2U, INC.

FORM 8-K/A
(Amended Current report filing)

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Address	7900 HARKINS ROAD LANHAM, MD 20706
Telephone	(301) 892-4350
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Industry	IT Services & Consulting
Sector	Technology
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
July 3, 2017

2U, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OF INCORPORATION)

001-36376	**26-2335939**
(COMMISSION FILE NUMBER)	(IRS EMPLOYER ID. NUMBER)
7900 Harkins Road **Lanham, MD**	**20706**
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

(301) 892-4350
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

This Current Report on Form 8-K/A amends and supplements the Current Report on Form 8-K of 2U, Inc. (the " Company "), filed with the Securities and Exchange Commission on July 3, 2017 (the " Form 8-K "), which reported under Item 2.01 the completion of the Company's acquisition, through its wholly owned subsidiary, of all of the outstanding equity interests of Get Educated International Proprietary Limited (" GetSmarter "), resulting in GetSmarter becoming an indirect wholly owned subsidiary of the Company (the " GetSmarter Acquisition "). This amendment to the Form 8-K is filed to provide the financial statements, and the related notes thereto, of GetSmarter and the pro forma financial information of the Company as required by Item 9.01.

Item 9.01 Financial Statements and Exhibits

(a) Financial statements of business acquired

Condensed consolidated audited financial statements of GetSmarter and its subsidiaries as of and for the years ended December 31, 2016 and 2015, and the related notes thereto, are attached hereto as Exhibit 99.1 and incorporated herein by reference.

(b) Pro Forma Financial Information

The unaudited pro forma condensed combined financial information of the Company, as of and for the year ended December 31, 2016, and for the six months ended June 30, 2017, giving effect to the GetSmarter Acquisition, are attached hereto as Exhibit 99.2 and incorporated herein by reference.

(d) Exhibits

Exhibit Number	Exhibit Description
2.1	Share Sale Agreement, by and among a wholly owned subsidiary of 2U, Inc., K2017143886 South Africa Proprietary Limited, GetSmarter, the shareholders of GetSmarter, and Samuel Edward Paddock, as the Seller's Representative (incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q filed on May 4, 2017).
2.2	Addendum to the Share Sale Agreement, by and among a wholly owned subsidiary of 2U, Inc., K2017143886 South Africa Proprietary Limited, GetSmarter, the shareholders of GetSmarter, and Samuel Edward Paddock, as the Seller's Representative (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on July 3, 2017).
23.1	Consent of Grant Thornton LLP, independent auditors for GetSmarter, dated August 7, 2017.
99.1	Condensed consolidated audited financial statements of GetSmarter and its subsidiaries as of and for the years ended December 31, 2016 and 2015, and the related notes thereto.
99.2	Unaudited pro forma condensed combined financial information of the Company, as of and for the year ended December 31, 2016, and for the six months ended June 30, 2017.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

2U, INC.

By:	/s/ Christopher J. Paucek
Name:	Christopher J. Paucek
Title:	Chief Executive Officer

Date: August 7, 2017

EXHIBIT INDEX

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EXHIBIT 23.1

Consent of Independent Certified Public Accountants

We have issued our report dated July 14, 2017, with respect to the consolidated financial statements of Get Educated International Proprietary Limited included in the Current Report on Form 8-K/A of 2U, Inc. dated August 7, 2017. We consent to the incorporation by reference of said report in the Registration Statements of 2U, Inc. on Form S-8 (File No. 333-194943) and on Form S-3 (File No. 333-207088).

/s/ GRANT THORNTON LLP

Arlington, Virginia

August 7, 2017

Exhibit 99.1

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Get Educated International Proprietary Limited

December 31, 2016 and 2015

Get Educated International Proprietary Limited

Contents

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Get Educated International Proprietary Limited

We have audited the accompanying consolidated financial statements of Get Educated International Proprietary Limited and subsidiaries (collectively, the “Company”), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive (loss) income, changes in shareholders’ equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Get Educated International Proprietary Limited as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Grant Thornton LLP
Arlington, Virginia
July 14, 2017

Get Educated International Proprietary Limited

Consolidated Balance Sheets

December 31,	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	$ 4,242,224	$ 814,813
Accounts receivable, net	756,055	640,059
Prepaid expenses and other assets	51,011	31,549
Income taxes receivable	89,297	—
Amounts due from related parties	—	470,680
Total Current Assets	5,138,587	1,957,101
Property and Equipment, net	465,525	437,321
Capitalized technology and content development costs, net	538,089	151,584
Intangible assets	152,670	—
Deferred tax assets	156,490	131,228
Total Assets	**$** 6,451,361	$ 2,677,234
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	$ 1,375,223	$ 1,229,845
Accrued compensation and related benefits	2,052	53,165
Accrued expenses and other liabilities	1,073,986	226,152
Deferred revenue	2,758,668	664,920
Forward share repurchase obligations	—	287,586
Income taxes payable	—	129,368
Total Current Liabilities	5,209,929	2,591,036
Commitments and Contingencies		
Shareholders' Equity		
Common stock, no par value — authorized, 10,000,000 shares; issued and outstanding, 714,000 and 810,060 shares	7	8
Treasury stock	(1,250,540)	(1,169,180)
Additional paid-in capital	1,312,954	—
Retained earnings	1,083,894	1,202,059
Accumulated other comprehensive income	95,117	53,311
Total Shareholders' Equity	1,241,432	86,198
Total Liabilities and Shareholders' Equity	**$** 6,451,361	$ 2,677,234

The accompanying notes are an integral part of these consolidated financial statements.

