UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-33883

K12 Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**95-4774688** (IRS Employer Identification No.)
2300 Corporate Park Drive **Herndon, VA** (Address of principal executive offices)	**20171** (Zip Code)

(703) 483-7000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of January 28, 2013, the Registrant had 37,102,938 shares of common stock, $0.0001 par value per share outstanding.

K12 Inc.
Form 10-Q
For the Quarterly Period Ended December 31, 2012
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PART I — FINANCIAL INFORMATION

Item 1. ***Financial Statements (Unaudited).***

K12 INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2012	June 30, 2012
	(In thousands, except share and per share data)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 143,192	$ 144,652
Restricted cash and cash equivalents	—	1,501
Accounts receivable, net of allowance of $2,970 and $1,624 at December 31, 2012 and June 30, 2012, respectively	223,312	160,922
Inventories, net	29,470	37,853
Current portion of deferred tax asset	12,363	16,140
Prepaid expenses	19,833	11,173
Other current assets	16,000	14,598
Total current assets	444,170	386,839
Property and equipment, net	63,134	55,903
Capitalized software, net	39,639	34,709
Capitalized curriculum development costs, net	62,926	60,345
Intangible assets, net	34,437	36,736
Goodwill	61,501	61,619
Investment in Web International	10,000	10,000
Deposits and other assets	2,902	2,684
Total assets	$ 718,709	$ 648,835
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND EQUITY		
Current liabilities		
Accounts payable	$ 20,121	$ 23,951
Accrued liabilities	22,218	13,802
Accrued compensation and benefits	13,296	17,355
Deferred revenue	59,249	25,410
Current portion of capital lease obligations	19,799	15,950
Current portion of note payable	1,138	1,145
Total current liabilities	135,821	97,613
Deferred rent, net of current portion	8,679	6,974
Capital lease obligations, net of current portion	20,619	15,124
Note payable, net of current portion	—	777
Deferred tax liability	34,764	31,591
Other long term liabilities	2,146	1,908
Total liabilities	202,029	153,987
Commitments and contingencies	—	—
Redeemable noncontrolling interest	17,200	17,200
Equity:		
K12 Inc. stockholders' equity		
Common stock, par value $0.0001; 100,000,000 shares authorized; 36,872,800 and 36,436,933 shares issued and outstanding at December 31, 2012 and June 30, 2012, respectively	4	4
Additional paid-in capital	527,574	519,439
Series A Special Stock, par value $0.0001; 2,750,000 shares authorized, issued and outstanding at December 31, 2012 and June 30, 2012	63,112	63,112
Accumulated other comprehensive (loss) income	(50)	100
Accumulated deficit	(95,293)	(109,161)
Total K12 Inc. stockholders' equity	495,347	473,494
Noncontrolling interest	4,133	4,154
Total equity	499,480	477,648
Total liabilities, redeemable noncontrolling interest and equity	$ 718,709	$ 648,835

See accompanying notes to unaudited condensed consolidated financial statements.

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K12 INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
	(In thousands, except share and per share data)			
Revenues	$ 206,028	$ 166,500	$ 427,124	$ 359,830
Cost and expenses				
Instructional costs and services	122,799	98,909	241,446	200,016
Selling, administrative, and other operating expenses	61,379	52,925	150,998	130,656
Product development expenses	5,578	7,574	9,746	13,798
Total costs and expenses	189,756	159,408	402,190	344,470
Income from operations	16,272	7,092	24,934	15,360
Interest expense, net	(272)	(236)	(501)	(457)
Income before income tax expense and noncontrolling interest	16,000	6,856	24,433	14,903
Income tax expense	(6,680)	(2,976)	(10,569)	(6,673)
Net income	9,320	3,880	13,864	8,230
Adjust net loss attributable to noncontrolling interest	191	285	4	536
Net income attributable to common stockholders, including Series A stockholders	$ 9,511	$ 4,165	$ 13,868	$ 8,766
Net income attributable to common stockholders per share, excluding Series A stockholders:				
Basic	$ 0.24	$ 0.11	$ 0.36	$ 0.23
Diluted	$ 0.24	$ 0.11	$ 0.36	$ 0.23
Weighted average shares used in computing per share amounts:				
Basic	36,118,519	35,755,685	36,073,885	35,692,761
Diluted	36,118,519	35,976,779	36,073,885	36,009,878

See accompanying notes to unaudited condensed consolidated financial statements.

K12 INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
		(In thousands)		
Net income	$ 9,320	$ 3,880	$ 13,864	$ 8,230
Other comprehensive income, net of tax				
Foreign currency translation adjustment	164	24	(150)	106
Total other comprehensive income, net of tax	9,484	3,904	13,714	8,336
Comprehensive (loss) income attributable to noncontrolling interest	191	285	4	536
Comprehensive income attributable to common stockholders, including Series A stockholders	$ 9,675	$ 4,189	$ 13,718	$ 8,872

See accompanying notes to unaudited condensed consolidated financial statements.

K12 INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF EQUITY (DEFICIT)

	K12 Inc Stockholders									
	Common Stock		Common Stock - Series A		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Noncontrolling		
(In thousands, except share data)	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Deficit	Interest	Total
Balance, June 30, 2012	36,436,933	$ 4	2,750,000	$ 63,112	$ 519,439	$ 100	$ (109,161)	$ 4,154	$ 477,648
Net income (loss) (1)							13,868	(21)	13,847
Other comprehensive loss						(150)			(150)
Stock based compensation expense					5,780				5,780
Exercise of stock options	69,989	—			607				607
Excess tax benefit from stock-based compensation					2,532				2,532
Issuance of restricted stock awards	404,073	—							—
Accretion of redeemable noncontrolling interests to estimated redemption value					17				17
Retirement of restricted stock for tax withholding	(38,195)	—	—	—	(801)	—	—	—	(801)
Balance, December 31, 2012	36,872,800	$ 4	2,750,000	$ 63,112	$ 527,574	$ (50)	$ (95,293)	$ 4,133	$ 499,480

(1) Net income (loss) attributable to noncontrolling interests excludes $0.1 million due to the redeemable noncontrolling interest related to Middlebury Interactive Languages , which is reported outside of permanent equity in the accompanying unaudited condensed consolidated balance sheets.

See accompanying notes to unaudited condensed consolidated financial statements.

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K12 INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended December 31, 2012	2011
	(In thousands)	
Cash flows from operating activities		
Net income	$ 13,864	$ 8,230
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	31,894	27,668
Stock based compensation expense	5,780	4,724
Excess tax benefit from stock based compensation	(2,532)	(1,232)
Deferred income taxes	9,482	6,433
Provision for doubtful accounts	784	329
Provision for inventory obsolescence	200	9
Provision for student computer shrinkage and obsolescence	502	393
Changes in assets and liabilities:		
Accounts receivable	(63,338)	(100,765)
Inventories	8,183	10,341
Prepaid expenses	(8,630)	(3,400)
Other current assets	(1,402)	(5,199)
Deposits and other assets	(217)	151
Accounts payable	(3,838)	(928)
Accrued liabilities	8,403	2,885
Accrued compensation and benefits	(4,058)	575
Deferred revenue	33,529	29,906
Release of restricted cash	1,501	—
Deferred rent and other long term liabilities	1,945	413
Net cash provided by (used in) operating activities	32,052	(19,467)
Cash flows from investing activities		
Purchase of property and equipment	(4,524)	(6,276)
Capitalized software development costs	(11,633)	(8,626)
Capitalized curriculum development costs	(9,628)	(6,469)
Purchase of acquired entity	—	(12,641)
Net cash used in investing activities	(25,785)	(34,012)
Cash flows from financing activities		
Repayments on capital lease obligations	(9,851)	(7,884)
Repayments on note payable	(785)	(1,069)
Proceeds from exercise of stock options	607	2,760
Excess tax benefit from stock based compensation	2,532	1,232
Repurchase of restricted stock for income tax withholding	(801)	(580)
Payment of stock registration expense	—	(313)
Net cash used in financing activities	(8,298)	(5,854)
Effect of foreign exchange rate changes on cash and cash equivalents	571	106
Net change in cash and cash equivalents	(1,460)	(59,227)
Cash and cash equivalents, beginning of period	144,652	193,099
Cash and cash equivalents, end of period	$ 143,192	$ 133,872

See accompanying notes to unaudited condensed consolidated financial statements.

K12 Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

1. Description of the Business

K12 Inc. and its subsidiaries ("K[12]" or the "Company") is a technology-based education company. The Company offers proprietary curriculum, software systems and educational services designed to facilitate individualized learning for students primarily in kindergarten through 12th grade, ("K-12"). The Company's mission is to maximize a child's potential by providing access to an engaging and effective education, regardless of geographic location or socio-economic background. Since the Company's inception, the Company has invested approximately $330 million to develop and to a lesser extent, acquire curriculum and online learning platforms that promote mastery of core concepts and skills for students of all abilities. This learning system combines the Company's curriculum and offerings with an individualized learning approach well-suited for virtual and blended public schools, school district online programs, public charter schools and private schools that utilize varying degrees of online and traditional classroom instruction, and other educational applications. In contracting with a virtual or blended public school, the Company typically provides students with access to the K [12] online curriculum, offline learning kits and the use of a personal computer in certain cases, in addition to providing management services. The Company provides management services to public schools in 33 states and the District of Columbia.

In addition, the Company works closely with a growing number of public schools, school districts, private schools and public charter schools enabling them to offer their students an array of solutions, including full-time virtual programs, semester course and supplemental solutions. In addition to curriculum, systems and programs, the Company provides teacher training, teaching services and other support services.

2. Basis of Presentation

The accompanying condensed consolidated balance sheet as of December 31, 2012, the condensed consolidated statements of operations for the three and six months ended December 31, 2012 and 2011, the condensed consolidated statements of cash flows for the six months ended December 31, 2012 and 2011, the condensed consolidated statement of comprehensive income (loss) and the condensed consolidated statement of equity (deficit) for the six months ended December 31, 2012 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position as of December 31, 2012, the results of operations for the three and six months ended December 31, 2012 and 2011, cash flows for the six months ended December 31, 2012 and 2011, the condensed consolidated statements of comprehensive income (loss) for the three and six months ended December 31, 2012 and 2011, and the condensed consolidated statement of equity (deficit) for the six months ended December 31, 2012. The results of the three and six month periods ended December 31, 2012 are not necessarily indicative of the results to be expected for the year ending June 30, 2013 or for any other interim period or for any other future fiscal year. The consolidated balance sheet as of June 30, 2012 has been derived from the audited consolidated financial statements at that date.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, these statements include all adjustments (consisting of normal recurring adjustments) considered necessary to present a fair statement of the Company's condensed consolidated results of operations, financial position and cash flows. Preparation of the Company's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and footnotes. Actual results could differ from those estimates. This quarterly report on Form 10-Q should be read in conjunction with the financial statements and the notes thereto included in the Company's annual report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on September 12, 2012, which contains the Company's audited financial statements for the fiscal year ended June 30, 2012.

The Company operates in one operating and reportable business segment as a technology based education company providing proprietary curriculum, software systems and educational services designed to facilitate individualized learning for students primarily in kindergarten through 12th grade. The Chief Operating Decision Maker evaluates profitability based on consolidated results.

3. Summary of Significant Accounting Policies

Revenue Recognition

Revenues are principally earned from long-term contractual agreements to provide online curriculum, books, materials, computers and management services to virtual and blended public schools, traditional schools, school districts, public charter schools, and private schools. In addition to providing the curriculum, books and materials, under its contracts, the Company provides management services to virtual and blended public schools, including monitoring academic achievement, recommendations related to teacher hiring and training and compensation of school personnel, financial management, enrollment processing and procurement of curriculum, equipment and required services. The schools receive funding on a per student basis from the state in which the public school or school district is located. Shipments for schools that occur in the fourth fiscal quarter and for the upcoming school year are recorded in deferred revenues.

Where the Company has determined that it is the primary obligor for substantially all expenses under these contracts, the Company records the associated per student revenue received by the school from its state funding school district up to the expenses incurred in accordance with Accounting Standards Codification ("ASC") 605, *Revenue Recognition*. For contracts where the Company is not the primary obligor, the Company records revenue based on its net fees earned under the contractual agreement.

The Company generates revenues under contracts with virtual and blended public schools which include multiple elements. These elements include providing each school's students with access to the Company's online school and the component of lessons; offline learning kits, which include books and materials to supplement the online lessons; in certain cases may include the use of a personal computer and associated reclamation services; internet access and technology support services; the services of a state-certified teacher; and management and technology services required to operate a virtual public or blended school. In certain managed school contracts, revenue is determined directly by per enrollment funding. Revenue is generally recognized ratably over the period services are performed except for revenue on materials that is recognized upon shipment to students and the costs of materials are expensed.

The Company has determined that the elements of its contracts are valuable to schools in combination, but do not have standalone value. As a result, the elements within the Company's multiple-element contracts do not qualify for separate units of accounting. Accordingly, the Company accounts for revenues under multiple element arrangements as a single unit of accounting and recognizes the entire arrangement based upon the approximate rate at which it incurs the costs associated with each element.

Under the contracts where the Company provides turnkey management services to schools, the Company has generally agreed to absorb any operating losses of the schools. These school operating losses represent the excess of costs incurred over revenues earned by the virtual or blended public school as reflected on its respective financial statements, including Company charges to the schools. A school operating loss in one year does not necessarily mean the Company anticipates losing money on the entire contract with the school. However, a school operating loss may reduce the Company's ability to collect its fees in full and recognized revenues are reduced accordingly to reflect the expected cash collections from such schools. The Company amortizes the estimated school operating loss against its management fees based upon the percentage of actual revenues in the period to total estimated revenues for the fiscal year. Management periodically reviews its estimates of full year school revenues and operating expenses and amortizes the net impact of any changes to these estimates over the remainder of the fiscal year. Actual school operating losses may vary from these estimates or revisions, and the impact of these differences could have a material impact on results of operations. Since the end of the school year coincides with the end of the Company's fiscal year, annual revenues are generally based on actual school revenues and actual costs incurred in the calculation of school operating losses.

The Company provides certain online curriculum and services to schools and school districts under subscription and perpetual license agreements. Revenue under these agreements is recognized in accordance with ASC 605 when all of the following conditions are met: there is persuasive evidence of an arrangement; delivery has occurred or services have been rendered; the amount of fees to be paid by the customer is fixed and determinable; and the collectability of the fee is probable. Revenue from the licensing of curriculum under subscription arrangements is recognized on a ratable basis over the subscription period. Revenue from the licensing of curriculum under non-cancelable perpetual arrangements is recognized when all revenue recognition criteria have been met. Revenue from professional consulting, training and support services are deferred and recognized ratably over the service period.

Other revenues are generated from individual customers who prepay and have access for 12 to 24 months to Company-provided online curriculum. The Company recognizes these revenues pro rata over the maximum term of the customer contract. Revenues from associated offline learning kits are recognized upon shipment.

During the three months ended December 31, 2012, the Company had contracts with two schools that represented approximately 14% and 11% of revenues. During the three months ended December 31, 2011, the Company had contracts with two schools that each represented approximately 8% of revenues. The percentage of revenues for these two schools is not indicative of the percentage of revenues for the full year. Approximately 8% and 11% of accounts receivable was attributable to a contract with one school as of December 31, 2012 and June 30, 2012, respectively. During the six months ended December 31, 2012, the Company had contracts with two schools that represented approximately 14% and 10% of revenues. During the six months ended December 31, 2011, the Company had contracts with two schools that each represented approximately 8% of revenues.

Reclassifications

The Company has reclassified certain prior year enrollment related costs from instructional costs and services to selling administrative and other operating expenses to conform to the current year presentation. There was no effect on total costs and expenses, income from operations or net income from such reclassification.

Consolidation

The condensed consolidated financial statements include the accounts of the Company, its wholly-owned and affiliated companies that the Company owns, directly or indirectly, and all controlled subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Inventories

Inventories consist primarily of textbooks and curriculum materials, a majority of which are supplied to virtual public schools and blended public schools and utilized directly by students. Inventories represent items that are purchased and held for sale and are recorded at the lower of cost (first-in, first-out method) or market value. Excess and obsolete inventory reserves are established based upon the evaluation of the quantity on hand relative to demand. The excess and obsolete inventory reserve was $4.7 million and $4.5 million at December 31, 2012 and June 30, 2012, respectively

Other Current Assets

Other current assets consist primarily of textbooks, curriculum materials and other supplies which are expected to be returned upon the completion of the school year. Materials not returned are expensed as part of instructional costs and services.

Property and Equipment

Property, equipment and capitalized software development costs are stated at cost less accumulated depreciation and amortization. Depreciation expense is calculated using the straight-line method over the estimated useful life of the asset (or the lesser of the term of the lease and the estimated useful life of the asset under capital lease). Amortization of assets capitalized under capital lease arrangements is included in depreciation expense. Leasehold improvements are amortized over the lesser of the lease term or the estimated useful life of the asset. The Company determines the lease term in accordance with ASC 840, *Leases*, as the fixed non-cancelable term of the lease plus all periods for which failure to renew the lease imposes a penalty on the lessee in an amount such that renewal appears, at the inception of the lease, to be reasonably assured. Property and equipment are depreciated over the following useful lives:

	Useful Life
Student computers	3 years
Computer hardware	3 years
Computer software	3-5 years
Web site development costs	3 years
Office equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	3-12 years

Capitalized Software

The Company develops software for internal use. Software development costs incurred during the application development stage are capitalized in accordance with ASC 350, *Intangibles — Goodwill and Other*. The Company amortizes these costs over the estimated useful life of the software, which is generally three years. Capitalized software development costs are stated at cost less accumulated amortization.

Capitalized software development additions totaled $11.6 million and $8.6 million for the six months ended December 31, 2012 and 2011, respectively. Amortization expense for the three months ended December 31, 2012 and 2011 was $3.4 million and $3.1 million, respectively. Amortization expense for the six months ended December 31, 2012 and 2011 was $6.7 million and $5.8 million, respectively.

Capitalized Curriculum Development Costs

The Company internally develops its own curriculum, which is primarily provided as online content and accessed via the Internet. The Company also creates textbooks and other materials that are complementary to online content.

The Company capitalizes curriculum development costs incurred during the development stage in accordance with ASC 350. The Company capitalizes curriculum development costs during the design and deployment phases of the project. Many of the Company’s new courses leverage off of proven delivery platforms and are primarily content, which has no technological hurdles. As a result, a significant portion of the Company’s courseware development costs qualify for capitalization due to the concentration of its development efforts on the content of the courseware. Capitalization ends when a course is available for general release to its customers, at which time amortization of the capitalized costs begins. The period of time over which these development costs will be amortized is generally five years.

Total capitalized curriculum development additions were $9.6 million and $6.5 million for the six months ended December 31, 2012 and 2011, respectively. These amounts are recorded on the accompanying consolidated balance sheet net of amortization charges. Amortization is recorded in product development expenses on the accompanying condensed consolidated statements of operations. Amortization expense for the three months ended December 31, 2012 and 2011 was $3.6 million and $3.1 million, respectively. Amortization expense for the six months ended December 31, 2012 and 2011 was $7.1 million and $6.0 million, respectively.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*. Under ASC 740, deferred tax assets and liabilities are computed based on the difference between the financial reporting and income tax bases of assets and liabilities using the enacted marginal tax rate. ASC 740 requires that the net deferred tax asset be reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the net deferred tax asset will not be realized.

Series A Special Stock

The Company issued 2,750,000 shares of Series A Special Stock in connection with an acquisition. The holders of the Series A Special Stock have the right to convert those shares into common stock on a one-for-one basis and the right to vote on all matters presented to K12 stockholders, other than for the election and removal of directors, for which holders of the Series A Special Stock have no voting rights.

