 17, 2014 (when the Company announced a delay in filing its Annual Report, only to do so shortly thereafter with no material restatement of results).

The Claims Administrator shall determine each Authorized Claimant’s share of the Net Settlement Fund (the “Recognized Losses”) as follows:

- i. For each share of EDMC stock purchased/acquired during the Class Period and subsequently sold during the Class Period, the Recognized Loss Amount shall be calculated as the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above, minus the amount of per-share price inflation on the date of sale or disposition as appears in Table 1 above.
- ii. For each share of EDMC stock purchased/acquired during the Class Period and subsequently sold during the period September 17, 2014 through December 15, 2014, inclusive, the Recognized Loss Amount shall be calculated as the lesser of:
 - a. the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above; and
 - b. the purchase/acquisition price (excluding all fees, taxes and commissions) minus the “90-day look back value” on the date of sale/disposition set forth in Table 2, which is attached to this Notice. If this calculation results in a negative number, then the Recognized Loss Amount shall be \$0.
- iii. For each share of EDMC stock purchased/acquired during the Class Period and still held as of the opening of trading on December 16, 2014, the Recognized Loss Amount shall be calculated as the lesser of:
 - a. the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above; and
 - b. the purchase/acquisition price (excluding all fees, taxes and commissions) minus the average closing price for EDMC stock during the 90-day period following the Class Period, which is \$0.69. If this calculation results in a negative number, then the Recognized Loss Amount shall be \$0.

The Recognized Losses formula is intended to equitably apportion the Net Settlement Fund among Authorized Claimants. The Recognized Losses formula is not an estimate of what an Authorized Claimant would have recovered after trial; nor is it the amount that the Authorized Claimant will be paid pursuant to the Settlement. An Authorized Claimant’s actual share of the Net Settlement Fund will be determined by the ratio of the Authorized Claimant’s Recognized Losses divided by the aggregate of the Recognized Losses of all Authorized Claimants.

In the event a Class Member has more than one purchase or sale of EDMC common stock during the Class Period, all purchases and sales within the Class Period shall be matched on a First-In, First-Out (“FIFO”) basis. Class Period sales will be matched first against any holdings at the beginning of the Class Period, and then against purchases in chronological order, beginning with the earliest purchase made during the Class Period.

A purchase or sale of EDMC common stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. All purchase and sale prices shall exclude any fees and commissions. The receipt or grant by gift, devise or operation of law of EDMC common stock during the Class

Period shall not be deemed a purchase or sale of EDMC common stock for the calculation of a claimant's Recognized Loss nor shall it be deemed an assignment of any claim relating to the purchase of such shares unless specifically provided in the instrument of gift or assignment. The receipt of EDMC common stock during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of EDMC common stock.

To the extent a claimant had a gain from his, her, or its overall transactions in EDMC common stock during the Class Period, the value of the claim will be zero. Shares held before the beginning of the Class Period are excluded from the calculation of overall gain or loss. For shares held through the end of the 90-day look back period, a value of \$0.69 will be applied as the holding value for the purpose of calculating an overall loss or gain. If, during the Class Period, a Class Member had a net market loss in his, her or its trading in EDMC common stock, the Class Member's net Recognized Loss shall be limited to the Class Member's net market loss.

The date of covering a "short sale" is deemed to be the date of purchase of shares. The date of a "short sale" is deemed to be the date of sale of shares. However, the Recognized Loss on "short sales" is zero. In the event that a claimant has an opening short position in EDMC common stock, the earliest Class Period purchases shall be matched against such opening short position and not be entitled to a recovery until that short position is fully covered.

Payment according to the Plan of Allocation will be deemed conclusive against all Authorized Claimants. A Recognized Loss will be calculated as defined herein and cannot be less than zero. The Claims Administrator shall allocate to each Authorized Claimant a pro rata share of the Net Settlement Fund based on his, her, or its Recognized Loss as compared to the total Recognized Losses of all Authorized Claimants. No distribution shall be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

The Claims Administrator will use its best efforts to administer and distribute the Net Settlement Fund to the extent that it is equitably and economically feasible. If there is any balance remaining in the Net Settlement Fund after good faith efforts of distribution, such remaining balance shall then be donated to an appropriate non-profit organization selected by Lead Counsel and approved by the Court.