Get Educated International Proprietary Limited

Consolidated Statements of Comprehensive (Loss) Income

Years ended December 31,	**2016**	**2015**
Revenue	**$** 17,668,475	$ 9,635,771
Costs and Expenses		
Curriculum and teaching cost	6,642,917	3,005,945
Servicing and support	949,450	533,856
Technology and content development	1,689,029	1,196,452
Program marketing and sales	4,427,481	1,553,225
General and administrative	3,445,921	2,469,906
Total Costs and Expenses	17,154,798	8,759,384
Income from Operations	513,677	876,387
Other Income (Expense)		
Interest and other income	84,938	120,667
Foreign currency transaction losses and other expense	(539,256)	(3)
Income Before Income Taxes	59,359	997,051
Income tax expense	177,524	220,395
Net (Loss) Income	**$** (118,165)	$ 776,656
Foreign currency translation adjustments	41,806	53,311
Total Comprehensive (Loss) Income	**$** (76,359)	$ 829,967

The accompanying notes are an integral part of these consolidated financial statements.

Get Educated International Proprietary

Consolidated Statements of Shareholders' Equity

Years ended December 31, 2016 and 2015	Common Stock Shares Outstanding	Common Stock Amount	Treasury Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance at January 1, 2015	888,701	$ 8	$ (1,169,180)	$ —	$ 425,403	$ —	$ (743,769)
Stock repurchase	(78,564)	—	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	53,311	53,311
Net income	—	—	—	—	776,656	—	776,656
Balance at December 31, 2015	810,137	$ 8	$ (1,169,180)	$ —	$ 1,202,059	$ 53,311	$ 86,198
Stock repurchase	(138,137)	(1)	(81,360)	—	—	—	(81,361)
Issuance of shares	42,000	—	—	1,312,954	—	—	1,312,954
Foreign currency translation adjustments	—	—	—	—	—	41,806	41,806
Net loss	—	—	—	—	(118,165)	—	(118,165)
Balance at December 31, 2016	714,000	$ 7	$ (1,250,540)	$ 1,312,954	$ 1,083,894	$ 95,117	$ 1,241,432

The accompanying notes are an integral part of these consolidated financial statements .

Get Educated International Proprietary Limited

Consolidated Statements of Cash Flows

Year ended December 31,	2016	2015
Cash Flows from Operating Activities		
Net income	$ (118,165)	$ 776,656
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	264,346	230,494
Deferred taxes	(6,838)	(115,757)
Loss on disposal of property and equipment	—	4,110
Unrealized foreign currency transaction losses	261,522	—
Changes in assets and liabilities:		
Accounts receivable, net	(53,672)	(435,378)
Prepaid expenses and other assets	(15,630)	(328)
Accounts payable	(26,010)	673,058
Accrued compensation and related benefits	(53,967)	25,412
Accrued expenses and other liabilities	795,247	193,043
Deferred revenue	2,013,479	408,965
Income taxes receivable/payable	(220,367)	154,190
Net Cash Provided by Operating Activities	2,839,945	1,914,465
Cash Flows from Investing Activities		
Capitalization of software costs	(139,284)	—
Capitalization of content development costs	(273,409)	(222,755)
Purchase of intangible assets	(152,670)	—
Purchase of property and equipment	(172,483)	(413,189)
Net Cash Used in Investing Activities	(737,846)	(635,944)
Cash Flows from Financing Activities		
Proceeds from issuance of shares	1,312,954	—
Payment of share repurchase obligations	(303,612)	(405,284)
Repurchase of common shares	(81,361)	—
Receipt from (advances of) shareholder and related party loans	496,908	(194,780)
Net Cash Provided by (Used in) Financing Activities	1,424,889	(600,064)
Impact of foreign currency on cash flows	(99,577)	5,918
Increase in Cash and Cash Equivalents	3,427,411	684,375
Cash and Cash Equivalents, beginning of period	814,813	130,438
Cash and Cash Equivalents, end of period	$ 4,242,224	$ 814,813
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for income taxes	$ 387,553	$ 261,478

The accompanying notes are an integral part of these consolidated financial statements.

NOTE A—ORGANIZATION AND NATURE OF OPERATIONS

Organization

These consolidated financial statements present the activities of Get Educated International Proprietary Limited ("Holdings") and its wholly owned subsidiaries, Get Educated Proprietary Limited ("Get Educated") and GetSmarter Online Limited ("GetSmarter"), collectively referred to as "the Company" hereafter.

Get Educated International Proprietary Limited is a privately held company which was incorporated on July 28, 2016 in accordance with the laws of the Republic of South Africa. Prior to August 12, 2016, the operations of the Company were conducted primarily through Get Educated, a privately held company incorporated in accordance with the laws of the Republic of South Africa in 2008, and Get Educated's wholly owned subsidiary, GetSmarter, which was incorporated in the United Kingdom in 2015.

On August 12, 2016 the Company entered into a plan to restructure its operations, whereby the shareholders of Get Educated exchanged their shares for shares in Holdings, and as a result Holdings became the 100% shareholder of Get Educated. On the same date, Get Educated transferred its investment in GetSmarter to Holdings, whereby Holdings became the 100% direct shareholder in GetSmarter.

The transactions described above were treated as a combination of entities under common control. The accompanying consolidated financial statements and related notes include assets and liabilities of the Company at historical carrying values and the results of its operations and cash flows as if there were no change in reporting entity for all periods presented, or for the periods from its inception if formed after January 1, 2015.