Noncontrolling Interest

Earnings or losses attributable to other stockholders of a consolidated affiliated company are classified separately as "noncontrolling interest" in the Company's condensed consolidated statements of operations. Net income attributable to noncontrolling interest reflects only the Company's share of the after-tax earnings or losses of an affiliated company. Income taxes attributable to noncontrolling interest are determined using the applicable statutory tax rates in the jurisdictions where such operations are conducted. These rates vary from country to country. The Company's condensed consolidated balance sheets reflect noncontrolling interest within the equity section of the condensed consolidated balance sheets rather than in the mezzanine section of the condensed consolidated balance sheets, except for redeemable noncontrolling interest. Noncontrolling interest is classified separately in the Company's condensed consolidated statement of equity (deficit).

Redeemable Noncontrolling Interests

Noncontrolling interests in subsidiaries that are redeemable outside of the Company's control for cash or other assets are classified outside of permanent equity at redeemable value which approximates fair value. The redeemable noncontrolling interests will be adjusted to their fair value at each balance sheet date. The resulting increases or decreases in the estimated redemption amount are affected by corresponding charges against retained earnings, or in the absence of retained earnings, additional paid-in-capital.

Goodwill and Intangible Assets

The Company records as goodwill the excess of purchase price over the fair value of the identifiable net assets acquired. Finite-lived intangible assets acquired in business combinations subject to amortization are recorded at their fair value. Finite-lived intangible assets include trade names, customer and distributor relationships and developed technology. Such intangible assets are amortized on a straight-line basis over their estimated useful lives. Amortization expense for the three months ended December 31, 2012 and 2011 was $1.1 million and $0.9 million, respectively. Amortization expense for the six months ended December 31, 2012 and 2011 was $2.3 million and $1.8 million, respectively. Future amortization of intangible assets is $2.3 million, $3.1 million, $3.1 million, $3.0 million and $2.4 million in the fiscal years ending June 30, 2013 through June 30, 2017, respectively, and $20.4 million thereafter. As of December 31, 2012 and June 30, 2012, goodwill balances were recorded at $61.5 million and $61.6 million, respectively.

The Company reviews its recorded finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between fair value and the carrying value of the asset.

ASC 350 prescribes a process for impairment testing of goodwill and intangibles with indefinite lives, which is performed annually, as well as when an event triggering impairment may have occurred. Goodwill and intangible assets deemed to have an indefinite life are tested for impairment on an annual basis, or earlier when events or changes in circumstances suggest the carrying amount may not be fully recoverable. The Company has elected to perform its annual assessment on May 31st of each year.

During the first six months of fiscal year 2013, the Company's goodwill decreased by approximately $0.1 million due to adjustments made related to the acquisition of certain K-12 assets and Insight School management contracts of Kaplan Virtual Education ("KVE"), a subsidiary of Kaplan Inc. (the "Kaplan/Insight Assets") (see Note 10) in connection with the finalization of the purchase price allocation.

The following table represents goodwill additions during the six months ended December 31, 2012:

Rollforward of Goodwill	**Amount**
	($ in millions)
Balance as of June 30, 2012	$ 61.6
Adjustments due to KVE and other foreign exchange translations	(0.1)
Balance as of December 31, 2012	$ 61.5

The following table represents the balance of intangible assets as of December 31 and June 30, 2012:

Intangible Assets

($ in millions)	December 31, 2012 Gross Carrying Amount	December 31, 2012 Accumulated Amortization	December 31, 2012 Net Carrying Value	June 30, 2012 Gross Carrying Amount	June 30, 2012 Accumulated Amortization	June 30, 2012 Net Carrying Value
Trade names	$ 24.0	$ (3.8)	$ 20.2	$ 24.0	$ (3.1)	$ 20.9
Customer and distributor relationships	18.9	(5.4)	13.5	18.9	(4.0)	14.9
Developed technology	1.5	(1.1)	0.4	1.5	(0.9)	0.6
Other	0.5	(0.2)	0.3	0.5	(0.2)	0.3
	$ 44.9	$ (10.5)	$ 34.4	$ 44.9	$ (8.2)	$ 36.7

Impairment of Long-Lived Assets

Long-lived assets include property, equipment, capitalized curriculum and software developed or obtained for internal use. In accordance with ASC 360, the Company reviews its recorded long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between fair value and the carrying value of the asset. There was no impairment charge for the period ended December 31, 2012.

Fair Value Measurements

ASC 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1: Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

The carrying values reflected in the accompanying condensed consolidated balance sheets for cash and cash equivalents, receivables, inventory and debt approximate their fair values.

The redeemable noncontrolling interest is a result of the Company's joint venture with Middlebury College to form Middlebury Interactive Languages. Under the agreement, Middlebury College has an irrevocable election to sell all (but not less than all) of its membership interest to the Company (put right). The fair value of the redeemable noncontrolling interest reflects management's best estimate of the redemption of the put right.

The following table summarizes certain information at December 31, 2012 for assets and liabilities measured at fair value on a recurring basis:

		Fair Value Measurements Using:		
Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)		
Redeemable Noncontrolling Interest in Middlebury Joint Venture	$ 17,200	$ —	$ —	$ 17,200
Investment in Web International Education Group, Ltd	10,000	—	—	10,000
Total	$ 27,200	$ —	$ —	$ 27,200

The following table summarizes certain information at June 30, 2012 for assets and liabilities measured at fair value on a recurring basis:

		Fair Value Measurements Using:		
Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)		
Redeemable Noncontrolling Interest in Middlebury Joint Venture	$ 17,200	$ —	$ —	$ 17,200
Investment in Web International Education Group, Ltd	10,000	—	—	10,000
Total	$ 27,200	$ —	$ —	$ 27,200

The following table presents activity related to the Company's fair value measurements categorized as Level 3 of the valuation hierarchy, valued on a recurring basis:

	Six Months Ended December 31, 2012			
Description	Fair Value June 30, 2012	Purchases, Issuances, and Settlements	Unrealized Gains/(Losses)	Fair Value December 31, 2012
		(In thousands)		
Redeemable Noncontrolling Interest in Middlebury Joint Venture	$ 17,200	$ —	$ —	$ 17,200
Investment in Web International Education Group, Ltd	10,000	—	—	10,000
Total	$ 27,200	$ —	$ —	$ 27,200

The fair value of the investment in Web International Education Group, Ltd. ("Web") as of December 31, 2012 was estimated to be $10.0 million. The fair value was measured based on the initial cost of the investment and Web's operating performance since the initial investment as U.S. GAAP financial statements for Web are not available to more definitively determine fair value; there was no underlying change in its estimated market value. There have been no transfers in or out of Level 3 of the hierarchy for the period presented.

The fair value of the redeemable noncontrolling interest in the Middlebury Joint Venture was measured in accordance with ASC 480, *Distinguishing Liabilities from Equity*, and was based upon a valuation from a third-party valuation firm as of June 30, 2012. As of December 31, 2012, the Company performed an internal analysis and determined there was no underlying change in the estimated fair market value. This analysis incorporated a number of assumptions and estimates including the financial results of the joint venture to date.

Net Income Per Common Share

The Company calculates net income per share in accordance with ASC 260, *Earnings Per Share*. Under ASC 260, basic net income per common share is calculated by dividing net income by the weighted-average number of common shares outstanding during the reporting period. The weighted average number of shares of common stock outstanding includes vested restricted stock awards. Diluted earnings per share ("EPS") reflects the potential dilution that could occur assuming conversion or exercise of all dilutive unexercised stock options. The dilutive effect of stock options and restricted stock awards was determined using the treasury stock method. Under the treasury stock method, the proceeds received from the exercise of stock options and restricted stock awards, the amount of compensation cost for future service not yet recognized by the Company and the amount of tax benefits that would be recorded in additional paid-in capital when the stock options become deductible for income tax purposes are all assumed to be used to repurchase shares of the Company's common stock. Stock options and restricted awards are not included in the computation of diluted EPS when they are antidilutive. Common stock outstanding reflected in the Company's consolidated balance sheet includes restricted awards outstanding. Securities that may participate in undistributed earnings with common stock are considered participating securities. Since the shares of Series A Special stock participate in all dividends and distributions declared or paid with respect to common stock of the Company (as if a holder of common stock), the shares of Series A Special stock meet the definition of a participating security under ASC 260. All securities that meet the definition of a participating security, regardless of whether the securities are convertible, non-convertible or potential common stock securities, are included in the computation of both basic and diluted EPS (as a reduction of the numerator) using the two-class method. Under the two-class method, all undistributed earnings in a period are to be allocated to common stock and participating securities to the extent that each security may share in earnings as if all of the earnings for the period had been distributed.

The following schedule presents the calculation of basic and diluted net income per share:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
	(In thousands except shares and per share data)			
Basic earnings per share computation:				
Net income — K12	$ 9,511	$ 4,165	$ 13,868	$ 8,766
Amount allocated to participating Series A stockholders	$ (675)	$ (297)	$ (984)	$ (627)
Income available to common stockholders — basic	$ 8,836	$ 3,868	$ 12,884	$ 8,139
Weighted average common shares — basic	36,118,519	35,755,685	36,073,885	35,692,761
Basic net income per share	$ 0.24	$ 0.11	$ 0.36	$ 0.23
Dilutive earnings per share computation:				
Net income — K12	$ 9,511	$ 4,165	$ 13,868	$ 8,766
Amount allocated to participating Series A stockholders	$ (675)	$ (297)	$ (984)	$ (627)
Income available to common stockholders — diluted	$ 8,836	$ 3,868	$ 12,884	$ 8,139
Share computation:				
Weighted average common shares — basic	36,118,519	35,755,685	36,073,885	35,692,761
Effect of dilutive stock options and restricted stock awards	—	221,094	—	317,117
Weighted average common shares outstanding — diluted	36,118,519	35,976,779	36,073,885	36,009,878
Diluted net income per share	$ 0.24	$ 0.11	$ 0.36	$ 0.23

Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board (the "FASB") issued ASU 2011-05, *Presentation of Comprehensive Income*, which provides authoritative guidance on disclosure requirements for comprehensive income. This accounting update eliminated the option to present the components of other comprehensive income as part of the statement of stockholders' equity. Instead, the Company must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. This guidance became effective for the Company beginning on July 1, 2012. The standard has been adopted and the presentation of comprehensive income (loss) has changed.

In July 2012, the FASB issued ASU 2012-02, *Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment,* which provides authoritative guidance on application of the impairment model for indefinite-lived intangible assets. This accounting update permits an entity to assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that indefinite-lived intangible assets are impaired as part of its annual assessment. This guidance became effective for the Company beginning on July 1, 2012. The adoption of this standard did not have a material impact on its financial condition, results of operations or disclosures.

4. Income Taxes

The provision for income taxes is based on earnings reported in the condensed consolidated financial statements. A deferred income tax asset or liability is determined by applying currently enacted tax laws and rates to the expected reversal of the cumulative temporary differences between the carrying value of assets and liabilities for financial statement and income tax purposes. Deferred income tax expense or benefit is measured by the change in the deferred income tax asset or liability during the period. For the three months ended December 31, 2012 and 2011, the Company's effective income tax rate was 41.8% and 43.4%, respectively. For the six months ended December 31, 2012 and 2011, the Company's effective tax rate was 43.3% and 44.8%, respectively. The effective income tax rate differs from the statutory federal income tax rate of 35% primarily due to state income taxes, the impact of foreign operations, noncontrolling interests and certain expenses not deductible for income tax purposes.

5. Long-term Obligations

Capital Leases

The Company incurs capital lease obligations for student computers under a lease line of credit with PNC Equipment Finance, LLC with annual lease availability limits. The current annual availability of $35 million expires in August 2013. As of December 31, 2012, the aggregate outstanding balance under the lease line of credit was $40.4 million. Borrowings bore interest at rates ranging from 2.62% to 4.96% and included a 36-month payment term with a $1 purchase option at the end of the term. The Company has pledged the assets financed to secure the outstanding leases. The lease line of credit is subject to cross default compliance provisions in the Company's line of credit agreement. The Company may extend its lease line of credit for additional periods, or consider alternative arrangements for financing student computers.

As of December 31, 2012 and June 30, 2012, computer equipment under capital lease was recorded at a cost of $101.1 million and $81.9 million, respectively, with accumulated depreciation of $64.6 million and $54.4 million, respectively. The net carrying value of leased student computers as of December 31, 2012 and June 30, 2012 was $36.5 million and $27.5 million, respectively.

Note Payable

The Company has purchased computer software licenses and maintenance services through an unsecured note payable arrangement with a vendor at 2.8% interest rate and a payment term of three years. There are no covenants associated with this note payable arrangement. The balance of the note payable at December 31 and June 30, 2012 was $1.1 million and $1.9 million, respectively.

The following is a summary as of December 31, 2012 of the present value of the net minimum payments due on outstanding capital leases and the note payable under the Company's commitments:

December 31,	Capital Leases	Note Payable	Total
		($ in thousands)	
2013	$ 20,580	$ 1,162	$ 21,742
2014	15,075	—	15,075
2015	6,121	—	6,121
Thereafter	—	—	—
Total minimum payments	41,776	1,162	42,938
Less amount representing interest (imputed weighted average capital lease interest rate of 2.9%)	(1,358)	(24)	(1,382)
Net minimum payments	40,418	1,138	41,556
Less current portion	(19,799)	(1,138)	(20,937)
Present value of minimum payments, less current portion	$ 20,619	$ —	$ 20,619

6. Line of Credit

The Company has a $35.0 million unsecured line of credit that expires December 31, 2013 with PNC Bank, N.A., or PNC, for general corporate operating purposes. In December 2012, the Credit Agreement was amended to extend the maturity date until December 2013 and to release liens that had previously secured the facility. Interest is charged, at the Company's option, either at: (i) the higher of (a) the rate of interest announced by PNC from time to time as its "prime rate", (b) the federal funds open rate plus 0.5% and (c) the Daily London Interbank Offered Rate (LIBOR) plus 1.0%; or (ii) the applicable London Interbank Offered Rate (LIBOR) divided by a number equal to 1.00, minus the maximum aggregate reserve requirement which is imposed on member banks of the Federal Reserve System against "Eurocurrency liabilities" plus 1.75%. The Credit Agreement includes a $5.0 million letter of credit facility. Issuance of letters of credit reduces the availability of permitted borrowings under the Credit Agreement.

The Credit Agreement contains a number of financial and other covenants that, among other things, restrict the Company's ability to incur additional indebtedness, grant liens or other security interests, make certain investments, become liable for contingent liabilities, make specified restricted payments, including dividends, dispose of assets or stock, including the stock of its subsidiaries, or make capital expenditures above specified limits and engage in other matters customarily restricted in senior credit facilities. The Company must not exceed a maximum debt leverage ratio or fall below a minimum fixed charge coverage ratio. These covenants are subject to certain qualifications and exceptions. As of December 31, 2012, the Company was in compliance with these covenants. As of December 31, 2012, no borrowings were outstanding on the line of credit and approximately $0.3 million was reserved for a letter of credit.

7. Stock Option Plan

Stock Options

Stock option activity during the six months ended December 31, 2012 was as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, June 30, 2012	2,949,940	$ 20.41	4.21	$ 36,916
Granted	222,009	21.30		
Exercised	(69,989)	8.64		
Forfeited or canceled	(322,790)	29.58		
Outstanding, December 31, 2012	2,779,170	$ 20.59	4.02	$ 8,254
Stock options exercisable at December 31, 2012	1,912,034	$ 18.20	3.51	$ 6,943

The aggregate intrinsic value of options exercised during the six months ended December 31, 2012 was $0.8 million. The weighted-average grant date fair value of options granted was $10.50 during the six months ended December 31, 2012.

As of December 31, 2012, there was $7.2 million of total unrecognized compensation expense related to unvested stock options granted. The cost is expected to be recognized over a weighted average period of 2.8 years. During the three months ended December 31, 2012 and December 31, 2011, the Company recognized $1.0 million and $1.1 million, respectively, of stock-based compensation expense related to stock options. During the six months ended December 31, 2012 and December 31, 2011, the Company recognized $2.1 million and $2.2 million, respectively, of stock-based compensation expense related to stock options.

Restricted Stock Awards

Restricted stock award activity during the six months ended December 31, 2012 was as follows:

	Shares	Weighted-Average Fair Value
Outstanding, June 30, 2012	591,637	$ 25.12
Granted	404,073	21.40
Vested	(136,325)	21.44
Forfeited or canceled	(12,697)	25.62
Outstanding, December 31, 2012	846,688	$ 23.57

As of December 31, 2012, there was $12.6 million of total unrecognized compensation expense related to unvested restricted stock awards granted. The cost is expected to be recognized over a weighted average period of 2.1 years. The total fair value of shares vested during the six months ended December 31, 2012 was $2.9 million. During the three months ended December 31, 2012 and December 31, 2011, the Company recognized $1.9 million and $1.4 million, respectively, of stock-based compensation expense related to restricted stock awards. During the six months ended December 31, 2012 and December 31, 2011, the Company recognized $3.7 million and $2.5 million, respectively, of stock-based compensation expense related to restricted stock awards.

8. Related Party Transactions

For the six months ended December 31, 2012, the Company purchased services in the amount of $0.1 million from Knowledge Universe Technologies ("KUT") pursuant to a Transition Services Agreement related to the Company's acquisition of KCDL, as well as other administrative services. KUT is an affiliate of Learning Group, LLC, a related party.

During fiscal year 2012, in accordance with the original terms of the joint venture agreement, the Company loaned $3.0 million to its 60% owned joint venture, Middlebury Interactive Languages. The loan is repayable under terms and conditions specified in the loan agreement. The loan balance and related interest are eliminated since Middlebury Interactive Languages is consolidated in the Company's financial statements; however, repayment of the loan is dependent on the continued liquidity of Middlebury Interactive Languages.

9. Commitments and Contingencies

Litigation

In the ordinary conduct of business, the Company is subject to lawsuits, arbitrations and administrative proceedings from time to time. The Company expenses legal costs as incurred.

IpLearn

On October 26, 2011, IpLearn, LLC ("IpLearn") filed a complaint for patent infringement against the Company in the United States District Court for the District of Delaware, *IpLearn, LLC v. K12 Inc.,* Case No. 1:11-1026-LPS, which it subsequently amended on November 18, 2011. IpLearn is a privately-held technology development and licensing company for web and computer-based learning technologies. In its complaint, IpLearn alleges that the Company has infringed three of its patents for various computer-aided learning methods and systems. On July 2, 2012, the Court granted the Company's motion to dismiss IpLearn's allegations of indirect patent infringement and allowed IpLearn's allegations of direct patent infringement to proceed. On January 15, 2013, the court approved a stay of IpLearn's claims alleging infringement of one of the three patents in the case involving technology licensed to K12 by a third party. The discovery process is currently in progress.

Hoppaugh Complaint and Related Matters

On January 30, 2012, a securities class-action lawsuit captioned *David Hoppaugh* et al. *v. K12 Inc.* et. al., was filed against the Company and two of its officers in the United States District Court for the Eastern District of Virginia, Case No. I:12-CV-00103-CMH-IDD. On May 18, 2012, the Court appointed the Arkansas Teacher Retirement System as lead plaintiff, and it filed an amended class action complaint (the "Amended Complaint") on June 22, 2012. The plaintiff purports to represent a class of persons who purchased or otherwise acquired K12 common stock between September 9, 2009 and December 16, 2011 (the "Class Period"), inclusive, and alleges violations by the defendants of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. The plaintiff alleges among other things that the defendants made false or misleading statements of material fact, or failed to disclose material facts, about (i) the Company's revenue and enrollment results during the Class Period, (ii) the academic performance of the virtual schools served by the Company, and (iii) certain school administrative practices and sales strategies related to enrollments. The plaintiff seeks unspecified compensatory damages and other relief. On September 18, 2012, the Court denied Defendants' motion on the pleadings to dismiss the action, and permitted the case to proceed to the next stage of litigation. The Company intends to continue to vigorously defend against the claims asserted in the Amended Complaint. Discovery is ongoing in this matter.