OBJECTING TO THE SETTLEMENT, FEES AND OTHER MATTERS

20. Objecting to the Settlement, Fees and Other Matters

If you are a Settlement Class Member, you can object to the Settlement, the Plan of Allocation, the request for attorneys' fees and expenses, or grant of Compensatory Awards to the Lead Plaintiff.

You can state the reasons why you think the Court should not approve it, and the Court will consider your views. To object, you must file with the Court: (i) a written notice indicating whether you intend to appear at the Final Approval Hearing; (ii) proof that you are a Class Member; (iii) a statement of your objection to any matter before the Court; and (iv) the grounds for your objection or the reasons for desiring to appear and be heard, as well as documents or writings you desire the Court to consider. Your objection must be received by the Court by **January 28, 2016**. Copies of your objection must also be mailed to Lead Counsel and to Defense Counsel at the addresses provided below. Be sure to include your name, address and telephone number, your signature, and documentation sufficient to establish the amount of EDMC common stock purchased, acquired and sold from July 1, 2011 through September 16, 2014 (including the number of shares, dates and prices). Failure to provide such information and documentation shall be grounds to void the objection.

The motions in support of the Settlement and the request for attorneys' fees will be filed no later than January 20, 2016 and they will be available to you from Lead Counsel, the Claims Administrator, or the Court. (The Claims Administrator's contact information is listed in Section 25, below.) Any objection must be mailed or delivered such that it is received by the following no later than January 28, 2016:

To the Court:
United States District Court
Western District of Pennsylvania
501 Grant Street # 436
Pittsburgh, PA 15219

To Lead Counsel:
Marc I. Gross
Michele S. Carino
Pomerantz LLP
600 Third Avenue
New York, NY 10016

To Defense Counsel:
Perry A. Napolitano
Justin J. Kontul
REED SMITH LLP
225 Fifth Avenue
Pittsburgh, PA 15222

THE COURT'S FINAL APPROVAL HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you do not have to.

21. When and Where Will the Court Decide Whether to Approve the Settlement and Related Matters?

The Court will hold a Final Approval Hearing at 11:00 a.m. on, February 17, 2016, in Courtroom No. 7A, Seventh Floor, at the United States Post Office and Courthouse, 501 Grant Street, Pittsburgh, PA 15219. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. The Court will also consider how much money from the Settlement Fund will be allocated to pay Lead Counsel and other plaintiffs' counsel for their work on the Action and to reimburse their expenses; whether to grant a Compensatory Award to Lead Plaintiff; and whether the Plan of Allocation is fair, reasonable and adequate. If there are objections, the Court will consider them. The Court may decide these issues at the hearing or take them under consideration for a later decision.

The Court may alter the time or the date of the Settlement Hearing without further notice to the Class Members, provided that the time or the date of the Settlement Hearing shall not be set at a time or date earlier than the time and date set forth above, and retains jurisdiction to consider all further applications arising out of or connected with the Settlement.

22. 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 send an objection, you do not have to come to Court to talk about it, though you are welcome to do so. You may also pay your own lawyer to attend, but it is not necessary.

23. May I Speak at the Hearing?

You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter to the Court and to Lead Counsel and Defense Counsel listed in Question # 20 saying that it is your intention to appear in *Brian H. Robb v. Education Management Corporation*, Case No. 2:14-cv-01287-DSC. Be sure to include your name, address and telephone number, your signature, and documentation sufficient to establish the amount of EDMC common stock purchased, acquired and sold from July 1, 2011 through September 16, 2014 (including the number of shares, dates and prices). Your notice of intention to appear must be received no later than January 28, 2016, by the Clerk of the Court, Lead Counsel and the Settling Defendants' Counsel, at the addresses listed in Question #20.