Nature of Operations

The Company is a leader in collaborating with universities to offer premium online short courses to working professionals. The Company focuses on delivering high-quality, high-touch digital higher education from world class colleges and universities to unlock a student's full potential.

The Company powers engaging online short courses in partnership with some of the world's most renowned higher education institutions, including the University of Cambridge, Harvard University's strategic online learning initiative, HarvardX, Massachusetts Institute of Technology (MIT), and Africa's top three universities, University of Cape Town, University of the Witwatersrand and University of Stellenbosch Business School.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Consolidation and Basis of Presentation

These consolidated financial statements include all accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions are eliminated upon consolidation.

The accompanying consolidated financial statements are presented on the accrual basis of accounting, which presents the financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents. The Company places its cash in various financial institutions, all of which are located outside the United States of America. The Company has not experienced any losses in these accounts and believes that it is not exposed to any significant credit risk.

The Company is dependent on university partnerships for the delivery of online short courses. The Company has concentrated risk with a select numbers of partners with whom the Company delivered a majority of its revenue in each of 2015 and 2016. The Company is dependent on the continued relationship with these partners to provide branding, content, curriculum and certification, amongst other services, on a timely basis and on favorable pricing terms. The loss of certain principal university partnerships or a significant reduction in online short course availability from university partners could have a material adverse effect on the Company. The Company believes that its relationships with its university partners are satisfactory.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Accounts Receivable, Net

Trade accounts receivable are recorded at the invoiced amount, include billings in advance of revenues, and are presented net of an allowance for estimated refunds and doubtful accounts of approximately $335,000 and $160,000 at December 31, 2016 and 2015, respectively. Such amounts do not bear interest. In estimating the allowance for doubtful accounts, management considers the age of the accounts receivable, the Company's historical write-offs, the amount of receivables in dispute, the credit worthiness of the customer, and current market conditions among other factors. The Company reviews its allowance for doubtful accounts periodically. All other balances are reviewed together by age category and customer class. Historically, the Company has not experienced significant losses related to accounts receivable and, therefore, believes that the credit risk related to accounts receivable is not significant. The Company does not have any off-balance-sheet credit exposure related to its customers.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents primarily held in financial institutions in the Republic of South Africa and the United Kingdom.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Repairs and maintenance are charged to expense as incurred and major improvements are capitalized. Depreciation and amortization are recognized utilizing the straight-line method over the following estimated lives:

Asset Description	Life
IT and audio visual equipment	3 years
Computer software	2 years
Leasehold improvements	Shorter of useful life or lease term
Motor vehicles	4 years
Furniture and fixtures	6 years

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Capitalized Technology and Content Development Costs

Technology and content development costs with finite lives are amortized using the method that best reflects how their economic benefits are utilized or, if a pattern or economic benefit cannot be reliably determined, on a straight-line basis over the estimated useful lives. Amortization periods for technology and content development costs are as follows:

Asset Description	Life
Computer software	3 years
Content development	4 years

Eligible internal-use software development costs are capitalized subsequent to the completion of the preliminary project stage. Such costs include external direct material and service costs, employee payroll, and payroll-related costs. After all substantial testing and deployment is completed and the software is ready for its intended use, capitalization ceases and internal-use software costs are amortized using the straight-line method over the estimated useful life of the software. Research and development costs related to the Company's offerings that do not meet the necessary criteria for capitalization are expensed as incurred. Direct costs of materials and services utilized in developing the Company's software offerings during 2016 and 2015 were approximately $141,000 and $0, respectively.

The Company works with each client's faculty members to develop and maintain educational content that is delivered to students online. The online content developed jointly by the Company and its clients consists of subjects chosen and taught by clients' faculty members and incorporates references and examples designed to remain relevant over extended periods of time. Much of the Company's new content development uses proven delivery platforms and is therefore primarily subject-specific in nature. As a result, a significant portion of content development costs qualify for capitalization due to the focus of the Company's development efforts on the unique subject matter of the content. The Company therefore capitalizes its development costs on a course-by-course basis.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Capitalized Technology and Content Development Costs—Continued

The content development costs that qualify for capitalization are third-party direct costs, such as videography, editing and other services associated with creating digital content. Additionally, the Company capitalizes internal payroll and payroll-related costs incurred to create and produce videos and other digital content. Capitalization ends when content has been fully developed, at which time amortization of the capitalized content development costs begins. The capitalized costs are recorded on a course-by-course basis and included in intangible assets on the consolidated balance sheets. These costs are amortized using the straight-line method over the estimated useful life of the respective capitalized content program, which is generally four years. The estimated useful life corresponds with the Company's planned curriculum refresh rate. It is reasonably possible that developed content could be refreshed before the estimated useful lives are complete or be expensed immediately in the event that the development of a course is discontinued prior to launch.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to future undiscounted net cash flows that the asset is expected to generate. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds its fair value. There were no impairment charges of long-lived assets recognized for the years ended December 31, 2016 and 2015.

Revenue Recognition

Revenue is recognized for sales of programs and courses over the period of performance of the curriculum. Revenue is recognized for provision of educational courses when the following four criteria are met: (i) persuasive evidence of an arrangement exists; (ii) delivery of the course has occurred; (iii) the arrangement fee is fixed and determinable; and (iv) collectability is reasonably assured.

Deferred revenue results from advance cash receipts from customers or amounts billed in advance to customers from the sales of programs and courses. Such amounts are recognized as revenue over the term of the related curriculum.