In addition to the above described stockholder class action, on March 21, 2012, a federal stockholder derivative action, *Jared Staal v. Andrew H. Tisch,* et. al., Case No. I:12-cv-00365-SLR, putatively initiated on behalf of the Company, was filed in the United States District Court for the District of Delaware. By stipulation, all matters in this derivative action have been stayed.

The Board of Directors received a stockholder demand letter, dated August 16, 2012, that asserted allegations against various directors, senior officers and employees of K12 similar to those made in the previously disclosed securities class action and derivative lawsuits. The stockholder requested that the Board investigate and pursue claims related to breach of fiduciary duty on behalf of the Company. The Board has formed a demand evaluation committee, which has retained counsel to assist with its review of the demand. The Board will take appropriate action based on the committee's recommendation. On October 19, 2012, the Board received a stockholder demand pursuant to 8 Del. C. § 220 (a "220 Demand") from Oakland County Employees' Retirement System to inspect certain categories of documents. The Board is considering the 220 Demand and will take appropriate action.

10. Investment and Acquisition

Investment in Web International Education Group, Ltd.(Web)

In January 2011, the Company invested $10.0 million to obtain a 20% minority interest in Web, a provider of English language learning centers in cities throughout China. The Company's option to purchase no less than 51% of Web has been extended to February 28, 2013 (from July 1, 2012) and the Company has the option to purchase all remaining equity interest of Web through December 31, 2015. The Company recorded its investment in Web as an available for sale debt security because of the ability to put the investment to other Web shareholders in return for the original $10.0 million investment plus interest. There has been no change to the fair value of the Web investment based on Web's financial performance since the initial investment and Web's ability to repay the investment plus interest with cash.

Acquisition of Kaplan/Insight Assets from Kaplan Virtual Education and Insight Schools, Inc.

On July 1, 2011, the Company acquired the Kaplan/Insight Assets for $12.6 million. The Kaplan/Insight Assets included contracts to serve nine virtual public charter schools throughout the United States that have been integrated into the Company's existing operations. The acquisition of the Kaplan/Insight Assets had an immaterial proforma impact on the results of operations for the three and six months ended December 31, 2011. The majority of the purchase price has been allocated to goodwill and intangible assets for $6.0 million and $4.3 million, respectively. The purchase price allocation was finalized as of September 30, 2012.

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11. Supplemental Disclosure of Cash Flow Information

	Six Months Ended December 31,	
	2012	2011
	(In thousands)	
Cash paid for interest	$ 515	$ 471
Cash paid for taxes, net of refunds	$ 430	$ 50
Supplemental disclosure of non-cash investing and financing activities:		
New capital lease obligations	$ 19,195	$ 19,454
Business Combinations:		
– Current assets	$ —	$ 823
– Property and equipment	$ —	$ 1,310
– Capitalized curriculum development costs	$ —	$ 100
– Intangible assets	$ —	$ 3,115
– Goodwill	$ —	$ 6,777
– Deferred tax liabilities	$ —	$ 226
– Foreign currency translation adjustments	$ 257	$ —

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

Certain statements in Management's Discussion and Analysis or MD&A, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended or the Exchange Act. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Historical results may not indicate future performance. Our forward-looking statements reflect our current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. Factors that may cause differences between actual results and those contemplated by forward-looking statements include, but are not limited to, those discussed in "Risk Factors" in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended June 30, 2012, which we refer to as our Annual Report. We undertake no obligation to publicly update or revise any forward-looking statements, including any changes that might result from any facts, events, or circumstances after the date hereof that may bear upon forward-looking statements. Furthermore, we cannot guarantee future results, events, levels of activity, performance, or achievements.

This MD&A is intended to assist in understanding and assessing the trends and significant changes in our results of operations and financial condition. As used in this MD&A, the words, "we," "our" and "us" refer to K12 Inc. and its consolidated subsidiaries. This MD&A should be read in conjunction with our condensed consolidated financial statements and related notes included in this report, as well as the consolidated financial statements and MD&A of our Annual Report. The following overview provides a summary of the sections included in our MD&A:

- *Executive Summary* — a general description of our business and key highlights of the three and six months ended December 31, 2012.
- *Critical Accounting Policies and Estimates* — a discussion of critical accounting policies requiring critical judgments and estimates.
- *Results of Operations* — an analysis of our results of operations in our condensed consolidated financial statements.
- *Liquidity and Capital Resources* — an analysis of cash flows, sources and uses of cash, commitments and contingencies, seasonality in the results of our operations and quantitative and qualitative disclosures about market risk.

Executive Summary

We are a technology-based education company. We offer proprietary curriculum, software systems and educational services designed to facilitate individualized learning for students primarily in kindergarten through 12th grade, or K-12. Our mission is to maximize a child's potential by providing access to an engaging and effective education, regardless of geographic location or socio-economic background. Since our inception, we have invested to develop and, to a lesser extent, acquire curriculum and online learning platforms that promote mastery of core concepts and skills for students of all abilities. K12 provides a continuum of technology-based educational products and solutions to districts, public schools, private schools, public charter schools and families as we strive to transform the educational experience into one that delivers individualized education on a highly scalable basis.

Virtual and blended public schools generally under turn-key management contracts (Managed Public Schools) accounted for approximately 86% of our revenue in the six months ended December 31, 2012. We currently provide management services to public schools in 33 states and the District of Columbia.

In addition to our Managed Public Schools, we serve an increasing number of schools and school districts enabling them to offer our course catalog to students either full-time or on an individual course basis. We have a growing sales team to focus on this sector and, through our acquisitions of KC Distance Learning, or KCDL, and The American Education Corporation, or AEC, in 2010, we increased the size and expertise of our sales team, added a reseller network and expanded our course portfolio. The services we provide to these schools and school districts are designed to assist them in launching their own online learning programs which vary according to the needs of the individual school and school district and may include teacher training programs, administrator support and our PEAK [12] management system. With our services, schools and districts can offer programs that allow students to participate full-time, as their primary school, or part-time, supplementing their education with core courses, electives, credit recovery options, remediation and supplemental content options. We continue to provide these services to school districts or individual schools in all 50 states and the District of Columbia.

We also own and operate three online private schools where parents can enroll students on a tuition basis for a full-time online education or individual courses to supplement their children's traditional instruction. These include our K [12] International Academy, an online private school that enables us to offer students worldwide the same full-time education programs and curriculum that we provide to the virtual and blended public schools, The Keystone School, a private school that offers online and correspondence courses, and the George Washington University Online High School, a program that offers a college preparatory focus and is designed for high school students who are seeking a challenging academic experience. In addition, we own and operate the International School of Berne, or IS Berne, a traditional private school located in Berne, Switzerland and a recognized IB school serving students in grades Pre-K through 12.

For the six months ended December 31, 2012, revenues grew to $427.1 million from $359.8 million in the same period in the prior year, a growth rate of 18.7%. Over the same period, operating income increased to $24.9 million from $15.4 million, a change of 62.3%, and net income to common stockholders increased to $13.9 million from $8.8 million, a change of 58.0%. These increases were primarily due to revenue growth between periods. We have reclassified certain prior year enrollment related costs from instructional costs and services to selling, administrative and other operating expenses to conform to the current year presentation. There was no effect on total costs and expenses, income from operations or net income from such reclassification.

Recent Acquisitions

During the periods presented, we completed the purchase of certain K-12 assets and Insight School management contracts of Kaplan Virtual Education, or KVE, a subsidiary of Kaplan, Inc. We refer to these assets as the Kaplan/Insight Assets, which included contracts to serve nine virtual public charter schools in eight states serving students in grades 6-12. The acquisition allows us to serve more students with multiple curriculum platforms and our existing virtual academy operations.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions about future events that affect the amounts reported in the accompanying condensed consolidated financial statements and notes. Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results could differ from those estimates, and any such differences may be material to our condensed consolidated financial statements. Critical accounting policies are disclosed in our Annual Report. There have been no significant updates to the critical accounting policies disclosed in our Annual Report.

Appointment of Executive Chairman

On January 7, 2013, our Board of Directors appointed our Chairman of the Board, Nathaniel A. Davis, as our Executive Chairman. Following his appointment, Mr. Davis became a full-time employee who directly supervises our operations and financial performance. Our Chief Executive Officer, Ronald J. Packard, continues to supervise corporate development, business development, academic achievement, and nascent business ventures. In addition, the Board appointed Jon Q. Reynolds as its Lead Independent Director. We believe these arrangements enhance our executive leadership team and organizational structure. Both Mr. Davis and Mr. Packard actively participate in our internal control and quarterly disclosure activities.

Results of Operations

As described in the Annual Report, we reclassified our three lines of business: Managed Public Schools (turn-key management services provided to public schools), Institutional Sales (educational products and services provided to school districts, public schools and other educational institutions that we do not manage), and International and Private Pay Schools (private schools for which we charge student tuition and make direct consumer sales).

Managed Public Schools	Institutional Sales	International and Private Pay Schools
• Full-time virtual schools	• K12 curriculum	• Managed private schools
• Blended schools	• Aventa curriculum	—The Keystone School
—Flex schools	• A+ curriculum	—George Washington University Online High School
—Passport schools	• Middlebury joint venture	—K12 International Academy
—Discovery schools	• Pre-kindergarten	—International School of Berne
—Other blended schools	• Post-secondary	• Web International Education Group, Ltd. (via investment)
		• Independent course sales (Consumer)

Enrollment Data

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

	Three Months Ended December 31,				Six Months Ended December 31,			
	2012	2011	Change	Change %	2012	2011	Change	Change %
Managed Public Schools								
Average Student Enrollments	119,132	104,836	14,296	13.6%	119,831	105,293	14,538	13.8%
International and Private Pay Schools								
Total Student Enrollments	4,403	3,971	432	10.9%	17,399	16,386	1,013	6.2%
Total Semester Course Enrollments	12,138	11,959	179	1.5%	48,170	46,651	1,519	3.3%

Revenue by Business Lines

Revenue is captured by business line based on the underlying customer contractual agreement. Periodically, a customer may change business line classification. For example, a district who purchases a single course (Institutional Sales customer) may decide to implement a full-time virtual school program managed by K12 (Managed Public Schools customer). Changes in business line classification occur at the time the contractual agreement is modified. The following represents our revenue for our three lines of business for the three and six months ended December 31, 2012 and 2011.

	Three Months Ended December 31,		Change 2012 / 2011		Six Months Ended December 31,		Change 2012 / 2011	
($ in thousands)	2012	2011	$	%	2012	2011	$	%
Managed Public Schools	$ 177,541	$ 140,645	$ 36,896	26.2	$ 365,302	$ 300,095	$ 65,207	21.7
Institutional Sales	18,089	16,662	1,427	8.6	40,061	40,143	(82)	(0.2)
International and Private Pay Schools	10,398	9,193	1,205	13.1	21,761	19,592	2,169	11.1
Total	$ 206,028	$ 166,500	$ 39,528	23.7%	$ 427,124	$ 359,830	$ 67,294	18.7%

The following table sets forth statements of operations data for each of the periods indicated:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
	($ in thousands)			
Revenues	$ 206,028	$ 166,500	$ 427,124	$ 359,830
Cost and expenses				
Instructional costs and services	122,799	98,909	241,446	200,016
Selling, administrative, and other operating expenses	61,379	52,925	150,998	130,656
Product development expenses	5,578	7,574	9,746	13,798
Total costs and expenses	189,756	159,408	402,190	344,470
Income from operations	16,272	7,092	24,934	15,360
Interest expense, net	(272)	(236)	(501)	(457)
Income before income taxes and noncontrolling interest	16,000	6,856	24,433	14,903
Income tax expense	(6,680)	(2,976)	(10,569)	(6,673)
Net income	9,320	3,880	13,864	8,230
Adjust net loss attributable to noncontrolling interest	191	285	4	536
Net Income — K12 Inc.	$ 9,511	$ 4,165	$ 13,868	$ 8,766

The following table sets forth statements of operations data as a percentage of revenues for each of the periods indicated:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Revenues	100.0%	100.0%	100.0%	100.0%
Cost and expenses				
Instructional costs and services	59.6	59.4	56.5	55.6
Selling, administrative, and other operating expenses	29.8	31.8	35.4	36.3
Product development expenses	2.7	4.5	2.3	3.8
Total costs and expenses	92.1	95.7	94.2	95.7
Income from operations	7.9	4.3	5.8	4.3
Interest expense, net	(0.1)	(0.2)	(0.1)	(0.1)
Income before income taxes and noncontrolling interest	7.8	4.1	5.7	4.2
Income tax expense	(3.3)	(1.8)	(2.5)	(1.9)
Net income	4.5	2.3	3.2	2.3
Adjust net loss attributable to noncontrolling interest	0.1	0.2	—	0.1
Net income — K12 Inc.	4.6%	2.5%	3.2%	2.4%

Comparison of the Three Months Ended December 31, 2012 and Three Months Ended December 31, 2011

Revenues. Our revenues for the three months ended December 31, 2012 were $206.0 million, representing an increase of $39.5 million, or 23.7%, as compared to revenues of $166.5 million for the same period in the prior year. Without the impact of negative revenue adjustments made in the prior year period for state funding reductions, our revenue growth would have been 18.1%. Managed Public Schools revenue increased $36.9 million year over year, primarily as a result of organic growth in existing states. The growth in Managed Public Schools revenue was driven by a 13.6% growth in average student enrollments, an increase in average revenue per student due to improved revenue capture and a decrease in the number of unfunded enrollments. Our International and Private Pay Schools revenue increased $1.2 million, or 13.1%, due to a 10.9% increase in total student enrollments and a 1.5% increase in total semester course enrollments during the three months ended December 31, 2012 as compared to the three months ended December 31, 2011, and the contribution derived from a shift in the mix of enrollments to higher priced programs, including an increase in full-time enrollments. Revenue in our Institutional Sales grew by $1.4 million from continued expansion into additional school districts.

Instructional costs and services expenses. Instructional costs and services expenses for the three months ended December 31, 2012 were $122.8 million, representing an increase of $23.9 million, or 24.2%, from $98.9 million for the three months ended December 31, 2011. Instructional costs increased as a result of an increase in the number of enrollments. Instructional costs and services expenses were 59.6% of revenue during the three months ended December 31, 2012, consistent with 59.4% for the three months ended December 31, 2011.

Selling, administrative, and other operating expenses. Selling, administrative, and other operating expenses for the three months ended December 31, 2012 were $61.4 million, representing an increase of $8.5 million, or 16.1%, as compared to $52.9 million for the three months ended December 31, 2011. The current year increase was primarily associated with increased sales and administrative personnel and associated benefit costs as compared to the prior year period. As a percentage of revenues, selling, administrative, and other operating expenses decreased to 29.8% from 31.8% for the three months ended December 31, 2012.

Product development expenses. Product development expenses include costs related to new products and to information technology systems. Product development expenses for the three months ended December 31, 2012 were $5.6 million, representing a decrease of $2.0 million, or 26.3%, as compared to $7.6 million for the three months ended December 31, 2011. As a percentage of revenues, product development expenses decreased to 2.7%

for the three months ended December 31, 2012 as compared to 4.5% for the same period in the prior year. The decrease was primarily due to an increase in the number of development projects that qualified for cost capitalization than in the prior year period and a decrease in the amount of systems development expense in connection with the implementation phase of our enterprise resource planning, or ERP, system.

Interest expense, net. Net interest expense for the three months ended December 31, 2012 was $0.3 million, relatively unchanged from the same period in the prior year. Net interest expense is primarily associated with interest on our student computer leases.

Income taxes. Income tax expense for the three months ended December 31, 2012 was $6.7 million, or 41.8% of income before taxes, as compared to $3.0 million, or 43.4% of income before taxes for the three months ended December 31, 2011. Our effective tax rate decreased between periods primarily because of the positive impact of international operations and a change in nondeductible expenses.

Noncontrolling interest. Net loss attributable to noncontrolling interest for the three months ended December 31, 2012 was $0.2 million as compared to net loss attributable to noncontrolling interest of $0.3 million for the same period in the prior year. Noncontrolling interest reflects the after-tax income attributable to minority interest owners in our joint venture investments.

Comparison of the Six Months Ended December 31, 2012 and Six Months Ended December 31, 2011

Revenues. Our revenues for the six months ended December 31, 2012 were $427.1 million, representing an increase of $67.3 million, or 18.7%, as compared to revenues of $359.8 million for the same period in the prior year. Without the impact of negative revenue adjustments made in the prior year period for state funding reductions, our revenue growth would have been 16.1%. Managed Public Schools revenue increased 21.7% year over year, primarily as a result of organic growth in existing states. The growth in Managed Public Schools revenue was driven by a 13.8% increase in average student enrollments and an increase in average revenue per student due to improved revenue capture and a decrease in the number of unfunded enrollments. International and Private Pay Schools revenue increased $2.2 million, or 11.1%, due to a 6.2% increase in total student enrollments and a 3.3% increase in total semester course enrollments at December 31, 2012 compared to December 31, 2011, and the contribution derived from a shift in the mix of enrollments to higher priced programs, including an increase in full-time enrollments. Revenue growth year over year in our Institutional Sales was partially offset by a decrease in perpetual license sales compared to the prior year period.

Instructional costs and services expenses. Instructional costs and services expenses for the six months ended December 31, 2012 were $241.4 million, representing an increase of $41.4 million, or 20.7%, from $200.0 million for the six months ended December 31, 2011. Instructional costs increased as a result of revenue growth during the period. Instructional costs and services expenses were 56.5% of revenue during the six months ended December 31, 2012, an increase from 55.6% for the six months ended December 31, 2011. The increase as a percentage of revenue was associated primarily with advance hiring of teachers in early fiscal 2013.

Selling, administrative, and other operating expenses. Selling, administrative, and other operating expenses for the six months ended December 31, 2012 were $151.0 million, representing an increase of $20.3 million, or 15.5%, as compared to $130.7 million for the six months ended December 31, 2011. While selling, administrative and other operating expenses increased from period to period associated with increased marketing to support our growth, sales and administrative personnel and related benefit costs, including stock compensation, our selling, administrative, and other operating expenses as a percentage of revenues decreased to 35.4% from 36.3% for the six months ended December 31, 2012. This decrease as a percentage of revenue was attributable in part to higher professional fees incurred in the prior year period associated with our ERP and CRM implementations, integration of the acquired Kaplan/Insight Assets, and accounting and audit fees related to the delayed filing of our Form 10-K and a registration statement.

Product development expenses. Product development expenses include costs related to new products and to information technology systems. Product development expenses for the six months ended December 31, 2012 were $9.7 million, representing a decrease of $4.1 million, or 29.7%, as compared to $13.8 million for the six months ended December 31, 2011. As a percentage of revenues, product development expenses decreased to 2.3%

for the six months ended December 31, 2012 as compared to 3.8% for the same period in the prior year. The decrease was primarily due to an increase in the number of development projects that qualified for cost capitalization than in the prior year period, and a decrease in the amount of systems development expense in connection with the implementation phase of our ERP system.

Interest expense, net. Net interest expense for the six months ended December 31, 2012 was $0.5 million, unchanged from the same period in the prior year. Net interest expense is primarily associated with interest on our student computer leases.

Income taxes. Income tax expense for the six months ended December 31, 2012 was $10.6 million, or 43.3% of income before taxes, as compared to $6.7 million, or 44.8% of income before taxes for the six months ended December 31, 2011. Our tax rate decreased slightly between periods because of the impact of foreign operations in the prior year period and a change in nondeductible expenses incurred during the current year period. We expect our tax rate to decrease during the remainder of our 2013 fiscal year to reflect the retroactive renewal of Research and Development Credits with the January 2013 passage of the American Taxpayer Relief Act of 2012 by the United States Congress and the full year impact of our international operations.

