

PRESS RELEASE

Bertelsmann Invests in Online Education Platform HotChalk

- **Group to become the largest stockholder in the company**
- **Total transaction value of almost a quarter billion dollars**
- **Further expansion of the Bertelsmann Education Group**

Campbell/New York/Gütersloh, November 6, 2015 – Bertelsmann continues to expand its strategic growth in the education sector. The international media, services and education company has entered into an agreement to invest in HotChalk, a leading online education platform serving universities and students across the United States. Bertelsmann plans to invest a total of approximately \$230 million in HotChalk. This will make Bertelsmann the largest stockholder of the company. The transaction is subject to customary approvals and other closing conditions.

Bertelsmann Chairman and CEO Thomas Rabe says: "The investment in HotChalk is another important step in the expansion of our educational activities. Online services for higher education are one of our strategic segments in the education business. HotChalk is seeing annual growth rates in the double digits. We will now work together to further expand this successful business."

HotChalk provides solutions to universities that enable them to successfully run online degree programs, including interactive course design and content development tools, marketing, and student recruitment leveraging proprietary data analytics capabilities. HotChalk enables online master's and doctoral programs in partnership with seven nonprofit universities. The company, which was founded in 2004 and is headquartered in Campbell, California, supports a total of 33 degree granting programs.

Kay Krafft, CEO Bertelsmann Education Group, adds: "This strategic investment in HotChalk is an important step for the Bertelsmann Education Group and reflects our commitment to making a positive impact on education outcomes for universities and students around the world. HotChalk is an industry leader serving nonprofit universities with best-in-class education outcomes. We're excited about partnering with the HotChalk team to meet the growing demand for high quality online graduate degrees."

"Traditional nonprofit universities and the faculty that make them great are now able to succeed online using the HotChalk platform," said HotChalk CEO and Chairman Edward Fields. "Schools, faculty and students benefit from our outcomes focused design principles and data-driven education platform. We believe that, together with Bertelsmann, we have a shared vision for the critical role that education plays in people's lives; a deep belief in the value of traditional nonprofit universities, and the capacity to meet the rapidly growing demand for online graduate degrees."

"Bertelsmann is the right partner at the right moment for HotChalk," said Bryan Stolle, Managing Partner of Mohr Davidow Ventures, which will continue to be a significant shareholder in the company. "With Bertelsmann's worldwide reach and thought leadership in education, HotChalk is uniquely positioned to drive the digital transformation of 'Higher Ed' on a global scale."

Bertelsmann is focusing its education activities on online education in the healthcare and technology sectors. In the medium term, education is to become a third mainstay of business for Bertelsmann alongside media and services, with revenues of around one billion euros. Morgan Stanley provided advisory services to Bertelsmann. Citi acted as exclusive financial advisor to HotChalk. Legal counsel included Wilson Sonsini Goodrich & Rosati, P.C. for Bertelsmann and Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP for HotChalk.

About Bertelsmann

Bertelsmann is a media, services and education company that operates in about 50 countries around the world. It includes the broadcaster RTL Group, the trade book publisher Penguin Random House, the magazine publisher Gruner + Jahr, the service providers Arvato and Be Printers, the music company BMG and the Bertelsmann Education Group. The company has more than 112,000 employees and generated revenues of €16.7 billion in financial year 2014. Bertelsmann stands for creativity and entrepreneurship. This combination promotes the creation of first-class media content and innovative service solutions that inspire customers around the world.

About the Bertelsmann Education Group

The Bertelsmann Education Group encompasses Bertelsmann SE & Co. KGaA's education businesses. The group is shaping learning in the 21st century with online education offerings focused on the healthcare and technology sectors. Bertelsmann Education Group utilizes Bertelsmann's resources and global network.

For further questions, please contact:

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