Costs of sales are recognized proportionally over the period of performance of the program and course.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Costs and Expenses

Expenses are categorized on the statement of comprehensive income (loss) as follows:

- *Servicing and support.* Servicing and support expense consists primarily of cash and non-cash compensation costs related to program management and operations, as well as costs for technical support for our technology, together with student support.

- *Technology and content development.* Technology and content development expense consists primarily of cash and non-cash compensation and outsourced services costs related to the ongoing improvement and maintenance of our technology and internal infrastructure, and the developed content for our courses. Additionally, it includes the associated amortization expense related to capitalized technology and content development costs, as well as hosting and other costs associated with maintaining our technology in a cloud environment.

- *Program marketing and sales.* Program marketing and sales expense consists primarily of costs related to student acquisition. This includes the cost of online advertising and prospective student generation, as well as cash and non-cash compensation costs for our program marketing, search engine optimization, marketing analytics and course consultant personnel. We expense all costs related to program marketing and sales as they are incurred.

- *General and administrative.* General and administrative expense consists primarily of cash and non-cash compensation costs for employees in our executive, administrative, finance and accounting, legal, planning and human resources functions. Additional expenses include external legal, accounting and other professional fees, telecommunications charges and other corporate costs such as insurance and travel that are not related to another function.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period of enactment. A valuation allowance is provided for deferred tax assets whenever it is more likely than not that future tax benefits will not be realized.

The Company recognizes financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination by a taxing authority. Recognized tax positions are initially and subsequently measured as the largest amount of tax benefit that is more likely than not of being realized upon ultimate settlement with a taxing authority. The Company has chosen to treat interest and penalties related to uncertain tax liabilities as income tax expense. For the years ended December 31, 2016 and 2015, the Company did not recognize any interest expense related to uncertain positions.

Foreign Currency Translation

The functional currencies of the Company’s subsidiaries are the South African Rand and the United States Dollar. Assets and liabilities denominated in these foreign currencies are translated to the reporting currency using the exchange rate on the balance sheet dates. The translation adjustments resulting from this process are included as a component of shareholders’ equity in accumulated other comprehensive loss. Revenues and expenses are translated using average exchange rates prevailing during the year. Foreign currency transaction gains and losses are included in the determination of net income. Deferred tax assets (liabilities) are established on the cumulative translation adjustment attributable to unremitted foreign earnings that are not intended to be indefinitely reinvested.

Other Comprehensive Income (Loss)

The Company’s other comprehensive income (loss) represents the impact of foreign currency translation adjustments, and is included in the consolidated statements of comprehensive income.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Fair Value Measurements

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

Fair Value of Financial Instruments

Carrying amounts of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable approximate their fair value due to their short maturities or market rates of interest.

Advertising Expenses

Advertising costs are charged to operations when incurred. These costs are included in program marketing and sales expense on the consolidated statement of comprehensive income and totaled approximately $2,733,000 and $502,000 for the years ended December 31, 2016 and 2015, respectively.

NOTE C—INTANGIBLE ASSETS AND CAPITALIZED TECHNOLOGY AND CONTENT DEVELOPMENT COSTS, NET

Capitalized technology and content development costs are amortized over the estimated periods the related asset will be recoverable. The following table details the Company's capitalized technology and content development cost asset balances by major asset class as of December 31, 2016 and 2015:

		December 31, 2016		
	Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Balance
Indefinite lived intangible assets				
Website domain name		$ 152,670	$ —	$ 152,670
Capitalized technology and content development costs				
Computer software	3	118,672	21,330	97,342
Content development	4	524,851	84,104	440,747
Total capitalized technology and content development costs		$ 643,523	$ 105,434	$ 538,089

		December 31, 2015		
	Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Balance
Content development	4	$ 183,024	$ 31,440	$ 151,584
Total capitalized technology and content development costs		$ 183,024	$ 31,440	$ 151,584

Amortization expense was approximately $66,000 and $38,000 for the years ended December 31, 2016 and 2015, respectively. The following is a schedule of amortization expense for future years as of December 31:

2017	$ 157,899
2018	162,831
2019	159,647
2020	57,712
Total	$ 538,089

NOTE D—PROPERTY AND EQUIPMENT, NET

As of December 31, property and equipment consisted of the following:

	2016	2015
IT and audio visual equipment	$ 536,266	$ 386,331
Computer software	101,438	89,810
Leasehold improvements	178,527	115,918
Motor vehicles	3,887	3,442
Furniture and fixtures	190,172	135,961
	1,010,290	731,462
Less accumulated depreciation	(544,765)	(294,141)
Total property and equipment	$ 465,525	$ 437,321

Depreciation expense for the years ended December 31, 2016 and 2015 was approximately $198,000 and $192,000, respectively.

NOTE E—SHAREHOLDERS' EQUITY

Common Stock

Common stockholders are entitled to one vote on all matters brought before the stockholders for each share of Common Stock held. The common stockholders are entitled to receive dividends when and if declared by the Board of Directors. Upon dissolution or liquidation of the Company, common stockholders will be entitled to receive all assets of the Company available for distribution to stockholders. No dividends were declared during the years ended December 31, 2016 and 2015.

The Company previously entered into a share repurchase agreement with one of the Company's investors in 2013. This agreement generally provided for the repurchase of 314,285 common shares over a 48 month period beginning on August 31, 2013. Per the terms of the agreement, the Company was to pay the shareholder in 48 equal monthly installments of approximately $17,000, along with an initial deposit of approximately $165,000 on August 31, 2013. This arrangement was accelerated in 2016, with the full amount of the shares being repurchased prior to December 31, 2016.