Noncontrolling interest. Net income attributable to noncontrolling interest for the six months ended December 31, 2012 was negligible as compared to net loss attributable to noncontrolling interest of $0.5 million for the same period in the prior year. Noncontrolling interest reflects the after-tax loss attributable to minority interest owners in our joint venture investments and may fluctuate from period to period.

Liquidity and Capital Resources

As of December 31, 2012, we had net working capital, or current assets minus current liabilities, of $308.3 million. Our working capital includes cash and cash equivalents of $143.2 million, including $5.1 million associated with our two joint ventures, and accounts receivable of $223.3 million. Our working capital provides a significant source of liquidity for our normal operating needs. Our accounts receivable balance fluctuates throughout the fiscal year based on the timing of customer billings and collections and tends to be highest in our first fiscal quarter as we begin billing for students. In addition, our cash and accounts receivable were significantly in excess of our accounts payable and short-term accrued liabilities at December 31, 2012.

We have a $35.0 million unsecured line of credit that expires December 31, 2013 with PNC Bank, N.A., or PNC, for general corporate operating purposes, which we refer to as the Credit Agreement. The Credit Agreement provides the ability, if required, to fund operations until cash is received from the schools. In December 2012, the Credit Agreement was amended and the maturity date was extended to December 2013 and to release liens that had previously secured the facility. Interest is charged, at our option, either at: (i) the higher of (a) the rate of interest announced by PNC from time to time as its “prime rate”, (b) the federal funds open rate plus 0.5% and (c) the Daily London Interbank Offered Rate (LIBOR) plus 1.0%; or (ii) the applicable London Interbank Offered Rate (LIBOR) divided by a number equal to 1.00, minus the maximum aggregate reserve requirement which is imposed on member banks of the Federal Reserve System against “Eurocurrency liabilities” plus 1.75%. The Credit Agreement includes a $5.0 million letter of credit facility. Issuance of letters of credit reduces the availability of permitted borrowings under the Credit Agreement.

The Credit Agreement contains a number of financial and other covenants that, among other things, restrict our and our subsidiaries’ abilities to incur additional indebtedness, grant liens or other security interests, make certain investments, become liable for contingent liabilities, make specified restricted payments, including dividends, dispose of assets or stock, including the stock of our subsidiaries, or make capital expenditures above specified limits and engage in other matters customarily restricted in senior credit facilities. We must not exceed a maximum debt leverage ratio or fall below a minimum fixed charge coverage ratio. These covenants are subject to certain qualifications and exceptions. As of December 31, 2012, we were in compliance with these covenants. As of December 31, 2012, no borrowings were outstanding on the line of credit and approximately $0.3 million was reserved for a letter of credit.

We incur capital lease obligations for student computers under a lease line of credit with PNC Equipment Finance, LLC with annual lease availability limits. The current annual availability of $35 million expires in August 2013. As of December 31, 2012, the aggregate outstanding balance under the lease line of credit was $40.4 million. Borrowings bore interest at rates ranging from 2.62% to 4.96% and included a 36-month payment term with a $1 purchase option at the end of the term. We have pledged the assets financed to secure the outstanding leases. Our lease line of credit is subject to cross default compliance provisions in our line of credit agreement. We may extend our lease line of credit for additional periods, or consider alternative arrangements for financing student computers.

Our cash requirements consist primarily of day-to-day operating expenses, capital expenditures and contractual obligations with respect to facility leases, capital equipment leases and other operating leases. We lease all of our office facilities. We expect to make future payments on existing leases from cash generated from operations. We believe that the combination of funds to be generated from operations, net working capital on hand and access to our line of credit will be adequate to finance our ongoing operations for the foreseeable future. In addition, to a lesser degree, we continue to explore acquisitions, strategic investments and joint ventures related to our business that we may acquire using cash, stock, debt, contribution of assets or a combination thereof.   Should we exercise our option to purchase additional equity interests in Web, we expect to fund the purchase using available cash balances or borrowings under our existing line of credit.

Operating Activities

Net cash provided by operating activities for the six months ended December 31, 2012 was $32.1 million compared to net cash used in operations of $19.5 million for the six months ended December 31, 2011. The $51.6 million improvement in cash flow from operations between periods was attributable to higher net income and depreciation, increased cash collections from accounts receivable and less investment in working capital during the six months ended December 31, 2012 than during the prior year period. These cash collections relate to accounts receivable that increased during our 2012 fiscal year from state funding delays to certain of our managed public schools. Also, the six months ended December 31, 2011 included the effects of the build-up of working capital attributable to the acquisition of the Kaplan/Insight Assets.

Investing Activities

Net cash used in investing activities for the six months ended December 31, 2012 was $25.8 million compared to net cash used in investing activities of $34.0 million for the six months ended December 31, 2011, a decrease of $8.2 million. The six months ended December 31, 2011 included the payment of $12.6 million for the purchase of the Kaplan/Insight Assets, which is the primary reason for the net decrease between periods. This decrease was offset by a net increase in capital expenditures approximating $4.4 million for capitalized software and curriculum development and other property and equipment.

Financing Activities

Net cash used in financing activities for the six months ended December 31, 2012 was $8.3 million compared to net cash used in financing activities of $5.9 million during the six months ended December 31, 2011. Our primary use of cash in financing activities is for the payment of capital lease obligations incurred for the acquisition of student computers. Our cash payments for capital leases increased approximately $2.0 million between periods resulting from increased purchases of student computers financed under capital leases. The six months ended December 31, 2011 included approximately $2.2 million more in proceeds from the exercise of stock options than the six months ended December 31, 2012. The timing of cash from the exercise of options impacts our net cash used in financing activities.

Off Balance Sheet Arrangements, Contractual Obligations and Commitments

We have provided guarantees of approximately $10.9 million related to long-term lease commitments on the buildings for certain of our Flex schools. We contractually guarantee that certain schools under our management will not have annual operating deficits and our management fees from these schools may be reduced accordingly to cover any school operating deficits. Other than these lease and operating deficit guarantees, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Interest Rate Risk

At December 31, 2012 and June 30, 2012, we had cash and cash equivalents totaling $143.2 million and $144.7 million, respectively. Our excess cash has been invested primarily in U.S. Treasury money market funds although we may also invest in money market accounts, government securities, corporate debt securities and similar investments. Future interest and investment income is subject to the impact of interest rate changes and we may be subject to changes in the fair value of our investment portfolio as a result of changes in interest rates. At December 31, 2012, a 1% gross increase in interest rates earned on cash would result in a $1.4 million annualized increase in interest income.

Our short-term debt obligations under our revolving credit facility are subject to interest rate exposure; however, as we had no outstanding balance on this facility during the six months ended December 31, 2012, fluctuations in interest rates had no impact on our interest expense.

Foreign Currency Exchange Risk

We currently operate in several foreign countries, but we do not transact a material amount of business in a foreign currency and therefore fluctuations in exchange rates will not have a material impact on our financial statements. However, we are pursuing additional opportunities in international markets and expect our international presence to grow. If we enter into any material transactions in a foreign currency or establish or acquire any subsidiaries that measure and record their financial condition and results of operation in a foreign currency, we will be exposed to currency transaction risk and/or currency translation risk. Exchange rates between U.S. dollars and many foreign currencies have fluctuated significantly over the last few years and may continue to do so in the future. Accordingly, we may decide in the future to undertake hedging strategies to minimize the effect of currency fluctuations on our financial condition and results of operations.

Item 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(f) of the Exchange Act) that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and that such information is accumulated and communicated to our management, including our Executive Chairman, Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures.

We carried out an evaluation, required by paragraph (b) of Rule 13a-15 or Rule 15d-15 under the Exchange Act, under the supervision and with the participation of management, including our Executive Chairman, Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this review, our Executive Chairman, Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2012.

Part II. Other Information

Item 1. *Legal Proceedings.*

In the ordinary conduct of our business, we are subject to lawsuits, arbitrations and administrative proceedings from time to time.

IpLearn

On October 26, 2011, IpLearn, LLC ("IpLearn") filed a complaint for patent infringement against the Company in the United States District Court for the District of Delaware, *IpLearn, LLC v. K12 Inc.,* Case No. 1:11-1026-LPS, which it subsequently amended on November 18, 2011. IpLearn is a privately-held technology development and licensing company for web and computer-based learning technologies. In its complaint, IpLearn alleges that the Company has infringed three of its patents for various computer-aided learning methods and systems. On July 2, 2012, the Court granted the Company's motion to dismiss IpLearn's allegations of indirect patent infringement and allowed IpLearn's allegations of direct patent infringement to proceed. On January 15, 2013, the court approved a stay of IpLearn's claims alleging infringement of one of the three patents in the case involving technology licensed to K12 by a third party. The discovery process is currently in progress.

Hoppaugh Complaint and Related Matters

On January 30, 2012, a securities class-action lawsuit captioned *David Hoppaugh* et al. *v. K12 Inc.* et. al., was filed against the Company and two of its officers in the United States District Court for the Eastern District of Virginia, Case No. I:12-CV-00103-CMH-IDD. On May 18, 2012, the Court appointed the Arkansas Teacher Retirement System as lead plaintiff, and it filed an amended class action complaint (the "Amended Complaint") on June 22, 2012. The plaintiff purports to represent a class of persons who purchased or otherwise acquired K12 common stock between September 9, 2009 and December 16, 2011 (the "Class Period"), inclusive, and alleges violations by the defendants of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. The plaintiff alleges among other things that the defendants made false or misleading statements of material fact, or failed to disclose material facts, about (i) the Company's revenue and enrollment results during the Class Period, (ii) the academic performance of the virtual schools served by the Company, and (iii) certain school administrative practices and sales strategies related to enrollments. The plaintiff seeks unspecified compensatory damages and other relief. On September 18, 2012, the Court denied Defendants' motion on the pleadings to dismiss the action, and permitted the case to proceed to the next stage of litigation. The Company intends to continue to vigorously defend against the claims asserted in the Amended Complaint. Discovery is ongoing in this matter.

In addition to the above described stockholder class action, on March 21, 2012, a federal stockholder derivative action, *Jared Staal v. Andrew H. Tisch,* et. al., Case No. I:12-cv-00365-SLR, putatively initiated on behalf of the Company, was filed in the United States District Court for the District of Delaware. By stipulation, all matters in this derivative action have been stayed.

The Board of Directors received a stockholder demand letter, dated August 16, 2012, that asserted allegations against various directors, senior officers and employees of K12 similar to those made in the previously disclosed securities class action and derivative lawsuits. The stockholder requested that the Board investigate and pursue claims related to breach of fiduciary duty on behalf of the Company. The Board has formed a demand evaluation committee, which has retained counsel to assist with its review of the demand. The Board will take appropriate action based on the committee's recommendation. On October 19, 2012, the Board received a stockholder demand pursuant to 8 Del. C. § 220 (a "220 Demand") from Oakland County Employees' Retirement System to inspect certain categories of documents. The Board is considering the 220 Demand and will take appropriate action.

Item 1A. ***Risk Factors***

There have been no material changes to the risk factors disclosed in “Risk Factors” in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended June 30, 2012 as filed with the SEC on September 12, 2012.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds.***

None.

Item 3. ***Defaults Upon Senior Securities.***

None.

Item 4. ***Mine Safety Disclosures.***

None.

Item 5. ***Other Information.***

None.

Table of Contents

Item 6. ***Exhibits.***

(a) Exhibits.

Number	Description
10.1*	Sixth Amendment to Revolving Credit Agreement.
10.2*≠	Amended and Restated Employment Agreement for Ronald J. Packard dated January 7, 2013 .
10.3*≠	Employment Agreement for Nathaniel A. Davis effective as of January 7, 2013.
31.1*	Certification of Principal Executive Officer Required Under Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Principal Executive Officer Required Under Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
31.3*	Certification of Principal Financial Officer Required Under Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
32.1*	Certification of Principal Executive Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350.
32.2*	Certification of Principal Executive Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350.
32.3*	Certification of Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended and 18 U.S.C. Section 1350.
101*	The following financial statement The following financial statements and footnotes from the K12 Inc. Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets (unaudited), (ii) Condensed Consolidated Statements of Operations (unaudited), (iii) Condensed Consolidated Statement of Equity (Deficit) (unaudited), (iv) Condensed Consolidated Statement of Comprehensive Income (Loss), (v) Condensed Consolidated Statements of Cash Flows (unaudited), and (vi) Notes to Condensed Consolidated Financial Statements (unaudited).

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* Filed herewith.

≠ Denotes management compensation plan or arrangement.

SIGNATURES

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 thereunto duly authorized.

K12 Inc.

Date: February 5, 2013

/s/ HARRY T. HAWKS
Harry T. Hawks
Chief Financial Officer
(Principal Accounting Officer and Authorized Signatory)

Exhibit 10.1

SIXTH AMENDMENT TO REVOLVING CREDIT AGREEMENT

This Sixth Amendment to Revolving Credit Agreement (this "Sixth Amendment") made and entered into as of the 27 th day of December, 2012, is by and between **PNC BANK, NATIONAL ASSOCIATION**, a national banking association, as Lender and L/C Issuer (" **LENDER**"), and **K12 INC.**, a Delaware corporation ("Borrower").

W I T N E S S E T H:

WHEREAS, prior hereto, Lender provided certain loans, extensions of credit and other financial accommodations (the "Financial Accommodations") to Borrower, **SCHOOL LEASING CORPORATION**, a Delaware corporation ("SLC"), and **AMERICAN SCHOOL SUPPLY CORPORATION**, a Delaware corporation ("ASSC"), pursuant to: (a) that certain Revolving Credit Agreement dated as of December 21, 2006, as amended by that certain Amendment No. 1 to Revolving Credit Agreement dated as of October 5, 2007, each by and among Lender, Borrower, SLC and ASSC, as further amended by that certain Second Amendment to Revolving Credit Agreement dated as of October 31, 2008, by and among Borrower, Lender and the Guarantors party thereto, as further amended by that certain Third Amendment to Revolving Credit Agreement dated as of December 15, 2008, that certain Fourth Amendment to Revolving Credit Agreement dated as of June 26, 2009, and that certain Fifth Amendment to Revolving Credit Agreement dated as of September 8, 2009, each by and between Lender and Borrower (collectively, the "Credit Agreement"), and (b) the other documents, agreements and instruments referenced in the Credit Agreement or executed and delivered pursuant thereto;

WHEREAS, pursuant to that certain State of Delaware Certificate of Merger of Domestic Corporations dated as of June 25, 2008, and filed with the Delaware Secretary of State on June 27, 2008, SLC and ASSC both merged with and into K12 Management;

WHEREAS, Borrower has requested that Lender, among other things, (i) extend the Termination Date to December 31, 2013, (ii) release Lender's security interest in the Collateral, and (iii) modify certain covenants and defaults set forth in the Credit Agreement (collectively the "Additional Financial Accommodations"); and

WHEREAS, Lender is willing to provide the Additional Financial Accommodations, but solely on the terms and subject to the provisions set forth in this Sixth Amendment and the other agreements, documents and instruments referenced herein or executed and delivered pursuant hereto.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and understandings of the parties hereto set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lender and Borrower hereby agree as set forth in this Sixth Amendment.

I. **Definitions**.

A. **Use of Defined Terms**. Except as expressly set forth in this Sixth Amendment, all terms which have an initial capital letter where not required by the rules of grammar are used herein as defined in the Credit Agreement.

B. **Amended Definitions**. Effective as of the date of this Sixth Amendment, Section 1.1 of the Credit Agreement is hereby amended by deleting the definitions of "Applicable Margin," "Loan Documents," "Material Adverse Effect," and "Termination Date" and substituting therefor the following, respectively:

"Applicable Margin" means (a) with respect to Eurodollar Loans, 175 basis points, and (b) with respect to Base Rate Loans, 0 basis points.

"Loan Documents" means this Agreement, the Note, the Applications, the Guaranties, and each other instrument or document to be delivered hereunder or thereunder or otherwise in connection therewith.

"Material Adverse Effect" means (a) a material adverse change in, or material adverse effect upon, the operations, business, Property or condition (financial or otherwise) of Borrower or one or more its Subsidiaries taken as a whole, (b) material impairment of the ability of Borrower and its Subsidiaries taken as a whole to perform its obligations under any Loan Document, or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against Borrower or any Subsidiary of any Loan Document or the rights and remedies of the Lender thereunder.

"Termination Date" means December 31, 2013 or such earlier date on which the Commitment is terminated in whole pursuant to Section 2.9, 7.2 or 7.3.

C. **Deleted Definitions**. Effective as of the date of this Sixth Amendment, Section 1.1 of the Credit Agreement is hereby amended by deleting the definitions of "Collateral," "Collateral Documents," "Pledge Agreements," and "Security Agreements" in their entirety.

II. **Amendments to Credit Agreement**. Effective as of the date of this Sixth Amendment, the Credit Agreement is hereby amended as follows:

A. Place and Application of Payments. Clause (1) of Section 2.8 of the Credit Agreement is hereby amended by deleting clause (1) of Section 2.8 of the Credit Agreement in its entirety and substituting therefor the following:

"(1) first, to the payment of any outstanding costs and expenses incurred by the Lender in accordance with the terms and conditions of the Loan Documents in protecting, preserving or enforcing rights under the Loan Documents, and in any event all costs and expenses of a character which Borrower has agreed to pay the Lender under Section 9.12;"

B. Place and Application of Payments. Clause (4) of Section 2.8 of the Credit Agreement is hereby amended by deleting clause (4) of Section 2.8 of the Credit Agreement in its entirety and substituting therefor the following:

> "(4) fourth, to the payment of all other unpaid Obligations and all other indebtedness, obligations, and liabilities of Borrower and its Subsidiaries to Lender or any of its Affiliates (including, without limitation, Funds Transfer and Deposit Account Liability); and"

C. Commitment Fee. Section 2.11(b) of the Credit Agreement is hereby amended by deleting Section 2.11(b) of the Credit Agreement in its entirety and substituting therefor the following:

> ***(b) [Reserved].***

D. Audit Fee. Section 2.11(d) of the Credit Agreement is hereby amended by deleting Section 2.11(d) of the Credit Agreement in its entirety and substituting therefor the following:

> ***(b) [Reserved].***

E. The Collateral and Guaranties. Article 4 of the Credit Agreement is hereby amended by deleting Article 4 of the Credit Agreement in its entirety and substituting therefor the following:

> "4. **THE GUARANTIES**
>
> 4.1 [Reserved].
>
> 4.2 ***Guaranties.*** The payment and performance of all Obligations, Hedging Liability, and Funds Transfer and Deposit Account Liability shall at all times be guaranteed by each direct and indirect Subsidiary of Borrower pursuant to one or more guaranty agreements in form and substance acceptable to the Lender, as the same may be amended, modified or supplemented from time to time (individually a "Guaranty' and collectively the "Guaranties").
>
> 4.3 ***Further Assurances***. If Borrower or any Subsidiary forms or acquires any other Subsidiary after the date hereof, such Person shall promptly upon such formation or acquisition cause such newly formed or acquired Subsidiary to execute a Guaranty as the Lender may then reasonably require and Borrower shall also deliver to the Lender or cause such Subsidiary to deliver to the Lender, at Borrower's cost and expense, such other instruments, documents, certificates, and opinions reasonably required by the Lender in connection therewith."