IF YOU DO NOTHING

24. What Happens if I Do Nothing at All?

If you do nothing, all of your claims against the Released Parties will be released, but you will not receive any money from this Settlement, because it is necessary to submit a Proof of Claim and Release form to share in the Settlement proceeds.

GETTING MORE INFORMATION

25. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation dated as of September 16, 2015. **You can obtain a copy of the Stipulation or more information about the Settlement by visiting www.educationmanagementsecuritieslitigation.com.**

You can also contact the Claims Administrator:

Education Management Securities Litigation
Claims Administrator
PO Box 4098
Portland, OR 97208-4098

Email: info@educationmanagementsecuritieslitigation.com

Tel: (866) 819-2163

or Lead Counsel:

Michele S. Carino, Esq.
Pomerantz LLP
600 Third Avenue
New York, NY 10016
Tel: (212) 661-1100

You can also obtain a copy from the Clerk's office during regular business hours:

Clerk of the Court
United States District Court
Western District of Pennsylvania
501 Grant Street # 436
Pittsburgh, PA 15219

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

The Court has ordered that if you held any EDMC common stock purchased or acquired between July 1, 2011 and September 16, 2014, as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such beneficial owners; or (2) provide a list of the names and addresses of such beneficial owners to the Claims Administrator:

Education Management Securities Litigation
Claims Administrator
PO Box 4098
Portland, OR 97208-4098

(866) 819-2163

If you choose to mail the Notice and Proof of Claim and Release form yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for administrative costs actually incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: October 15, 2015

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA

Table 2
PSLRA Loss Limitation for 90-day Lookback Period

Sale / Disposition Date	Rolling Average Price during 90-day Lookback Period as of the Date of Sale/Disposition	Sale / Disposition Date	Rolling Average Price during 90-day Lookback Period as of the Date of Sale/Disposition
9/17/2014	\$1.10	10/31/2014	\$0.95
9/18/2014	\$1.09	11/3/2014	\$0.94
9/19/2014	\$1.11	11/4/2014	\$0.93
9/22/2014	\$1.09	11/5/2014	\$0.93
9/23/2014	\$1.07	11/6/2014	\$0.93
9/24/2014	\$1.07	11/7/2014	\$0.92
9/25/2014	\$1.06	11/10/2014	\$0.92
9/26/2014	\$1.07	11/11/2014	\$0.92
9/29/2014	\$1.07	11/12/2014	\$0.90
9/30/2014	\$1.07	11/13/2014	\$0.89
10/1/2014	\$1.07	11/14/2014	\$0.88
10/2/2014	\$1.07	11/17/2014	\$0.87
10/3/2014	\$1.06	11/18/2014	\$0.85
10/6/2014	\$1.05	11/19/2014	\$0.84
10/7/2014	\$1.04	11/20/2014	\$0.83
10/8/2014	\$1.02	11/21/2014	\$0.82
10/9/2014	\$1.01	11/24/2014	\$0.81
10/10/2014	\$1.00	11/25/2014	\$0.80
10/13/2014	\$0.99	11/26/2014	\$0.79
10/14/2014	\$0.98	11/28/2014	\$0.78
10/15/2014	\$0.99	12/1/2014	\$0.77
10/16/2014	\$0.99	12/2/2014	\$0.76
10/17/2014	\$0.99	12/3/2014	\$0.75
10/20/2014	\$1.00	12/4/2014	\$0.75
10/21/2014	\$1.01	12/5/2014	\$0.74
10/22/2014	\$1.01	12/8/2014	\$0.73
10/23/2014	\$1.02	12/9/2014	\$0.72
10/24/2014	\$1.00	12/10/2014	\$0.72
10/27/2014	\$0.99	12/11/2014	\$0.71
10/28/2014	\$0.98	12/12/2014	\$0.70
10/29/2014	\$0.97	12/15/2014	\$0.69
10/30/2014	\$0.96		