NOTE F—COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases office facilities in Cape Town, South Africa under an operating lease. The operating lease contain certain escalation clauses throughout the term of the lease, which results in deferred rent as the Company recognizes rent expense on a straight-line basis in accordance with US GAAP.

The following are the future minimum lease payments under the operating lease December 31:

2 017	$	201,096
2 018		217,183
2 019		132,412
	$	550,691

Rent expense was approximately $196,000 for each of the years ended December 31, 2016 and 2015, respectively.

Legal Proceedings

The Company is subject to various claims and legal actions arising in the ordinary course of business. In the opinion of management, it is not reasonably possible the ultimate disposition of these matters will have a material adverse effect on the Company’s financial position, cash flows, or results of operations.

State and Local Tax Reserves

During 2016, as a result of expansion of sales into the United States of America, the Company conducted an initial review of certain states to determine if services performed in that particular state are subject to a tax not previously paid by the Company any additional exposures may exist and determined that it was probable that some of its tax positions could be challenged. As a result, the Company estimated its potential assessment of certain income-based and non-income tax positions and related liability related to these matters. For the year ended December 31, 2016, the Company accrued a liability related to estimated income-based tax exposure of approximately $48,000, included as income tax expense, and non-income tax matters of approximately $283,000, included as general and administrative expense on the consolidated statements of comprehensive income for the year ended December 31, 2016. The related liability is included in accounts payable on the consolidated balance sheet as of December 31, 2016.

NOTE G—INCOME TAXES

The Company incurs primarily all of its income tax expense in jurisdictions outside of the USA, in the Republic of South Africa and the United Kingdom. The components of income tax expense for the years ended December 31, were as follows:

	2016	2015
Current expense:		
Foreign	$ 136,064	$ 335,917
USA state income tax	48,298	—
	184,362	335,917
Deferred benefit:		
Foreign	(6,838)	(115,522)
Total income tax expense	**$** 177,524	$ 220,395

Deferred income taxes reflect temporary differences in the recognition of revenues and expenses for income tax reporting and financial statement purposes. Deferred income taxes as of December 31, consist of the following:

	2016	2015
Assets:		
Deferred revenue	$ 196,092	$ 180,374
Accounts payable	56,637	—
Accrued compensation and benefits	153,270	52,027
Provision for doubtful accounts	25,363	33,625
Gross deferred tax assets	431,362	266,026
Valuation allowance	(56,637)	—
Liabilities:		
Intangible assets	145,601	42,443
Property and equipment	21,024	26,386
Prepaid expenses and other	51,610	65,969
Gross deferred tax liabilities	218,325	134,798
Net deferred tax asset	**$** 156,490	$ 131,228

NOTE G—INCOME TAXES—Continued

The Company's effective income tax rate is lower than what would be expected if the jurisdictional statutory rates were applied to income before income taxes primarily because of permanent differences and the valuation allowance established against certain deferred tax assets.

Changes to US GAAP are established by The Financial Accounting Standards Board ("FASB") in the form of Accounting Standards Updates ("ASUs"). In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes,* which requires companies to classify all deferred tax assets and liabilities as noncurrent on the balance sheet rather than separately disclosing deferred taxes as current and noncurrent. This standard is effective for a private entity's annual periods beginning after December 15, 2017, and can be early adopted and applied either prospectively or retrospectively to all periods presented upon adoption. The Company elected to early adopt the new guidance in the year ended December 31, 2016, and has applied the guidance to all periods presented.

As of December 31, 2016, the Company's South African income tax returns for years 2010 through 2016 and the United Kingdom income tax returns for the year 2016 remain open under the statute of limitations and are subject to examination by the tax authorities.

NOTE H—RELATED PARTY TRANSACTIONS

Amounts due from related parties as of December 31, 2015 consisted of the following items:

- The Company had loans due from two officers of the Company totaling $324,096. The loans were unsecured, bear interest at the SARS official rate and had no fixed terms of repayment. The loans were repaid by the officers during the year ended December 31, 2016.

- As of December 31, 2015, the Company had loans due from two shareholders of the Company totaling $146,584. The loans were unsecured, bear interest at the SARS official rate and had no fixed terms of repayment. The loans were repaid by the shareholders during the year ended December 31, 2016.

NOTE I—SUBSEQUENT EVENTS

The Company evaluated its consolidated financial statements for subsequent events through July 14, 2017, the date the consolidated financial statements were available to be issued. The Company is not aware of any other subsequent events which would require recognition or disclosure in the consolidated financial statements as of December 31, 2016 with the exception of the following:

In May 2017, the Company announced they would be acquired by 2U, Inc., a publicly traded company headquartered in Lanham, MD. Pursuant to the Share Sale Agreement, 2U South Africa, a wholly-owned subsidiary of 2U, Inc., will acquire all of the outstanding equity interests of GetSmarter (the “Acquisition”) for approximately $103 million in cash (the “Purchase Price”), plus a potential earn out payment of up to $20 million, subject to the achievement of certain financial milestones in calendar years 2017 and 2018. Following the completion of the Acquisition, GetSmarter will be a wholly owned subsidiary of 2U South Africa. The Purchase Price is subject to certain purchase price adjustments for cash, indebtedness, transaction expenses and other matters. The Acquisition closed on July 1, 2017.