F. Authority and Enforceability. Section 5.2 of the Credit Agreement is hereby amended by deleting Section 5.2 in its entirety and substituting therefor the following:

“**5.2** ***Authority and Enforceability***. Borrower has full right and authority to enter into this Agreement and the other Loan Documents executed by it, to make the borrowings herein provided for, to issue its Note in evidence thereof, and to perform all of its obligations hereunder and under the other Loan Documents executed by it. Each Subsidiary has full right and authority to enter into the Loan Documents executed by it, to guarantee the Obligations, Hedging Liability and Funds Transfer and Deposit Account Liability, and to perform all of its obligations under the Loan Documents executed by it. The Loan Documents delivered by Borrower and by each Subsidiary have been duly authorized, executed and delivered by such Person and constitute valid and binding obligations of such Person enforceable against it in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors’ rights generally and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law); and this Agreement and the other Loan Documents do not, nor does the performance or observance by Borrower or any Subsidiary of any of the matters and things herein or therein provided for, (a) contravene or constitute a default under any provision of law or any judgment, injunction, order or decree binding upon Borrower or any Subsidiary or any provision of the organizational documents (e.g., charter, articles of organization or incorporation or by-laws, articles of association or operating agreement, partnership agreement or other similar documents) of Borrower or any Subsidiary, (b) contravene or constitute a default under any covenant, indenture or agreement of or affecting Borrower or any Subsidiary or any of its Property, in each case where such contravention or default, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, or (c) result in the creation or imposition of any Lien or any Property of Borrower or any Subsidiary.”

G. Quarterly Reports. Section 6.1(a) of the Credit Agreement is hereby amended by deleting Section 6.1(a) in its entirety and substituting therefor the following:

“***(a)*** ***Quarterly Reports***. Within 45 days after the end of each Fiscal Quarter, Borrower’s consolidated balance sheet as at the end of such quarter and the related consolidated statement of operations for such quarter and for the elapsed portion of the Fiscal Year-to-date period then ended, each in reasonable detail, prepared in accordance with GAAP, setting forth comparative consolidated figures for the corresponding periods in the prior Fiscal Year of Borrower and comparable consolidated budgeted figures for the current Fiscal Quarter and the elapsed portion of the Fiscal Year-to-date period then ended, all of which shall be certified by the chief financial officer or other officer of Borrower, acceptable to the Lender that they fairly present in all material respects in accordance with GAAP the financial condition of Borrower and its Subsidiaries as of the dates indicated and the results of their operations for the period indicated, subject to normal year-end audit adjustments and the absence of footnotes. Notwithstanding the foregoing, Borrower shall not be required to deliver the quarterly or Fiscal Year-to-date financial statements described above for Fiscal Quarters which end on June 30; provided that the foregoing shall in no way alleviate Borrower’s obligations under Section 6.1(b) of this Agreement.”

H. Maintenance of Property, Insurance, etc. The last sentence of Section 6.3 of the Credit Agreement is deleted in its entirety.

I. Liens. Section 6.12 of the Credit Agreement is hereby amended by deleting Section 6.12 of the Credit Agreement in its entirety and substituting therefor the following:

"***6.12 Liens.*** Borrower will not, nor will it permit any of its Subsidiaries to, create, incur or suffer to exist any Lien on any of its Property; provided that the foregoing shall not prevent the following (the Liens described below, the "Permitted Liens"):

(a) *Taxes*. Inchoate Liens for the payment of taxes which are not yet due and payable or the payment of which is not required by Section 6.7 or, if such taxes are due and payable, the Person owing such taxes is contesting such taxes in good faith and by appropriate proceedings and appropriate reserves have been provided for such taxes;

(b) *Statutory Liens.* Liens arising by statute in connection with worker's compensation, unemployment insurance, old age benefits, social security obligations, taxes, assessments, statutory obligations or other similar charges (other than Liens arising under ERISA), good faith cash deposits in connection with tenders, contracts or leases to which Borrower or any Subsidiary is a party or other cash deposits required to be made in the ordinary course of business other than deposits securing Reclamation Bonds, provided in each case that the obligation is not for borrowed money and that the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves have been established therefor;

(c) *Mechanics' Liens.* Mechanics', workmen's, materialmen's, landlords', carriers' or other similar Liens arising in the ordinary course of business with respect to obligations which are not due or which are being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest;

(d) *To Lender.* Liens in favor of Lender;

(e) *Operating Leases.* Any interest or title of a lessor under any operating lease;

(f) *Other Permitted Liens.* Liens on property of Borrower or any Subsidiary created solely for the purpose of securing indebtedness permitted by Sections 6.11(d) or 6.11(e) representing or incurred to finance the purchase price of Property, provided that no such Lien shall extend to or cover other Property of Borrower or such Subsidiary other than the respective Property so acquired, and the principal amount of indebtedness secured by any such Lien shall at no time exceed the purchase price of such Property, as reduced by repayments of principal thereon; and

(f) *Easement.* Easements, rights-of-way, restrictions, and other similar encumbrances against real property incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not materially detract from the value of the Property subject thereto or materially interfere with the ordinary conduct of the business of Borrower or any Subsidiary."

J. Contract Advances. Section 6.14(b) of the Credit Agreement is hereby amended by deleting Section 6.14(b) of the Credit Agreement in its entirety and substituting therefor the following:

"***(b)*** ***Contract Advances***. Advances made in the ordinary course of business and pursuant to contractual terms to schools or school districts in an amount not to exceed $17,000,000 in the aggregate at any one time outstanding commencing July 1, 2012 and at all times thereafter."

K. Covenants. Section 7.1(b) of the Credit Agreement is hereby amended by deleting Section 7.1(b) of the Credit Agreement in its entirety and substituting therefor the following:

"***(b)*** ***Covenants.*** Default in the observance or performance of any covenant set forth in Section 6.9, 6.11, 6.12, 6.13, 6.14, 6.16, 6.18, 6.19, 6.20 or 6.21;"

L. Other Loan Documents. Section 7.1(e) of the Credit Agreement is hereby amended by deleting Section 7.1(e) of the Credit Agreement in its entirety and substituting therefor the following:

"***(e)*** ***Other Loan Documents.*** Any event occurs or condition exists (other than those described in Sections 7.1(a) through 7.1(d)) which is specified as an event of default under any of the other Loan Documents, or any of the Loan Documents shall for any reason not be or shall cease to be in full force and effect or is declared to be null and void, or Borrower, any Guarantor or any Subsidiary takes any action for the purpose of terminating, repudiating or rescinding any Loan Document executed by it or any of its obligation thereunder;"

M. Cross Default. Section 7.1(g) of the Credit Agreement is hereby amended by deleting Section 7.1(g) of the Credit Agreement in its entirety and substituting therefor the following:

"***(g)*** ***Cross Default***. Default shall occur under any Indebtedness of Borrower or any Subsidiary aggregating in excess of $10,000,000, or under any indenture, agreement or other instrument under which the Indebtedness aggregating in excess of $10,000,000 may be issued, and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such Indebtedness (whether or not such maturity is in fact accelerated), or any such Indebtedness shall not be paid when due (whether by demand, lapse of time, acceleration or otherwise);"

N. Judgments. Section 7.1(h) of the Credit Agreement is hereby amended by deleting Section 7.1(h) of the Credit Agreement in its entirety and substituting therefor the following:

"***(h)*** ***Judgments***. Any judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, shall be entered or filed against Borrower or any Subsidiary, or against any of its Property, in an aggregate amount in excess of $10,000,000 (except to the extent fully covered by insurance pursuant to which the insurer has accepted liability therefor in writing), and which remains undischarged, unvacated, unbonded or unstayed for a period of 30 days;"

O. Hedging Liability and Funds Transfer and Deposit Account Liability Arrangements . Section 8.7 of the Credit Agreement is hereby amended by deleting Section 8.7 of the Credit Agreement in its entirety and substituting therefor the following:

"***8.7 Hedging Liability and Funds Transfer and Deposit Account Liability Arrangements.*** By virtue of the Lender's execution of this Agreement, any Affiliate of the Lender with whom Borrower or any Subsidiary has entered into an agreement creating Hedging Liability or Funds Transfer and Deposit Account Liability shall be deemed a Lender party hereto, it being understand and agreed that the rights and benefits of such Affiliate under the Loan Documents consist exclusively of such Affiliate's right to share in payments and collections out of the Guaranties as more fully set forth in Section 2.8 and Section 4 hereof.

P. Construction. Section 9.18 of the Credit Agreement is hereby amended by deleting Section 9.18 of the Credit Agreement in its entirety and substituting therefor the following:

"***9.18 Construction***. The parties acknowledge and agree that the Loan Documents shall not be construed more favorably in favor of any party hereto based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation of the Loan Documents."

III. **Release of Collateral**. Effective as of the date of this Sixth Amendment, and subject to the full and timely satisfaction of the conditions precedent set forth in Section IV below, Lender hereby releases each Security Agreement and each Pledge Agreement, executed by Borrower or a Guarantor, as the case may be, in favor of Lender, and releases Lender's security interest in and to the Collateral and Pledged Collateral (as such terms are defined in each Security Agreement and each Pledge Agreement) pursuant thereto. This release does not constitute a release of (a) any of the Secured Obligations (as defined therein) secured by the Security Agreements, (b) any other Obligations or other Indebtedness of Borrower or any Guarantor to Lender, (c) any Guaranty, or (d) any security interest granted to Lender pursuant to any agreements, instruments or documents, other than each Security Agreement and each Pledge Agreement.

IV. **Conditions Precedent**. Lender's obligation to provide the Additional Financial Accommodations to Borrower is subject to the full and timely performance of the following covenants prior to or contemporaneously with the execution of this Sixth Amendment:

A. Borrower executing and delivering, or causing to be executed and delivered to Lender, the following documents, each of which shall be in form and substance acceptable to Lender:

(i) a Company General Certificate of even date herewith executed by the Secretary of Borrower to Lender;

(ii) a Reaffirmation of Amended and Restated Guaranty and Suretyship Agreement of even date herewith executed and delivered to Lender by K12 Management, K12 Classroom, K12 Virtual Schools, K12 California, K12 Florida, K12 Washington, K12 Services, K12 Middle East, Power-Glide and K12 International;

(iii) a Reaffirmation of Guaranty and Suretyship Agreement of even date herewith executed and delivered to Lender by The American Education Corporation;

(iv) a Reaffirmation of Guaranty and Suretyship Agreement of even date herewith executed and delivered to Lender by KC Distance Learning LLC;

(v) a Reaffirmation of Guaranty and Suretyship Agreement of even date herewith executed and delivered to Lender by University Education, Inc.;

(vi) payment by the Borrower of a fully-earned, non-refundable upfront fee in the amount of Eighty-Seven Thousand Five Hundred Dollars ($87,500); and

(vii) such other agreements, documents and instruments as Lender may reasonably request.

B. No Default or Event of Default exists under the Credit Agreement, as amended by this Sixth Amendment, or the other Loan Documents;

C. No claims, litigation, arbitration proceedings or governmental proceedings not disclosed in writing to Lender prior to the date of hereof shall be pending or known to be threatened against Borrower or any Guarantor and no known material development not so disclosed shall have occurred in any claims, litigation, arbitration proceedings or governmental proceedings so disclosed which in the opinion of Lender is likely to materially and adversely affect the financial position or business of Borrower or any Guarantor or the capability of Borrower or any Guarantor to pay its obligations and liabilities to Lender; and

D. There shall have been no material or adverse change in the business, financial condition or results of operations for Borrower and its Subsidiaries since the date of Borrower's most recently delivered financial statements to Lender.

V. **Conflict**. If, and to the extent, the terms and provisions of this Sixth Amendment contradict or conflict with the terms and provisions of the Credit Agreement, the terms and provisions of this Sixth Amendment shall govern and control; provided, however, to the extent the terms and provisions of this Sixth Amendment do not contradict or conflict with the terms and provisions of the Credit Agreement, the Credit Agreement, as amended by this Sixth Amendment, shall remain in and have its intended full force and effect, and Lender and Borrower hereby affirm, confirm and ratify the same.

VI. **Severability.** Wherever possible, each provision of this Sixth Amendment shall be interpreted in such manner as to be valid and enforceable under applicable law, but if any provision of this Sixth Amendment is held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be severed herefrom and such invalidity or unenforceability shall not affect any other provision of this Sixth Amendment, the balance of which shall remain in and have its intended full force and effect. Provided, however, if such provision may be modified so as to be valid and enforceable as a matter of law, such provision shall be deemed to be modified so as to be valid and enforceable to the maximum extent permitted by law.

VII. **Reaffirmation of Borrower**. Borrower hereby reaffirms and remakes all of the representations, warranties, covenants, duties, obligations and liabilities contained in the Credit Agreement, as amended hereby, and the other Loan Documents, including without limitation, the Collateral Documents.

VIII. **Fees, Costs and Expenses.** Borrower agrees to pay, upon demand, all fees, costs and expenses of Lender, including, but not limited to, reasonable attorneys' fees, in connection with the preparation, execution, delivery and administration of this Sixth Amendment and the other agreements, documents and instruments executed and delivered in connection herewith or pursuant hereto.

IX. **Choice of Law**. This Sixth Amendment and the rights and obligations hereunder of each of the parties hereto shall be governed by and interpreted and determined in accordance with the laws of the Commonwealth of Virginia.

X. **Cross Default**. Borrower acknowledges and agrees that the occurrence of an Event of Default under the Credit Agreement shall be deemed an Event of Default under each of the other Loan Documents.

XI. **Counterpart**. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. A facsimile or email transmitted executed counterpart to this Sixth Amendment and the other agreements, documents and instruments executed in connection herewith will be deemed an acceptable original for purposes of consummating this Sixth Amendment and such other agreements, documents and instruments; provided, however, Borrower shall be required to deliver to Lender original executed signature pages in substitution for said facsimile or email transmitted signature pages upon Lender's request therefor.

XII. **Waiver of Jury Trial.** BORROWER AND LENDER EACH HEREBY WAIVE THEIR RESPECTIVE RIGHT TO TRIAL BY JURY.

[signature page follows]

IN WITNESS WHEREOF, Lender and Borrower have caused this Sixth Amendment to be executed and delivered by their duly authorized officers as of the date first set forth above.

LENDER:	**BORROWER:**
PNC BANK, NATIONAL ASSOCIATION, a national banking association	**K12 INC.,** a Delaware corporation
By: /s/ Matthew Sawyer Name: Matthew Sawyer Title: Senior Vice President	By: /s/ Harry T. Hawks Name: Harry T. Hawks Title: Executive Vice President and Chief Financial Officer

Exhibit 10.2

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT ("Agreement") was originally entered into effective as of September 27, 2010 (the "Effective Date") between **K12 INC.**, a Delaware corporation ("Company"), and **RONALD J. PACKARD** ("Executive"), on the following terms and conditions and is hereby further amended effective as of January 7, 2013.

SECTION 1. EMPLOYMENT.

1.1 Responsibilities. Company hereby employs Executive on the terms and conditions set forth in this Agreement and Executive hereby accepts such employment. Executive shall serve as the Chief Executive Officer of Company. Executive also shall serve as a member of the Board of Directors of Company (the "Board of Directors" or the "Board") and agrees to hold such other executive position(s) with Company and/or its affiliates as the Board of Directors shall from time to time designate. Executive shall perform such duties and responsibilities commensurate with Executive's position(s) as may be required by Company from time to time, and Executive further recognizes that he will be required to travel in the ordinary course of performing his responsibilities. Executive shall carry out all of his employment responsibilities in an efficient, trustworthy, effective and businesslike manner.

1.2 Exclusive Employment. Executive shall devote Executive's full business time to Executive's responsibilities under this Agreement. Without limiting the generality of the foregoing, Executive shall not render services of a business, professional or commercial nature to any other person, firm or corporation, whether for compensation or otherwise, except that Executive may engage in the following activities so long as such activities do not interfere with Executive's ability to comply with this Agreement (including Section 4) and are not otherwise in conflict with the policies or interests of Company: (a) serving on civic, industry, or charitable boards or committees and engaging or participating in civic, philanthropic and community service activities, (b) serving as a director or advisory board member of two outside for profit companies, (c) publishing, solely on Executive's personal time, screen plays, novels and other writings for which Executive may receive and retain separate compensation, (d) accepting and fulfilling a reasonable number of speaking engagements for which Executive may receive and retain separate compensation and (e) managing Executive's personal, financial, investment, and legal affairs and/or family-owned businesses. Executive may not serve on any other outside boards of directors of for profit companies without prior approval of the Board.

SECTION 2. COMPENSATION AND OTHER BENEFITS.

2.1 Compensation/Deductions. In consideration of Executive's employment, Executive shall receive from Company while Executive is employed with Company the compensation and benefits described in this Section 2 as full and complete satisfaction of all of Company's obligations to Executive arising from Executive's employment. The compensation and employee benefits made available to Executive pursuant to this Agreement may be changed only by the written agreement of the parties. Executive authorizes Company to deduct and withhold from all compensation to be paid to Executive any and all sums required to be deducted or withheld by Company (including, but not limited to, income tax withholding and payroll taxes) pursuant to the provisions of all applicable laws, regulations, rulings or ordinances of the United States and any other applicable jurisdiction.

2.2 Base Salary. Executive shall receive, as a fixed base salary for the full time employment referred to in Section 1 hereof and all other obligations of Executive hereunder, compensation at the rate of Six-Hundred Seventy-Five Thousand Dollars ($675,000) per year payable not less frequently than monthly in accordance with Company's standard payroll practices as in effect from time to time ("Base Salary"). The Compensation Committee of the Board of Directors (the "Compensation Committee") shall review the Executive's Base Salary annually and may recommend to the Board of Directors that Executive's Base Salary be adjusted at that time, in its sole discretion, based upon a market study that the Compensation Committee may in its discretion commission.

2.3 Bonus. Executive may receive a bonus in the sole and absolute discretion of the Board of Directors of Company, which bonus shall have a target of one hundred (100) percent of Base Salary (the "Target Bonus") and shall not exceed an amount equal to two hundred (200) percent of Base Salary (the "Maximum Bonus") and shall be paid in accordance with the terms of the Company's bonus policy, but in any event no later than the 15th day of the third month following the end of the calendar year or fiscal year with respect to which such bonus relates or otherwise within the period required by Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") such that it qualifies as a "short-term deferral" pursuant to Treasury Regulation Section 1.409A-1(b)(4). The Executive's performance goals related to any fiscal year of the Company shall be based on financial, operational, human capital or other defined metrics approved by the Board of Directors.

2.4 Restricted Stock Grants.

(a) In consideration for Executive's entering into this Agreement, on the Effective Date, the Company shall grant to Executive an award of One Hundred Forty Five Thousand Five Hundred Thirty (145,530) shares of Restricted Stock (as defined in the Plan (as defined below)) (the "Initial Restricted Stock Award"). Seventy Two Thousand Seven Hundred Sixty Five (72,765) of the shares subject to the Initial Restricted Stock Award shall be fully vested as of the Effective Date and the remaining portion shall vest in twelve (12) equal quarterly installments, with the first such quarterly installment vesting on September 30, 2011, provided that Executive remains employed by Company on each applicable vesting date.

(b) At the Company's next regular stockholders meeting following the Effective Date (the "Stockholders Meeting"), the Company shall submit for approval by the Company's stockholders the list of performance criteria in the Plan (as such list may be revised by the Board prior to the Stockholders Meeting) that may be used for purposes of granting awards that are intended to qualify as performance-based compensation under Section 162(m) of the Code. Subject to stockholder approval of such performance criteria, the Executive shall be eligible to receive an annual award of Restricted Stock as soon as practicable following the completion of each of the Company's fiscal years 2011, 2012 and 2013 (each an "Annual

Restricted Stock Award"), with the Annual Restricted Stock Award for 2013 performance made in the ordinary course and in no event later than December 31, 2013. The number of shares subject to each Annual Restricted Stock Award shall have a Fair Market Value (as of the date of grant of each such Annual Restricted Stock Award) equal to between zero ($0) dollars and One Million Two Hundred Fifty Thousand ($1,250,000) dollars, and the actual amount of each Annual Restricted Stock Award shall be determined based upon the Company's attainment of one or more pre-established, objective performance goals, with the intent that each such Annual Restricted Stock Award shall be treated as qualified performance based compensation for purposes of Section 162(m) of the Code. Each Annual Restricted Stock Award, if any, shall vest in twelve equal quarterly installments, with the first installment for each Annual Restricted Stock Award vesting on September 30 of the calendar year in which such Annual Restricted Stock Award is granted, provided that Executive remains employed by Company on each applicable vesting date.