Exhibit 99.2

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following unaudited pro forma combined financial information is presented to illustrate the estimated effects of the acquisition (the "GetSmarter Acquisition") of Get Educated International Proprietary Limited, a private company duly incorporated in South Africa ("GetSmarter") by 2U, Inc. ("2U"or the "Company"), through its wholly owned subsidiary ("2U South Africa"), pursuant to a Share Sale Agreement dated as of May 1, 2017, as amended, by and among 2U South Africa, GetSmarter, the shareholders of GetSmarter (the "Sellers") and Samuel Edward Paddock, as the Sellers' Representative (the "Share Sale Agreement"). Pursuant to the Share Sale Agreement, 2U agreed to pay approximately \$103.0 million in cash upon closing for all outstanding equity interests in GetSmarter, with up to an additional \$20.0 million in cash payable (the "Earn-Out Payment") to the Sellers upon the achievement of certain financial milestones in calendar years 2017 and 2018. Under the terms of the Share Sale Agreement, 2U has issued restricted stock units for shares of common stock, par value \$0.001 per share, of the Company to certain employees and officers of GetSmarter. These awards are subject to the 2014 2U, Inc. Equity Incentive Plan and will vest over either a two (2) or four (4) year period. The fair value of the restricted stock units is not included in the purchase consideration and will be recognized as compensation expense over the vesting period.

The unaudited pro forma combined financial information primarily gives effect to the following adjustments:

- Application of the acquisition method of accounting in connection with the business combination to reflect the fair value of the purchase consideration;
- Stock compensation granted to GetSmarter's management team in connection with the business combination;

The unaudited pro forma combined balance sheet as of June 30, 2017, and the unaudited pro forma combined statements of operations for the six months ended June 30, 2017 and the year ended December 31, 2016 are presented herein. The unaudited pro forma combined balance sheet combines the unaudited balance sheets of 2U and GetSmarter as of June 30, 2017, and gives effect to the GetSmarter Acquisition as if it occurred on June 30, 2017. The unaudited pro forma combined statements of operations combine the historical results of 2U and GetSmarter for the six months ended June 30, 2017 and the year ended December 31, 2016, and give effect to the business combination as if it occurred on January 1, 2016. The historical financial information has been adjusted to give effect to pro forma adjustments that are (i) directly attributable to the GetSmarter Acquisition, (ii) factually supportable, and (iii) with respect to the unaudited pro forma combined statements of operations, expected to have a continuing impact on the combined entity's results.

The unaudited pro forma combined financial information presented is based on the assumptions and adjustments described in the accompanying notes. The unaudited pro forma combined financial information is presented for illustrative purposes and does not purport to represent what the financial position or results of operations would actually have been if the business combination occurred as of the dates indicated or what the financial position or results would be for any future periods.

The GetSmarter Acquisition has been reflected in the unaudited pro forma combined financial information as a business combination using the acquisition method of accounting, in accordance with Accounting Standards Codification, or ASC, Topic 805, Business Combinations, under accounting principles generally accepted in the United States ("GAAP"). Under these accounting standards, the total estimated purchase consideration was calculated as described in Note 1 to the unaudited pro forma combined financial information, and the assets acquired and the liabilities assumed have been presented at their preliminary estimated fair value. For the purpose of measuring the preliminary estimated fair value of the assets acquired and liabilities assumed, management has applied the accounting guidance under GAAP for fair value measurements, using established valuation techniques. This guidance establishes the framework for measuring fair value for any asset acquired or liability assumed under GAAP. Fair value measurements can be highly subjective and it is possible the application of reasonable judgment could develop different assumptions resulting in a range of alternative estimates using the same facts and circumstances. The purchase price allocation including the identification of tangible and intangible assets acquired and liabilities assumed, and the determination of the fair value of those assets acquired and liabilities assumed, as well as the assignment of goodwill to reporting units was not finalized as of the filing date of this Current Report on Form 8-K/A and are subject to change.

The pro forma adjustments are preliminary and are based upon available information and certain assumptions which management believes are reasonable under the circumstances and which are described in the accompanying notes herein. The final determination of the fair value of the GetSmarter's assets and liabilities could result in amounts preliminarily allocated to goodwill and intangible assets changing materially from those used in the unaudited pro forma combined financial information and could also result in a material change in the amortization of acquired intangible assets.

The unaudited pro forma combined financial information is derived from the historical financial statements of 2U and GetSmarter, and should be read in conjunction with (1) the accompanying notes to the unaudited pro forma combined financial information, (2) the unaudited financial statements and related footnotes included in 2U's Quarterly Report on Form 10-Q for the three and six months ended June 30, 2017, (3) the audited financial statements and related footnotes for the fiscal year ended December 31, 2016 included in 2U's Annual Report on Form 10-K, (4) the audited financial statements for the fiscal years ended December 31, 2016 and December 31, 2015, and notes thereto of GetSmarter, which are included as exhibits to this Current Report on Form 8-K/A.

2U, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
(in thousands, except share and per share amounts)

	Historical Year Ended December 31, 2016	Historical Year Ended December 31, 2016			
	2U	**GetSmarter**	**Pro Forma Adjustments (Note 3)**		**Pro Forma Combined**
Revenue	$ 205,864	$ 17,668	—		$ 223,532
Costs and expenses:					
Curriculum and teaching	—	6,643	—		6,643
Servicing and support	40,982	949	253	**(b)**	42,184
Technology and content development	33,283	1,689	3,301	**(a) (b)**	38,273
Marketing and sales	106,610	4,427	3,914	**(a) (b)**	114,951
General and administrative	46,021	3,446	1,335	**(b) (c)**	50,802
Total costs and expenses	226,896	17,154	8,803		252,853
Loss from operations	(21,032)	514	(8,803)		(29,321)
Interest income	383	80	—		463
Interest expense	(35)	—	—		(35)
Foreign currency loss	—	(539)	—		(539)
Other income	—	5	—		5
Income (loss) before income taxes	(20,684)	60	(8,803)		(29,427)
Income tax provision (benefit)	—	178	(2,465)	**(d)**	(2,287)
Net loss	$ (20,684)	$ (118)	$ (6,338)		$ (27,140)
Net loss per share, basic and diluted	$ (0.44)				$ (0.58)
Weighted-average shares of common stock outstanding, basic and diluted	46,609,751				46,609,751

See accompanying Notes to unaudited pro forma combined financial information.