(c) Notwithstanding the foregoing, if (i) the Executive's employment is terminated by the Company without Cause (as defined below) or as a result of Executive's Disability (as defined in the Plan) (including in the event such termination occurs following the expiration of the Employment Term), (ii) the Executive's employment is terminated as a result of Constructive Termination (as defined below) (iii) the Executive's employment terminates due to the Executive's death (including in the event such termination occurs following the expiration of the Employment Term), or (iv) a Change in Control (as defined in the Plan) occurs, then in each such event, notwithstanding the terms of any award agreement to the contrary: (A) any unvested portion of any stock option award, (B) any unvested portion of the Initial Restricted Stock Award, (C) any unvested portion of an Annual Restricted Stock Award and (D) any other equity-based compensation award (which includes the right to receive the Annual Restricted Stock Awards pursuant to Section 2.4(b)), as applicable, shall become fully vested effective as of immediately prior to the Executive's date of termination of employment, the date of grant, or the date of the Change in Control, as applicable. Except as set forth in this Section 2.4, the Initial Restricted Stock Award and Annual Restricted Stock Awards, including the rights to receive the Annual Restricted Stock Awards, shall be subject to the terms of Company's 2007 Equity Incentive Award Plan, as such plan may be amended from time to time (the "Plan") and Company's form of Restricted Stock Agreement under the Plan (the "Restricted Stock Agreement").

2.5 Expense Reimbursement. Company shall reimburse Executive for reasonable and necessary out-of-pocket business expenses incurred by Executive in the performance of Executive's responsibilities hereunder and within the operating budget of Company, subject to Company's business expense reimbursement policies in effect from time to time, including submission to Company of a written accounting of such expenses, which accounting shall include an itemized list of the expenses incurred, the business purposes for which such expenses were incurred, and appropriate receipts and supporting documentation.

2.6 Vacation. Executive shall be entitled to paid vacation for each full year of Executive's employment with Company (prorated for any partial year) in accordance with Company vacation policy in effect from time to time (which as applied to Executive shall not be less than 5 weeks of vacation for each full year of employment with 2 weeks of carryover permitted). Said vacation time shall be taken by the Executive in a manner that is consistent with Executive's duties and obligations hereunder.

2.7 Other Benefits. Executive shall be entitled to participate in all group employment benefits that are offered by Company to Company's employees in general, subject to the terms and conditions of such benefit plans including any eligibility requirements. In addition, Executive shall be entitled to reasonable legal fees incurred by Executive in calendar year 2013 in connection with the negotiation of this Agreement, up to a maximum of $5,000.

SECTION 3. EMPLOYMENT TERM AND TERMINATION.

3.1 Term. The term of this Agreement shall commence as of the Effective Date and shall expire on September 30, 2014 (the "Initial Term"), unless terminated earlier as provided in Section 3.2, 3.3, 3.4, 3.5, 3.7 or 3.8 below. Following the expiration of the Initial Term, the employment term hereunder shall automatically be extended for successive one-year periods ("Extension Terms" and, collectively with the Initial Term, the "Employment Term") unless either party gives notice of non-extension to the other no later than three (3) months prior to the expiration of the then-applicable Term. In the event that such notice is given, Executive's employment shall terminate at the close of business on the last day of the Employment Term. Upon termination of employment, Executive shall not be entitled to receive any compensation, payments or benefits of any nature whatsoever, except as specifically provided in Section 2.4 or in Sections 3.2, 3.3, 3.4, 3.5, 3.7 or 3.8 below.

3.2 Termination Upon Death. Executive's employment with Company shall terminate upon the death of Executive. In the event of such termination, Company shall continue to pay to the estate of Executive (i) the Accrued Rights (as defined below), (ii) Executive's Base Salary in equal installments in accordance with Section 2.2 for a period of one hundred eighty (180) days after the date of such termination, commencing with the first regularly scheduled payroll date following the date of such termination and (iii) a lump sum cash payment in an amount equal to a pro-rated portion of Executive's Target Bonus for the year in which the termination occurs (based upon the number of days during the applicable fiscal year that Executive was employed by Company), payable promptly but in all events within thirty (30) days following the date of such termination.

3.3 Termination Upon Disability. Executive's employment with Company shall terminate upon the "disability" of Executive. In the event of such termination, Company shall pay to Executive the Accrued Rights and a lump sum cash payment in an amount equal to a pro-rated portion of Executive's Target Bonus for the year in which the termination occurs (based upon the number of days during the applicable fiscal year that Executive was employed by Company), payable promptly but in all events within thirty (30) days following the date of such termination. As used in this Section 3.3 and in Section 3.5, the term "disability" shall mean a physical or mental disability that renders Executive unable to perform Executive's normal duties for Company for a period of 90 or more days as determined in the good faith judgment of the Board of Directors of Company.

3.4 Termination for Cause. Company shall have the right to terminate Executive's employment for "Cause" by written notice to Executive. In the event of such termination, Company shall pay to Executive the Accrued Rights. For purposes of this Agreement, a termination shall be for Cause if Executive shall: (i) commit a material act of fraud, embezzlement or misappropriation involving Company or any of its affiliates, (ii) be convicted of, or enter a plea of guilty or no contest to, any felony, (iii) materially breach this Agreement or any material written policy of the Company, or (iv) willfully fail or continually neglect to perform Executive's material responsibilities under this Agreement, in each case, that causes material and demonstrable damage to the Company. Notwithstanding the foregoing, Company may not terminate Executive's employment for Cause unless (a) Executive is provided with a period of at least than thirty (30) days to remedy such condition (if such condition is curable) and Executive does not remedy the condition within such thirty (30) day period and (b) Executive's termination of employment occurs no later than one hundred eighty (180) days after the initial existence of the condition constituting Cause; provided, that Company is only required to provide Executive with the opportunity to remedy any such condition one time in any six (6) month period.

3.5 Termination Without Cause. In the event Company terminates Executive's employment prior to the expiration of the Employment Term for other than death, disability or Cause, which Company shall have the absolute right to do, provided that such termination of employment constitutes a "separation from service" with Company as such term is defined in Treasury Regulation Section 1.409A-1(h) and any successor provision thereto (a "Separation from Service"), and subject to Executive's execution within 30 days following the date of Executive's Separation from Service, and non-revocation, of a general release of all claims against the Company and its affiliates in the form provided to the Executive by the Company no later than 8 days following the date of Executive's Separation from Service (a "Release"), Company shall pay to Executive the Accrued Rights, plus, as severance pay, three times Executive's Base Salary (the "Severance Amount"). Fifty (50) percent of the Severance Amount shall be payable in a lump sum within 40 days following the date of Executive's Separation from Service. The remaining portion of the Severance Amount (the "Remaining Severance") shall be payable in equal installments in accordance with Section 2.2 over the 18-month period following date of Executive's Separation from Service. In addition, notwithstanding the terms of any stock option agreement to the contrary, upon a termination without Cause, Executive shall be afforded an extended exercise period for all stock options held by Executive as of the date of termination of employment, subject to earlier termination in the event of a Change in Control, until the earlier of (a) the date that is three-hundred sixty five (365) days after the later of (i) the date of such termination, or (ii) the date Executive is no longer a member of the Board, or (b) the expiration of the term of such stock options. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), each payment that Executive may be eligible to receive under this Agreement shall be treated as a separate and distinct payment. Notwithstanding anything to the contrary in this Agreement, no portion of the Remaining Severance shall be payable to Executive before the Company's first regular payroll payment date occurring on or after the 40th day following the date of Executive's Separation from Service (the "First Pay Date"). Any Remaining Severance payments that would otherwise be made prior to the First Pay Date shall be paid to Executive on the First Pay Date and the rest of the Remaining Severance payments shall be made as provided in this Agreement.

3.6 Termination Upon Expiration of Employment Term. In the event either party elects not to extend the Initial Term or any Extension Term, Executive's employment terminates upon the expiration of the Employment Term, which either party shall have the absolute right to do, Company shall pay to Executive the Accrued Rights. Notwithstanding the foregoing, if Company elects not to extend the Initial Term or any Extension Term, such election shall have the same consequences as a termination of Executive's employment without Cause pursuant to Section 3.5, effective as of the last day Employment Term, unless Executive's employment is otherwise terminated prior to the last day of the then Employment Term, in which case the consequences of such termination of employment shall be dependent upon the basis for such termination of employment as provided in this Agreement.

3.7 Constructive Termination. If there is (a) a material reduction by the Company in Executive's authority, duties, responsibilities or title as provided in Section 1.1 of this Agreement, (b) a material reduction by the Company in the Executive's Base Salary as provided in Section 2.2, (c) a material breach by the Company of any material provision of this Agreement, and/or (d) the relocation by the Company of Executive's principal place of employment more than thirty (30) miles from its location as of the Effective Date (a "Constructive Termination"), such an action will be deemed to be a termination of Executive's employment by the Company without Cause and, provided that Executive resigns his employment as a result of such action and such resignation constitutes a Separation from Service, and subject to Executive's execution within 30 days following the date of Executive's Separation from Service, and non-revocation, of a Release, Executive shall be entitled to the Accrued Rights, severance pay as provided in Section 3.5 and all other benefits he is entitled to under this Agreement upon a termination of employment without Cause (including accelerated vesting as provided in Section 2.4(c)). In the event Executive becomes entitled to severance pay under this Section 3.7 as a result of Executive's Separation from Service prior to the fiscal year ending June 30, 2013, Executive shall be entitled to receive a pro-rata portion of the bonus (up to the Maximum Bonus) provided under Section 2.3, subject to the determination by the Board that Executive has achieved the corporate and individual performance management objectives approved by the Board for such fiscal year, and provided that the Executive performs his responsibilities as Chief Executive Officer of the Company as determined by the Board in its discretion, including his cooperation with the members of the Board and the Company officers in the Company's day-to-day business and affairs. Any pro-rata bonus determined to be given to the Executive shall in no event be paid later than December 31, 2013. Notwithstanding the foregoing, Executive may not resign his employment for Constructive Termination unless (i) Executive provides Company prior written notice of his intent to resign due to Constructive Termination within one hundred fifty (150) days of the initial existence of any condition constituting Constructive Termination, (ii) Company is provided with a period of at least thirty (30) days to remedy such condition and does not remedy the condition within such thirty (30) day period and (iii) Executive's termination of employment occurs no later than one hundred eighty (180) days after the initial existence of the condition constituting Constructive Termination. The Board may, in its sole and absolute discretion, extend the time periods in clauses (i) and (iii) of the previous sentence.

3.8 Termination by Executive. If Executive voluntarily elects to terminate his employment with the Company by resignation for any reason other than a Constructive Termination prior to the end of the Employment Term, Executive shall not be entitled to any severance pay or benefits, except Executive shall be entitled to any unpaid salary, reimbursable expenses, and accrued vacation time until the date of termination, plus any vested amount arising from Executive's participation in, or vested benefits under, any employee benefit plans, programs or arrangements (including without limitation, any disability or life insurance benefit plans, programs or arrangements), which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements (collectively, the "Accrued Rights").

SECTION 4. COVENANTS OF EXECUTIVE.

4.1 Confidential Information. Executive acknowledges that Executive's services previously rendered to Company and to be rendered to Company place Executive in a position of confidence and trust with Company and have allowed and will continue to allow Executive access to Confidential Information (as defined below). Executive agrees that at all times during which Executive is receiving any compensation from Company (including any severance pay) and for a period of three (3) years thereafter, Executive will maintain the Confidential Information in strictest confidence and will not, unless required to do so in the ordinary course of Company's operations or required by law or ordered by a court or in connection with governmental investigation, disclose to any person, or use for Executive's own personal use or financial gain, whether individually or on behalf of another person, any Confidential Information. Without limiting the generality of the foregoing, Executive acknowledges that Company's agreements and/or relationships with other persons may impose obligations or restrictions regarding the confidential nature of work or information relating to such persons, and Executive agrees to be bound by all such obligations and restrictions. As used herein, "Confidential Information" shall mean information and compilations of information relating to Company and/or its business including, but not limited to, information regarding any trade secrets, proprietary knowledge, operating procedures, finances, financial condition, ownership, organization, employees, customers, clients, suppliers, distributors, agents, and other personnel, business activities, budgets, strategic or financial plans, objectives, marketing plans, products, services, price and price lists, operating and training materials, data bases and analyses and all other documents relating thereto or strategies of Company; provided, however, that Confidential Information shall not include information that is or becomes generally known to the public through no act or omission of Executive.

4.2 Intellectual Property Rights. Executive shall assign and transfer to Company, and does hereby assign and transfer to Company, all right, title and interest in and to all Company IP (as defined below). All Company IP is and shall be the sole property of Company. Executive shall disclose all Company IP promptly in writing to Company. Upon the request of Company, Executive shall promptly execute a written assignment of title to Company for all Company IP, and Executive will preserve all such Company IP as Confidential Information. As used herein, "Company IP" shall mean all inventions and intellectual property rights (including, but not limited to, designs, discoveries, inventions, improvements, ideas, devices, techniques, processes, writings, trade secrets, trademarks, patents, copyrights and all other intellectual property rights including, without limitation, notes, records, reports, software, plans, memoranda and other tangible information relating to such intellectual property, whether or not subject to protection under applicable laws) that Executive solely or jointly with others conceives, makes, acquires, suggests or participates in at any time during Executive's employment with Company and that relate to the actual or demonstrably anticipated business, products, processes, work, operations, research and development or other activities of Company.

4.3 Non-Interference. During the Restricted Period (as defined below), Executive shall not directly or indirectly, individually, or together with, or through any other person: (i) in any manner discourage any person which is or has been a customer or supplier of Company from continuing its relationship with Company, (ii) approach, counsel, or attempt to induce any person who is then in the employ of or an independent contractor of Company, to leave their employment or engagement, or employ, engage or attempt to employ or engage any such person, or (iii) aid or counsel any other person to do any of the above. As used herein, the "Restricted Period" means the period during which Executive is employed by the Company and for a period of eighteen (18) months thereafter.

4.4 Exclusivity. During the Restricted Period Executive shall not directly or indirectly on Executive's own behalf or on behalf of any other person: (a) personally own greater than twenty (20) percent of or control; (b) act as an officer, manager, employee, of or be obligated to, or be connected in any advisory, business or ownership capacity with; (c) lend credit or money of more than twenty (20) percent of total capital raised for the purpose of the establishing or operating; or (d) allow Executive's name or reputation to be used by or in, any business, venture, activity or organization (including any non-profit organization) that directly competes with the Company or its business (collectively, the "Restricted Business").

4.5 Return of Records, Equipment and Confidential Information. Upon the earlier of termination of Executive's employment hereunder or request by Company, Executive shall promptly return to Company: (i) all Confidential Information and all documents, records, procedures, books, notebooks, and any other documentation in any form whatsoever (including, but not limited to, written, audio, video or electronic) containing any information pertaining to Company which includes Confidential Information, including any and all copies of such documentation then in Executive's possession or control regardless of whether such documentation was prepared or compiled by Executive, Company, other employees of Company, representatives, agents, or independent contractors, and (ii) all equipment or tangible personal property entrusted to Executive by Company. Executive will not retain any original, copy, description, document, data base or other form of media that contains or relates to any Confidential Information whether produced by Executive or otherwise. Without limiting the generality of the foregoing, Executive shall permanently delete all Confidential Information from all computers, disks, CD-ROMS, tapes, and other media owned or used by or accessible to Executive, other than from any of the foregoing owned, used or controlled by Company. Executive acknowledges that all Confidential Information and all such documentation, copies of such documentation, equipment, and tangible personal property are and shall at all times remain the sole and exclusive property of Company.

4.6 Post-Employment Cooperation. Executive agrees that following Executive's termination of employment with Company, Executive shall, to the extent reasonably requested by Company, cooperate and assist Company at Company's expense in any dispute, controversy, or litigation in which Company may be involved and with respect to which Executive obtained knowledge while employed by Company or any of its affiliates, successors, or assigns, including, but not limited to, Executive's participation in any court or arbitration proceedings, giving of testimony, signing of affidavits, or such other personal cooperation as counsel for Company shall reasonably request.

SECTION 5. REPRESENTATIONS BY EXECUTIVE. Executive represents and warrants that:

(a) Executive is free to enter into and perform each of the terms and conditions of this Agreement. Executive is not subject to any agreement, judgment, order or restriction that would be violated by Executive being employed by Company or that in any way restricts the services that may be rendered by Executive for Company. Executive's execution of this Agreement and performance of Executive's obligations under this Agreement does not and will not violate or breach any other agreement between Executive and any other person or entity.

(b) Executive has carefully considered the nature and extent of the restrictions and covenants in this Agreement and Executive agrees that they will not prevent Executive from earning a livelihood after employment with Company and that they are fair, reasonable and necessary to protect and maintain the proprietary interests, goodwill and other legitimate business interests of Company in view of the following facts: (i) Executive will hold a position of confidence and trust with Company as a result of Executive's employment with Company, access to confidential financial and other information, and relationship with the customers, suppliers and other employees of Company, (ii) it would be impossible for Executive to be employed or engaged in the Restricted Business without inevitably using Company's proprietary information, and (iii) Executive has broad skills that will permit gainful employment in many areas and businesses outside the scope of Company's business.

(c) Executive acknowledges that but for the above representations and warranties of Executive, Company would not employ Executive or enter into this Agreement.

SECTION 6. ASSIGNABILITY.

This Agreement is binding upon and inures to the benefit of the parties and their respective heirs, executors, administrators, personal representatives, successors, and permitted assigns. Company may assign its rights or delegate its duties under this Agreement at any time and from time to time. The parties acknowledge that this Agreement is personal to Executive and that the availability of Executive to perform services and the covenants provided by Executive hereunder have been a material consideration for Company to enter into this Agreement. Accordingly, Executive may not assign any of Executive's rights or delegate any of Executive's duties under this Agreement, either voluntarily or by operation of law, without the prior written consent of Company, which may be given or withheld by Company in its sole and absolute discretion.

SECTION 7. NOTICES.

All notices, requests, demands or other communications hereunder shall be deemed to have been duly given when delivered, addressed as follows (or at such other address as the addressed party may have substituted by notice pursuant to this Section 7):

If to Executive:	At Executive's address as it appears in the records of Company
If to Company:	K12 INC. 2300 Corporate Park Drive, Suite 200 Herndon, Virginia 22102 Attention: Compensation Committee with a copy (not itself constituting notice) to: K12 INC. 2300 Corporate Park Drive, Suite 200 Herndon, Virginia 22102 Attention: Office of the General Counsel Fax: (703) 483-7496

SECTION 8. MISCELLANEOUS.

8.1 Entire Agreement. This Agreement supersedes the Employment Agreement, dated as of July 1, 2007 between the Company and the Executive and any amendments made to this Agreement on January 7, 2013 shall only be effective as of January 7, 2013 and thereafter. This Agreement, together with the Plan, each Restricted Stock Agreement, each stock option agreement between Executive and Company, and that certain agreement Executive and Company relating to relocation assistance embodies the entire representations, warranties, covenants and agreements in relation to the subject matter hereof. No other representations, warranties, covenants, understandings or agreements in relation hereto exist between the parties except as otherwise expressly provided herein.

8.2 Amendment. This Agreement may not be amended except by an instrument in writing duly executed by the parties hereto.

8.3 Applicable Law. This Agreement has been made and executed under, and will be construed and interpreted in accordance with, the laws of the State of Delaware excluding conflict of law principles.