2U, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
(in thousands, except share and per share amounts)

	Historical Six Months Ended June 30, 2017				
	June 30, 2017 2U	**June 30, 2017 GetSmarter**	**Pro Forma Adjustments (Note 3)**		**Pro Forma Combined**
Revenue	$ 129,824	$ 7,694	$ —		$ 137,518
Costs and expenses:					
Curriculum and teaching	—	2,941	—		2,941
Servicing and support	24,383	586	232	**(b)**	25,201
Technology and content development	20,345	1,329	1,821	**(a) (b)**	23,495
Marketing and sales	71,912	2,164	2,063	**(a) (b)**	76,139
General and administrative	27,594	3,036	377	**(b) (c)**	31,007
Total costs and expenses	144,234	10,056	4,493		158,783
Loss from operations	(14,410)	(2,362)	(4,493)		(21,265)
Interest income	249	8	—		257
Interest expense	(1)	(1)	—		(2)
Foreign currency (loss) gain	(1,031)	12	—		(1,019)
Other income	—	32	—		32
Loss before income taxes	(15,193)	(2,311)	(4,493)		(21,997)
Income tax benefit	—	(387)	(1,258)	**(d)**	(1,645)
Net loss	$ (15,193)	$ (1,924)	$ (3,235)		$ (20,352)
Net loss per share, basic and diluted	$ (0.32)				$ (0.43)
Weighted-average shares of common stock outstanding, basic and diluted	47,454,059				47,454,059

See accompanying Notes to unaudited pro forma combined financial information.

2U, INC.
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
(in thousands)

	Historical As of June 30, 2017 2U	Historical As of June 30, 2017 GetSmarter	Pro Forma Adjustments (Note 2)		Pro Forma Combined
Assets					
Current assets:					
Cash and cash equivalents	$ 37,435	$ 1,584	$ 2,297	**(a)**	$ 41,316
Restricted cash	100,987	—	(100,987)	**(a)**	—
Account receivable, net	23,426	630	—		24,056
Advaces to clients	213	—	—		213
Preparid expenses and other assets	8,398	2,105	—		10,503
Income taxes receivable	—	34	—		34
Loans with related parties	—	800	(800)	**(b)**	—
Total current assets	170,459	5,153	(99,490)		76,122
Property and equipment, net	34,390	479	—		34,869
Capitalized technology and content development costs, net	37,402	762	(762)	**(c)**	37,402
Advances to clients, non-current	2,163	—	—		2,163
Goodwill	—	—	72,595	**(d)**	72,595
Amortizable intangible assets, net	—	153	44,647	**(c)**	44,800
Deferred tax	—	612	(612)	**(e)**	—
Prepaid expenses, non-current	14,789	—	—		14,789
Other non-current assets	2,770	—	—		2,770
Total assets	$ 261,973	$ 7,159	$ 16,378		$ 285,510
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable	$ 4,323	$ 2,618	$ —		$ 6,941
Accrued compensation and related benefits	17,908	—	1,531	**(f)**	19,439
Accrued expenses and other liabilities	22,324	1,103	766	**(f)**	24,193
Deferred revenue	7,365	2,522	(722)	**(g)**	9,165
Deferred tax	—	—	12,288	**(e)**	12,288
Contingent Consideration	—	—	1,900	**(h)**	1,900
Short term borrowings	—	1,531	—		1,531
Total current liabilities	51,920	7,774	15,763		75,457
Non-current lease related liabilities	15,202	—	—		15,202
Deferred government grant obligations	3,500	—	—		3,500
Other non-current liabilities	300	—	—		300
Total liabilities	70,922	7,774	15,763		94,459
Stockholders' equity:					
Preferred stock, $0.001 par value; 5,000,000 shares authorized; none issued	—	—	—		—
Common stock, $0.001 par value; 200,000,000 shares authorized; 47,858,326 shares issued and outstanding	48	—	—		48
Additional paid-in capital	382,609	1,313	(1,313)	**(i)**	382,609
Accumulated deficit	(191,606)	(840)	840	**(i)**	(191,606)
Treasury Stock	—	(1,251)	1,251	**(i)**	—
Accumulated Other Comprehensive Income	—	163	(163)	**(i)**	—
Total stockholders' equity	191,051	(615)	615		191,051
Total liabilities and stockholders' equity	$ 261,973	$ 7,159	$ 16,378		$ 285,510

See accompanying Notes to unaudited pro forma combined financial information

Note 1 — Purchase Price

Of the estimated purchase price of $103.0 million, $98.7 million of cash was paid to GetSmarter shareholders and $2.3 million will be paid as post closing directed payments. The remaining $2.0 million represents the reduction of purchase price related to certain purchase price adjustments and foreign currency movements. The pro forma combined balance sheet includes estimated contingent consideration of $1.9 million related to the potential earnout payment. The final purchase price allocation will be determined once the Company has completed its final valuations. Changes in the fair value of the contingent consideration subsequent to the purchase price finalization will be recorded through the statement of operations. Following the GetSmarter Acquisition, 2U owns all of the outstanding equity interests of GetSmarter.

For the purpose of preparing the accompanying unaudited pro forma combined consolidated balance sheet as of June 30, 2017, the preliminary estimate of the purchase price allocation to the acquired assets and liabilities is as follows (amounts in thousands):

Total cash consideration		$ 98,690
Recognized amounts of identifiable assets acquired and liabilities assumed		
Current Assets	$ 4,353	
Property and equipment, net	479	
Accounts payable	(2,618)	
Accrued compensation and related benefits	(1,531)	
Accrued expenses and other liabilities	(1,869)	
Deferred tax liability	(12,288)	
Contingent consideration	(1,900)	
Deferred revenue	(1,800)	
Short term borrowings	(1,531)	
Fair value of tangible assets acquired and liabilities assumed		(18,705)
Acquired university partnerships/contracts	$ 25,000	
Acquired developed course content	7,700	
Acquired developed technology / software / learning platforms / patents	3,000	
Acquired trade name / trademarks / domain names	9,100	
Identifiable amortizable intangible assets at fair value		44,800
Fair value of net assets acquired, excluding goodwill		26,095
Total goodwill		$ 72,595

The goodwill balance is primarily attributed to the assembled workforce, expanded market opportunities and cost and other operating synergies anticipated upon the integration of the operations of 2U and GetSmarter.

Note 2 — Unaudited Pro Forma Combined Consolidated Balance Sheet Adjustments

Purchase Accounting Pro Forma Adjustments:

a) Reflects $98.7 million, which represents the cash portion of the purchase price paid and to adjust the remaining restricted cash balance related to the post closing directed payments to cash and cash equivalents.
b) Reflects the adjustment to eliminate the related party loans GetSmarter had outstanding as of June 30, 2017 which were settled as part of the GetSmarter Acquistion.
c) Reflects the adjustments to record the fair value of GetSmarter's amortizable intangible assets acquired in the amount of $44.8 million.
d) Reflects the preliminary estimate of goodwill which represents excess of purchase consideration over the estimated fair value of the net tangible and amortizable intangible assets acquired.
e) Reflects an adjustment to eliminate historical deferred taxes and to record a deferred tax liability related to the recording of intangible assets at fair value associated with the acquisition of GetSmarter.
f) Reflects the adjustments to record 2U's obligation for post closing directed payments.
g) Reflects the adjustment to record the fair value of GetSmarter's deferred revenue.
h) Reflects the adjustment to record the estimated preliminary fair value of the contingent consideration.
i) Reflects adjustments to eliminate GetSmarter's historical shareholders' equity, which represent the historical book value of GetSmarter's net assets, as a result of the application of purchase accounting.

Note 3 — Unaudited Pro Forma Combined Consolidated Statements of Operations Adjustments

Purchase Accounting Pro Forma Adjustments:

a) Reflects an adjustment for the year ended December 31, 2016 and the six months ended June 30, 2017, for amortization expense related to the fair value of identified intangible assets with definite lives. The fair values of acquired intangible assets are $25.0 million for university partnerships, $7.7 million for internally developed course content, $3.0 million for developed technology and $9.1 million for trade names. Amortization of the aforementioned intangible assets has been included in the historic results starting on the acquisition date. Since the pro forma results of operations require the transaction to be reflected as if it occurred on January 1, 2016, a pro forma adjustment has been recorded to account for the incremental amortization.

The intangible assets are amortized on a straight-line basis over the useful lives of the assets. The following table shows the preliminary amortization amount of each intangible asset:

	Estimated average useful life (years)	Estimated fair value	Year ended 12/31/16	Six months ended 6/30/17
Finite-lived intangible assets:				
University partnerships/contracts	9	$ 25,000	$ 2,778	$ 1,389
Developed course content	4	7,700	1,925	963
Developed technology / software / learning platforms / patents	3	3,000	1,000	500
Trade name / trademarks / domain names	10	9,100	910	455
Total		$ 44,800	$ 6,613	$ 3,307
Less: GetSmarter Historical amortization expense			(74)	(78)
		Pro forma amortization adjustment (incremental)	**$ 6,539**	**$ 3,229**
		Technology and content development	2,851	1,385
		Marketing and sales	3,688	1,844

b) Reflects an adjustment to record total stock compensation charges, related to restricted stock units granted by 2U to certain Getsmarter employees and officers, of $2.3 million and $2.3 million, for the year ended December 31, 2016, and the six months ended June 30, 2017, respectively, for awards granted to GetSmarter employees subject to future service requirements. The compensation expense is expected to be recorded as follows within the respective expense lines:

	Year ended 12/31/16	Six months ended 6/30/17
Servicing and support	$ 253	$ 232
Technology and content development	450	436
Marketing and sales	226	219
General and administrative	1,415	1,364
	$ 2,344	$ 2,251

c) Reflects an adjustment to remove the impact of transactions expenses of $80,000, and $1.0 million for the year ended December 31, 2016 and the six months ended June 30, 2017, respectively, incurred related to the GetSmarter acquisition.

d) Reflects pro forma adjustments to income tax expense for the year ended December 31, 2016 and the six months ended June 30, 2017, respectively, to reflect the tax effect of the purchase accounting adjustments. The statutory rate of 28% for South Africa is being utilized to tax effect the appropriate adjustments.