8.4 Provisions Severable. Every provision of this Agreement is intended to be severable from every other provision of this Agreement. If any provision of this Agreement is held to be void or unenforceable, in whole or in part, or unreasonable or excessive in scope or duration with the result that such provision (or portion thereof) as drafted is void or unenforceable, such provision shall be deemed to be reformed to the minimum extent necessary so that such provision as reformed may and shall be legally enforceable. If any provision of this Agreement is held to be void or unenforceable, in whole or in part, and cannot be reformed and made enforceable as provided in the immediately preceding sentence, the remaining provisions will remain in full force and effect.

8.5 Non-Waiver of Rights and Breaches. Any waiver by a party of any breach of any provision of this Agreement will not be deemed to be a waiver of any subsequent breach of that provision, or of any breach of any other provision of this Agreement. Except as otherwise provided in Section 8.6 below, no failure or delay in exercising any right, power, or privilege granted to a party under any provision of this Agreement will be deemed a waiver of that or any other right, power, or privilege. No single or partial exercise of any right, power, or privilege granted to a party under any provision of this Agreement will preclude any other or further exercise of that or any other right, power, or privilege.

8.6 Expiration of Claims. All claims that any party has against the other must be presented in writing within one year of the date the claiming party knew or should have known of the facts giving rise to the claim, or, with respect to claims related to termination of Executive's employment, within one year of the date of termination of employment. Any claim not brought within said time period shall be waived and forever barred unless the party against whom such claim is made agrees to waive such time period.

8.7 Remedies. Executive agrees that in the event of any actual or threatened material breach of this Agreement by Executive, Company shall be entitled to specific performance, injunctive relief and other similar equitable remedies.

8.8 Interpretation of Agreement. Each of the parties has had the opportunity to be represented by counsel in the negotiation and preparation of this Agreement. The parties agree that this Agreement is to be construed as jointly drafted. Accordingly, this Agreement will be construed according to the fair meaning of its language, and the rule of construction that ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement.

8.9 Survival of Provisions. The provisions of Sections 3, 4, 5, 6, 7 and 8 of this Agreement shall survive the Employment Term and any termination of this Agreement in accordance with their respective terms.

8.10 Gender and Number. Concerning the words used in this Agreement, the singular form shall include the plural form, the masculine gender shall include the feminine or neuter gender, and vice versa, as the context requires, and the word "person" shall include any natural person, partnership, corporation, limited liability company, association, trust, estate or other legal entity.

8.11 Headings. The headings of the Sections and Paragraphs of this Agreement are inserted for ease of reference only, and will have no effect in the construction or interpretation of this Agreement.

8.12 Counterparts. This Agreement and any amendment or supplement to this Agreement may be executed in two or more counterparts, each of which will constitute an original but all of which will together constitute a single instrument. Transmission by facsimile of an executed counterpart signature page hereof by a party hereto shall constitute due execution and delivery of this Agreement by such party.

8.13 Section 409A.

(a) Compliance. In the event that following the date hereof Company or Executive reasonably determines that any compensation or benefits payable under this Agreement may be subject to Section 409A of the Code, Company and Executive shall work together to adopt such amendments to this Agreement or adopt other policies or procedures (including amendments, policies and procedures with retroactive effect), or take any other commercially reasonable actions necessary or appropriate to (x) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Agreement or (y) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance. No payments under this Agreement that are subject to the requirements of Section 409A shall be accelerated, except in compliance with Treasury Regulation Section 1.409A-3(j)(4).

(b) In-Kind Benefits and Reimbursements. Notwithstanding anything to the contrary in this Agreement, in-kind benefits and reimbursements provided under this Agreement shall be provided in accordance with the requirements of Treasury Regulation Section 1.409A-3(i)(iv), such that any in-kind benefits and reimbursements provided under this Agreement during any calendar year shall not affect in-kind benefits or reimbursements to be provided in any other calendar year, other than an arrangement providing for the reimbursement of medical expenses referred to in Section 105(b) of the Code, and any in-kind benefits and reimbursements shall not be subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Agreement, reimbursement requests must be timely submitted by Executive and, if timely submitted, reimbursement payments shall be promptly made to Executive following such submission, but in no event later than December 31st of the calendar year following the calendar year in which the expense was incurred. In no event shall Executive be entitled to any reimbursement payments after December 31st of the calendar year following the calendar year in which the expense was incurred. This paragraph shall only apply to in-kind benefits and reimbursements that would result in taxable compensation income to Executive.

(c) Distribution. Notwithstanding anything to the contrary in this Agreement, to the maximum extent permitted by applicable law, amounts payable to Executive pursuant to Sections 3.5 and 3.7 shall be made in reliance upon Treas. Reg. Section 1.409A-1(b)(9) (Separation Pay Plans) or Treas. Reg. Section 1.409A-1(b)(4) (Short-Term Deferrals). However, to the extent any such payments are treated as non-qualified deferred compensation subject to

Section 409A of the Code, then if Executive is deemed at the time of his Separation from Service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's termination benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six-month period measured from the date of Executive's Separation from Service or (ii) the date of Executive's death. Upon the earlier of such dates, all payments deferred pursuant to this Section 8.13(c) shall be paid in a lump sum to Executive. Thereafter, payments will resume in accordance with this Agreement. The determination of whether Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of his Separation from Service shall be made by Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including without limitation Treas. Reg. Section 1.409A-1(i)). This Agreement is intended to be written, administered, interpreted and construed in a manner such that no payment or benefits provided under the Agreement become subject to (a) the gross income inclusion set forth within Section 409A(a)(1)(A) of the Code or (b) the interest and additional tax set forth within Section 409A(a)(1)(B) of the Code (together, referred to herein as the "Section 409A Penalties"), including, where appropriate, the construction of defined terms to have meanings that would not cause the imposition of Section 409A Penalties. In no event shall Company be required to provide a tax gross-up payment to Executive or otherwise reimburse Executive with respect to Section 409A Penalties.

8.14 Signatures

This Agreement may be executed in two or more counterparts all of which shall be considered one and the same Agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

"Company"

K12 INC.
a Delaware corporation

By: /s/ Nathaniel A. Davis
Nathaniel A. Davis
Executive Chairman

/s/ Ronald J. Packard
Ronald J. Packard
Chief Executive Officer

Exhibit 10.3

EMPLOYMENT AGREEMENT

Between

K12 INC. and NATHANIEL A. DAVIS

Effective as of January 7, 2013

THIS AGREEMENT is entered into as of January 7, 2013, (the “Effective Date”), by and between K12 Inc., a Delaware corporation having a place of business at 2300 Corporate Park Drive, Herndon, Virginia 20171 (alternatively, “K12” or the “Corporation”) and Nathaniel A. Davis (“EMPLOYEE”) a resident of the Commonwealth of Virginia (K12 and EMPLOYEE are referred to collectively herein as the “Parties”).

WHEREAS, K12 is engaged in the business of providing children access to exceptional curriculum and books that enable them to maximize success in life regardless of geography, financial, or demographic circumstances;

WHEREAS, EMPLOYEE currently serves as Chairman of the Board of Directors of K12 (the “Board”); and

WHEREAS, K12 is interested in employing EMPLOYEE as its Executive Chairman of the Board, and EMPLOYEE is interested in being employed in that position subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements of the Parties contained herein, the Parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

For purposes of this Agreement, the terms defined in this Article 1 shall have the respective meanings set forth below:

1.1. “Affiliate” shall mean any corporation, partnership or other entity controlling, controlled by, or under common control with K12; provided, however, that no entity that holds capital stock of K12 and/or with board representation rights incidental to such holdings shall, as a result of such holding of capital stock or board representation rights, be deemed to be an Affiliate of K12 for purposes of this Agreement. For purposes of this definition, “control” (including the terms “controlling” and “controlled”) means the right to direct or cause the direction of the management and policies of an entity, whether through the ownership of securities, by contract, or otherwise.

1.2. “Confidential Information” shall mean all information relating to the business of K12 known to EMPLOYEE or learned by EMPLOYEE in connection with and during the term of his employment or any prior service with K12 and its Affiliates which is not generally known to the public, including any and all general and specific knowledge, experience, information and data, technical or non-technical, and whether or not patentable, including, without limitation processes, skills, information, know-how, trade secrets, data, designs, formulae, algorithms, specifications, samples, methods, techniques, compilations, computer programs, devices, concepts, inventions, developments, discoveries, improvements, and commercial or financial information, in any form, including without limitation, oral, written, graphic, demonstrative, machine recognizable, specimen or sample form.

1.3. "Conflicting Product or Service" shall mean any product or service of any person or organization other than K12, in existence or under development, which resembles or competes with a product or service of K12.

1.4. "Conflicting Organization" shall mean any person or organization engaged in research on or development, production, marketing, or selling of a "Conflicting Product or Service."

ARTICLE 2
TERM OF AGREEMENT— EMPLOYMENT

2.1. **Term.** Subject to the provisions of Section 2.3(b) and Article 4 hereof, this Agreement shall be in effect for a term of three (3) years commencing as of the Effective Date. The Parties mutually acknowledge that the term of this Agreement shall, subject to Article 4 hereof, cause EMPLOYEE to provide personal services to K12, as an employee, during four (4) separate but consecutive fiscal years of the Corporation, commencing with the Corporation's twelve-month fiscal year ending June 30, 2013 (each, a "Fiscal Year"). The period during with EMPLOYEE remains in employment with K12 pursuant to the terms of this Agreement is referred to herein as the "Term."

2.2. **Employment.** K12 shall employ EMPLOYEE as Executive Chairman and EMPLOYEE shall accept such employment by K12, on and subject to the terms and conditions set forth herein. EMPLOYEE represents and warrants that neither the execution and delivery nor performance by him of this Agreement will violate any agreement, order, judgment or decree to which he is a party or by which he is bound. In accepting the position of Executive Chairman, this Agreement specifically contemplates that EMPLOYEE shall not resign as a member of the current Board, but shall remain a member thereof, so long as he remains willing and able to serve on the Board and the requisite majority of the Corporation's stockholders re-elect him to serve in that capacity as provided under the Corporation's Certificate of Incorporation and By-Laws as then in effect.

2.3. **Duties.**

(a) During the Term, as Executive Chairman of K12, EMPLOYEE shall have duties and responsibilities related to building the organization and business, including but not limited to, achieving agreed revenue, cost, profit and cash-flow targets, and shall report to the Board. While acting as Executive Chairman, EMPLOYEE shall continue to serve as Chairman of the Board. The Chief Executive Officer ("CEO"), Chief Operating Officer ("COO"), General Counsel ("GC") and Chief Financial Officer ("CFO") shall report directly to EMPLOYEE. Other executives at K12 may also report directly to EMPLOYEE, as determined by EMPLOYEE or by the Board from time to time.

(b) EMPLOYEE's employment with K12 shall be full-time and exclusive. During the Term, excepting only those personal services EMPLOYEE performs as a member of the Board, EMPLOYEE shall devote the whole of EMPLOYEE's business time, attention, skill, and ability to the faithful and diligent fulfillment of EMPLOYEE's duties hereunder. EMPLOYEE acknowledges and agrees that EMPLOYEE may be required, without additional compensation, to perform services for any Affiliates, and to accept such office or position with any Affiliate as the Board may require, including, but not limited to, service as an officer or director thereof, provided however, that such services, and such office or position, shall be consistent with EMPLOYEE's position as Executive Chairman of K12. Notwithstanding any other provision of this Agreement, in the event that during the Term, the employment of K12's CEO as of the Effective Date of this Agreement terminates for any reason and EMPLOYEE is asked to assume the role of CEO (other than on an interim basis, while another individual is being sought or hired as CEO), EMPLOYEE and the Board shall negotiate in good faith an appropriate enhancement of EMPLOYEE's compensation beyond that which is provided in this Agreement, in consideration of the additional duties EMPLOYEE would be expected to perform in such role. Subject to the foregoing, in the event EMPLOYEE and the Board do not reach mutual agreement regarding the enhancement of EMPLOYEE's compensation within the sixty (60)-day period commencing with the date the incumbent CEO's employment with K12 terminates, EMPLOYEE at his discretion may decline the position of CEO and simply continue to serve as Executive Chairman of the Board, subject to Section 3.1(b) below. So long as EMPLOYEE serves as an employee of K12 covered by this Agreement, EMPLOYEE shall comply with all applicable policies of K12 and all policies of Affiliates that are consistent therewith.

(c) During the term of employment, it shall not be a violation of Section 2.3(a) or 2.3(b) of this Agreement for EMPLOYEE to, in all cases subject to Articles 5 and 6 hereof, (i) serve on the boards of directors of Unisys Corporation, RLJ Lodging Trust, and/or Mutual of America Capital Management Corporation; (ii) serve as an officer or director of a cooperative housing, or civic or charitable organization or committee; (iii) deliver lectures, fulfill speaking engagements, or teach at university level or equivalent educational institutions; or (iv) manage personal passive investments, so long as such activities (individually or collectively) do not conflict or materially interfere with the performance of EMPLOYEE's duties hereunder.

2.4. **Indemnification.** During and after the term of this Agreement, K12 shall provide EMPLOYEE with both Side A and Side B directors' and officers' insurance, and shall indemnify EMPLOYEE and his legal representatives to the fullest extent permitted by the laws of the State of Delaware and the By-Laws of K12 as in effect on the date hereof, against all damages, costs, expenses and other liabilities reasonably incurred or sustained by EMPLOYEE or his legal representatives in connection with any suit, action or proceeding to which EMPLOYEE or his legal representatives may be made a party by reason of EMPLOYEE being or having been a director or officer of K12 or any Affiliate, or having served in any other capacity or taken any other action purportedly on behalf of or at the request of K12 or any Affiliate. During and after the term of this Agreement and without the need for further approval by the Board of Directors of K12 or any Affiliate, K12 will promptly advance or pay any and all amounts for costs or expenses (including but not limited to legal fees and expenses reasonably incurred by counsel of EMPLOYEE's choice retained by EMPLOYEE) for which EMPLOYEE may claim K12 is obligated to indemnify him. EMPLOYEE undertakes to repay such amounts if it is ultimately determined that he is not entitled to be indemnified by K12 as provided in this Section 2.4.

ARTICLE 3
COMPENSATION

3.1. **Base Salary.**

(a) Subject to Sections 2.3(b) and 3.1(b) hereof, for the services EMPLOYEE shall render pursuant to this Agreement, K12 shall to pay EMPLOYEE during the Term an annual base salary ("Base Salary") of at least Four Hundred Eighty Thousand Dollars ($480,000) beginning with the Effective Date. Subject to Sections 2.3(b) and 3.1(b) hereof, such Base Salary shall not be reduced but, at the discretion of the Board, may be increased from time to time in 2013, 2014 and 2015 during the first quarter of K12's Fiscal Year (which runs from July 1 to June 30), but no later than September 15 of each year. Base Salary shall be payable in accordance with K12's then-prevailing executive payroll practices. The term "Base Salary" as used herein shall include any adjustment made thereto in accordance with the terms of this Agreement.

(b) If, during the Term, the employment of K12's CEO as of the Effective Date of this Agreement terminates for any reason and EMPLOYEE is not asked to assume the role of CEO (or if EMPLOYEE is asked to assume the role of CEO and the EMPLOYEE and the Board are unable to reach a mutual agreement regarding EMPLOYEE's compensation as CEO and EMPLOYEE therefore declines to serve as the CEO as described above in Section 2.3(b)), but K12 continues to retain EMPLOYEE as Executive Chairman in a more limited role (as compared to the EMPLOYEE's duties as of immediately following the Effective Date), then EMPLOYEE's Base Salary shall, effective as of the date the new CEO's commencement of employment with K12, be reduced to 50% of the Base Salary rate then in effect.

3.2. **Annual Performance Bonus.**

During the Term, EMPLOYEE will be eligible to receive a bonus (the "Performance Bonus"), based on objective criteria the Board shall establish after consultation with EMPLOYEE at the beginning of such Fiscal Year, but no later than September 15 of that year. As soon as practicable following the close of each Fiscal Year for which a Performance Bonus is to be paid hereunder, the Board shall authorize, certify and declare the amount of such Performance Bonus based upon K12's and EMPLOYEE's performance, as measured against the objective criteria the Board established for EMPLOYEE for such Fiscal Year. The target for such Performance Bonus shall not be less than 150% of the Base Salary and not more than 300% of the Base Salary then payable to EMPLOYEE for the Fiscal Year covered by such

Performance Bonus. For the Fiscal Year ending June 30, 2013, EMPLOYEE's Performance Bonus shall be based on the objective criteria the Board established for the CEO for such Fiscal Year at the beginning of such Year, pro-rated to take into account EMPLOYEE's partial period of performance. For the Fiscal Year ending June 30, 2016, in the event EMPLOYEE's employment by the Corporation ends upon or following the expiration of this Agreement but prior to the end of such Fiscal Year (other than pursuant to Section 4.4 hereof), EMPLOYEE shall be entitled to be paid a pro-rated bonus which takes into account that part of such Fiscal Year EMPLOYEE was so employed, based on EMPLOYEE's partial satisfaction of the objective criteria established by the Board for such Fiscal Year, without regard to EMPLOYEE's failure or inability to remain an employee of K12 throughout such Year. Except as expressly set forth in this Section 3.2 or Article 4, EMPLOYEE's right to receive a Performance Bonus for any Fiscal Year shall be subject to his continued rendering of services to K12 either as an employee or member of the Board through the last day of the applicable Fiscal Year, provided that in the event the EMPLOYEE ceases to be an employee of K12 during any applicable Fiscal Year, but remains as a member of the Board through the last day of the applicable Fiscal Year, EMPLOYEE's Performance Bonus for such Fiscal Year shall be pro-rated to reflect the number of days during which he served as an employee for such Fiscal Year. Each Performance Bonus found to be due and payable hereunder shall be calculated, authorized and paid no later than at the same time performance bonuses are paid to other K12 executives, but in no event later than the September 15 th next following the close of the Fiscal Year with respect to which it is earned.

3.3. **Participation in Benefit Plans.** During the Term, subject to any generally-applicable eligibility requirements but also to the specific terms of this Agreement, EMPLOYEE shall be eligible throughout the term of this Agreement to participate in any pension, thrift, profit-sharing, group term life or long- or short-term disability insurance, medical or dental, or other employee benefit plan, program or policy that K12 sponsors and maintains at any time during the term of this Agreement (other than plans providing severance benefits, which are covered exclusively by this Agreement, except to the extent any such plan may, following the Effective Date, expressly provide for EMPLOYEE's participation therein) for the benefit of its employees, under the same terms and conditions as the Corporation's other executive employees. EMPLOYEE shall be generally entitled to paid vacation, paid and unpaid sick leave, and holidays under the same terms and conditions as applied to other K12 executive employees; however, EMPLOYEE shall be entitled to five (5) weeks of paid vacation, with the ability to carry over and use a maximum of two (2) weeks of such vacation during the immediately following ninety (90) day period.

3.4. **Expenses.** During the Term, K12 shall reimburse EMPLOYEE for all reasonable, ordinary and necessary business expenses actually incurred by EMPLOYEE in connection with the performance of his duties hereunder, including ordinary and necessary expenses incurred by EMPLOYEE in connection with travel on K12 business, and including up to Twenty Thousand Dollars ($20,000) in legal fees incurred in calendar year 2013 in connection with the negotiation and documentation of this Agreement. All expenses shall be approved by K12 in accordance with and subject to the terms and conditions of K12's then-prevailing expense policy. EMPLOYEE shall provide to K12 any and all statements, bills, or receipts evidencing the expenses for which EMPLOYEE seeks reimbursement, and such related information or materials as K12 may from time to time reasonably require. EMPLOYEE shall account to K12 for any expenses that are eligible for reimbursement under this Section 3.4 in accordance with K12 policy.

3.5. **Employment and Supplies.** During the Term, K12 shall provide EMPLOYEE with administrative support relating to the performance of EMPLOYEE's duties of the same type and at least the same extent as is provided to other executive employees. K12 shall acquire and/or provide to EMPLOYEE for his business use: a multimedia portable computer and subscriptions to various trade publications and various trade books. Such items shall remain the exclusive property of K12, are to be used solely for K12's benefit, and shall be returned promptly to K12 upon request at the termination of EMPLOYEE's employment for whatever reason.

3.6. **Withholding.** Anything in this Agreement to the contrary notwithstanding, all payments required to be made by K12 hereunder to EMPLOYEE or EMPLOYEE's estate or designated beneficiaries in connection with EMPLOYEE's employment hereunder shall be subject to all applicable tax and other withholding, as K12 may reasonably determine pursuant to applicable laws and regulations.

3.7. **Stock Option and Restricted Stock Grants.** Subject to any generally applicable terms and conditions set forth in the Corporation's shareholder-approved Equity Incentive Award Plan, as currently amended and in effect (the "EIA Plan"), EMPLOYEE shall be granted, and K12 shall award and issue, restricted stock and options to purchase Common Stock of K12 ("K12 Stock") under the following terms and conditions:

(a) On the Effective Date, the Board or its Compensation Committee (as applicable) shall award, and, as soon as practical thereafter, transfer to EMPLOYEE Two Hundred Ten Thousand (210,000) restricted shares of K12 Common Stock, at no out-of-pocket cost to EMPLOYEE; such restricted shares shall be subject to the vesting provisions set forth in Section 3.7(d) hereof. On the Effective Date, the Board or its Compensation Committee (as applicable) also shall grant EMPLOYEE an option to purchase Four Hundred Twenty Thousand (420,000) shares of K12 Stock, subject to the vesting provisions set forth in Section 3.7(e) hereof.

(b) All subsequent grants of stock options, awards of restricted shares or other equity or equity-based awards that may be granted to EMPLOYEE shall be made at the discretion of the Board or its Compensation Committee (as applicable) and under the general terms and conditions of the EIA Plan, as it may be amended, restated, replaced or succeeded from time to time, provided that for each Fiscal Year this Agreement remains in effect after June 30, 2013, EMPLOYEE shall be eligible for an award of restricted shares of K12 Common Stock (each an "Annual Restricted Stock Award"), subject to the Executive's continued employment with the Company on each applicable date of grant. The number of shares subject to each Annual Restricted Stock Award shall have a Fair Market Value (as of the date of grant of each such Annual Restricted Stock Award) equal to between zero ($0) dollars and two million ($2,000,000) dollars, and the actual amount of each Annual Restricted Stock Award shall be determined in the sole discretion of the Board or the Compensation Committee and based upon the attainment of one or more pre-established, objective performance goals, with the intent that each such Annual Restricted Stock Award shall be treated as qualified performance based compensation for purposes of Section 162(m) of the Code; provided further however, that notwithstanding the foregoing, in the event EMPLOYEE's employment terminates pursuant to Section 4.2 or Section 4.3, the performance goals established with respect to the particular grant or award shall be deemed fulfilled. In addition to the foregoing, within ninety (90) days following the close of each Fiscal Year this Agreement remains in effect, EMPLOYEE shall be eligible to receive a stock option award in an amount that is consistent with EMPLOYEE's position as the head of the Corporation's executive team and competitive with the market for similarly situated executives, as determined in the sole discretion of the Board, taking into account Executive's total compensation for such Fiscal Year.

(c) All of the options granted pursuant to Section 3.7(a) hereof will be non-qualified. The exercise price for such options shall be, with respect to each grant, the fair market value of K12 Common Stock on the date of grant, as further determined in accordance with the EIA Plan or its successor.

(d) Subject to the provisions of Article 4 hereof, the restricted shares awarded pursuant to Section 3.7(a) hereof will vest, if at all, in twelve (12) equal quarterly installments of 17,500 shares apiece (if at all), based on objective performance criteria mutually agreed to by the Board or its Compensation Committee and the EMPLOYEE and, in each case (except with respect to the first installment) subject to attaining one or more pre-established, objective performance goals, with the intent that the restricted shares awarded pursuant to Section 3.7(a) hereof shall be treated as qualified performance based compensation for purposes of Section 162(m) of the Code; such objective performance criteria shall be used to measure EMPLOYEE's performance during each such quarterly installment period for the duration of this Agreement, except for the first such quarter following the Execution date and ending on April 6, 2013. In the event that EMPLOYEE holds unvested restricted shares at the time his employment by K12 terminates, such restricted shares shall vest or shall be forfeited, as the case may be, in accordance with the provisions of Article 4 hereof.

(e) Subject to the provisions of Article 4 hereof, the options initially granted pursuant to Section 3.7(a) hereof will vest in accordance with the following schedule: with respect to each such grant, one twelfth (1/12) of the shares shall vest at five o'clock Eastern Standard Time on each April 6, July 6, October 6 and January 6 which arises during the term of this Agreement, commencing with April 6, 2013. In the event that EMPLOYEE holds non-vested options at the time his employment by K12 terminates, such non-vested options shall vest or shall be forfeited, as the case may be, in accordance with the provisions of Article 4 hereof, subject only to the general provisions of the EIA Plan.

(f) All options that vest may be exercised within eight (8) years of the date on which such options were granted. In the event that EMPLOYEE holds unexercised vested options at the time his employment by K12 terminates, however, such vested options may be exercised within the time periods set forth in Article 4 hereof.

(g) K12 represents and warrants that the issuance of the K12 Common Stock granted to EMPLOYEE in accordance with the provisions of Section 3.7(a) hereof will have been registered under the Securities Act of 1933, as amended, on an effective Form S-8 registration statement.

(h) When granting, issuing and transferring restricted stock, stock options and other stock-based rights hereunder, K12 shall use commercially reasonable efforts to not do anything to directly or indirect cause such stock, options and rights to qualify as, or to constitute, "deferred compensation" within the meaning of Section 409A of the Internal Revenue Code (the "Code") and related rulings and regulations.

(i) Notwithstanding the preceding provisions of this Section 3.7 to the contrary, in the event EMPLOYEE separates from employment with K12 either due to a termination of EMPLOYEE's employment by K12 Without Cause or EMPLOYEE's resignation of his employment for Good Reason as specifically described in Section 4.5, the following special vesting provision shall apply: (i) if such separation occurs on or prior to the first anniversary of the Effective Date, all of the then-non-vested awards and grants that would have vested at any time during the one year period following the separation shall immediately and automatically vest; (ii) if such separation occurs after the first anniversary of the Effective Date, all of the then-non-vested awards and grants that would have vested at any time during the two year period following the separation shall immediately and automatically vest; and (iii) if such separation occurs within one year following the occurrence of a "Change in Control" (as defined in the EIA Plan), all of the non-vested awards and grants that are then outstanding shall immediately and automatically vest.

ARTICLE 4
TERMINATION

4.1. **General.** EMPLOYEE's employment by K12 shall terminate in accordance with the provisions of this Article 4 upon EMPLOYEE's death or Disability, upon EMPLOYEE's discharge by K12 with or without Cause, upon EMPLOYEE's resignation with or without Good Reason, or upon the expiration of the term of this Agreement without extension or renewal. Upon termination of EMPLOYEE's rendering of services to K12 either as an employee or member of the Board for any reason, EMPLOYEE will promptly deliver to K12 all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents or property containing Confidential Information.

4.2. **Death.** If EMPLOYEE's employment terminates because of his death, the date of termination shall be the date of death.

(a) If EMPLOYEE's employment terminates because of his death, K12 shall continue to pay EMPLOYEE's then-current Base Salary through the end of the third consecutive calendar month following EMPLOYEE's death, and a pro-rated Performance Bonus based on the Performance Bonus most recently paid or becoming payable to EMPLOYEE. Such payments shall be made to EMPLOYEE's legal representatives, estate, beneficiaries or heirs, in accordance with K12's then-prevailing executive payroll practices, subject to any and all then-applicable state and federal laws. In addition, K12 shall continue to pay and provide for any health, medical, dental, or vision benefits then being provided to the plan-eligible dependents of EMPLOYEE for a period of one year, provided that in lieu of such benefit continuation, K12 in its discretion may pay EMPLOYEE's legal representatives, estate, beneficiaries or heirs an amount equal to the out-of-pocket cost EMPLOYEE's covered dependents otherwise would incur to obtain continuation coverage for such one year period pursuant to COBRA, which amount shall be paid in a single lump sum to EMPLOYEE's legal representatives, estate, beneficiaries or heirs within ninety (90) calendar days following the date EMPLOYEE's employment by K12 terminates.

(b) If EMPLOYEE's employment terminates because of his death, all of EMPLOYEE's non-vested options and non-vested restricted stock that would have vested at any time during the one year period following the date of EMPLOYEE's death shall immediately and automatically vest. EMPLOYEE's legal representative, estate, beneficiaries and heirs shall thereupon be entitled to exercise any of EMPLOYEE's then-vested options within the one (1) year period immediately following such EMPLOYEE's date of death, based on their respective interests in such options and restricted shares.

4.3. **Disability.** For purposes of this Agreement, EMPLOYEE shall be deemed to have experienced a "Disability" at such time as EMPLOYEE experiences a disability within the meaning of Section 409A of the Code and related rulings and regulations.

(a) Upon EMPLOYEE's Disability, the payment of benefits under K12's short-term and long-term disability insurance plans, if any, shall offset and reduce K12's obligation to pay Base Salary and a Performance Bonus under Section 3.1 and 3.2, where EMPLOYEE can be shown to have received such payments.

(b) Subject to any applicable legal requirements, in the event EMPLOYEE shall remain under a Disability for a period exceeding one hundred twenty (120) consecutive days in any twelve (12) month period, K12 shall have the right to terminate EMPLOYEE's employment hereunder. K12 shall effect such termination by giving EMPLOYEE a notice specifying the effective date of such termination, which date shall not be earlier than the last day of the calendar month following the giving of notice.

(c) If K12 terminates EMPLOYEE's employment because of Disability, K12 shall continue to pay EMPLOYEE's then-current Base Salary through the end of the third consecutive calendar month following EMPLOYEE's Disability, and a pro-rated Performance Bonus based on the Performance Bonus most recently paid or becoming payable to EMPLOYEE. Such payments shall be made to EMPLOYEE, or in the event of employee's subsequent death, EMPLOYEE's legal representatives, estate, beneficiaries or heirs, in accordance with K12's then-prevailing executive payroll practices, subject to any and all then-applicable state and federal laws. In addition, K12 shall continue to pay and provide for any health, medical, dental or vision benefits then being provided to EMPLOYEE and the plan-eligible dependents of EMPLOYEE for a period of one year, provided that in lieu of such benefit continuation, K12 in its discretion may pay EMPLOYEE an amount equal to the out-of-pocket cost EMPLOYEE's covered dependents otherwise would incur to obtain continuation coverage for such one year period pursuant to COBRA, which amount shall be paid in a single lump sum to EMPLOYEE within ninety (90) calendar days following the date EMPLOYEE's employment by K12 terminates.

(d) If K12 terminates EMPLOYEE's employment because of Disability, all of EMPLOYEE's non-vested options and non-vested restricted stock that would have vested at any time during the one year period following the date of such termination shall immediately and automatically vest. EMPLOYEE (or in the event of EMPLOYEE's death, his legal representative, estate, beneficiaries or heirs, based on their respective interests) shall thereupon be entitled to exercise any of EMPLOYEE's then-vested options within the one (1)-year period immediately following such EMPLOYEE's date of termination.

4.4. **Discharge for Cause or Voluntary Resignation.**

(a) For purposes of this Agreement, Cause shall mean a good faith finding by the Board of Directors of: (i) EMPLOYEE's willful or gross misconduct, willful or gross negligence in the performance of his duties for K12, intentional or habitual neglect of his duties for K12, or material breach or violation by Employee of this Agreement or any other material agreement between EMPLOYEE and the K12 or any material policy of K12 (such as the K12 Code of Business Conduct and Ethics or any successor policy), provided that K12 shall have given EMPLOYEE notice specifying the conduct it believes to fall within this sentence and EMPLOYEE shall have failed to remedy such conduct within ten (10) days thereafter; or (ii) EMPLOYEE's theft or misappropriation of funds of K12 or conviction of a felony. K12 shall effectuate a discharge for Cause by giving EMPLOYEE a notice specifying the effective date of such termination.

(b) For purposes of this Agreement, voluntary resignation means the EMPLOYEE's resignation of his employment hereunder without Good Reason (as defined in Section 4.5(b) hereof). EMPLOYEE shall effect a termination by voluntary resignation by giving K12 a notice specifying the effective date of such termination, which date shall not be earlier than thirty (30) days after the giving of notice.

(c) In the event EMPLOYEE is discharged by K12 for Cause or EMPLOYEE terminates his K12 employment by voluntary resignation:

(i) K12 shall pay or provide to EMPLOYEE, in accordance with K12's then-prevailing executive payroll practices, all Base Salary, vested benefits and other payments to which EMPLOYEE and his plan-eligible dependents (if any) are entitled hereunder through the effective date of termination.

(ii) EMPLOYEE's non-vested restricted shares as well as non-vested options shall be immediately forfeited. EMPLOYEE shall be entitled to exercise any of his vested options within the one hundred eighty (180) consecutive day period immediately following the termination of EMPLOYEE's employment or the EMPLOYEE's removal from the Board, whichever is later, provided, however, that if the Company provides EMPLOYEE with a notice of termination for Cause, EMPLOYEE shall be permitted to exercise any vested options for a period not to exceed ninety (90) days after the effective date of a termination for Cause. In all cases, the foregoing shall be subject to earlier termination of the options upon the regular expiration date of the options or upon the occurrence of a Change in Control or other corporate event or extraordinary transaction as provided in the EIA Plan or its successor.

(iii) Except as set forth in this Section 4.4, K12 shall have no further obligation to EMPLOYEE (or EMPLOYEE's legal representative, estate, beneficiaries or heirs) for any compensation, benefits or other payments hereunder, provided that nothing herein shall be deemed to affect EMPLOYEE's entitlement, if any, to any vested pension or similar benefits to which he may be or may become entitled.

4.5. **Discharge Without Cause or Resignation for Good Reason.**

(a) For the purposes of this Agreement, discharge without Cause is any termination by K12 of EMPLOYEE's employment hereunder without Cause, as defined in Section 4.4(a) hereof. K12 shall effectuate a discharge without Cause by giving EMPLOYEE a notice specifying the effective date of such discharge, which date shall not be earlier than thirty (30) days after the giving of notice.

For the purposes of this Agreement, Good Reason shall mean: (i) a material diminution of EMPLOYEE's authority, duties or responsibilities, except that it will not be considered to be a material diminution of EMPLOYEE's authority, duties or responsibilities if K12 elects to retain a new CEO and modifies EMPLOYEE's duties as Executive Chairman in connection therewith; or (ii) a material change in the geographic location at which EMPLOYEE must perform his personal services for K12 (at present, the Greater Washington, D.C. area); or (iii) a material breach of this Agreement by K12, so long as in each case EMPLOYEE shall have given K12 notice of the conduct he believes constituted the material diminution, change or breach within ninety (90) days of its occurrence and K12 shall have failed to remedy such diminution, change or breach within thirty (30) days thereafter. EMPLOYEE shall effect an employment termination by resignation for Good Reason by giving K12 a notice specifying the effective date of such employment termination.

(b) In the event EMPLOYEE is discharged by K12 Without Cause or EMPLOYEE terminates his K12 employment by resigning for Good Reason, and subject to EMPLOYEE's execution within 30 days following the EMPLOYEE's termination of employment, and non-revocation of a general release of all claims against the Company and its affiliates in the form attached hereto as Exhibit A (as such form may be revised to reflect changes in applicable law), no later than 8 days following the EMPLOYEE's termination of employment (a "Release"):

(i) K12 shall pay EMPLOYEE an amount equal to three (3) times EMPLOYEE's then-current Base Salary, determined as of his date of discharge or termination. Such amount shall be paid in a single sum, net of any applicable withholding, within ninety (90) calendar days following the date EMPLOYEE's employment by K12 terminates, or if earlier, on the March 15 th next following the close of the taxable year in which EMPLOYEE's employment by K12 terminates. In addition, EMPLOYEE shall remain eligible to receive a Performance Bonus for the Fiscal Year in which such termination occurs, subject to the attainment of the performance criteria previously established for such Fiscal Year by the Compensation Committee, which amount shall be pro-rated to reflect the partial year of service and shall be paid at the earlier of the time the amount and entitlement to the performance bonus can be determined or the performance bonuses are paid to other K12 executives and in accordance with the payment timing provisions of Section 3.2. K12 also shall continue to provide the health, medical, dental and vision benefits then being provided or made available to EMPLOYEE and his plan-eligible dependents for a period of one (1) year following the date EMPLOYEE's employment by K12 terminates, provided that in lieu of such benefit continuation, K12 in its discretion may pay EMPLOYEE an amount equal to the out-of-pocket cost EMPLOYEE and his covered dependents otherwise would incur to obtain continuation coverage for such one year period pursuant to COBRA, which amount shall be paid in a single lump sum to EMPLOYEE within ninety (90) calendar days following the date EMPLOYEE's employment by K12 terminates. In addition, vesting shall occur as set forth in Section 3.7(i) hereof. In no event shall amounts payable in one taxable year affect amounts payable in any other taxable year.

(ii) To the extent the amount payable to EMPLOYEE pursuant to this Section 4.5(b) (other than in connection with and as a result of a Change in Control) exceeds the maximum amount permitted under Income Tax Regulations Section 1.409A-1(b)(9)(iii) (pertaining to certain separation pay plans), determined as of the first of the year in which EMPLOYEE separates from service, such excess amount shall be paid as a separate single sum, but shall be treated as subject to the requirements of Section 409A of the Code and related regulations and rulings and shall be subjected to the payment protocols set forth in Section 4.7 hereof.

(c) In the event EMPLOYEE is discharged by K12 without Cause or EMPLOYEE terminates his K12 employment by resigning for Good Reason, and in addition to the special vesting provided pursuant to Section 3.7(i) hereof, EMPLOYEE shall be entitled to exercise any of his vested options through the earlier of three hundred sixty five (365)-consecutive day period immediately following such discharge or termination or the original expiration date of such options and subject to earlier termination in the event of a Change in Control or other corporate event or extraordinary transaction as provided in the EIA Plan or its successor.

4.6. **Expiration of Contract Term.**

(a) For the purposes of this Agreement, Renewal Offer means a bona fide offer by K12 to enter into a new employment agreement with EMPLOYEE, on terms at least as favorable to EMPLOYEE as this Agreement, made to EMPLOYEE at least four (4) months before the expiration of this Agreement.

(b) In the event that K12 makes a Renewal Offer to EMPLOYEE, but the Parties nevertheless do not enter into a new employment agreement and EMPLOYEE's employment by K12 terminates upon the expiration of this Agreement, any options scheduled to vest on the third anniversary of the Effective Date of this Agreement pursuant to Section 3.7(c) shall immediately vest and EMPLOYEE shall be entitled to exercise any of his vested options within three (3) months after such termination. In addition thereto, any restricted shares scheduled to vest at the close of the final calendar quarter coincident with or immediately preceding the third anniversary of the Effective Date shall thereupon vest, provided EMPLOYEE has satisfied the performance criteria selected by the Board or the Compensation Committee (as applicable) in accordance with Section 3.7(c) hereof.

(c) In the event that K12 does not make a Renewal Offer to EMPLOYEE and EMPLOYEE's employment by K12 therefore terminates at the expiration of the term of this Agreement, and EMPLOYEE is asked to leave the Board of Directors, all options granted to EMPLOYEE shall immediately vest (to the extent not already vested), and EMPLOYEE shall be entitled to exercise any of his vested options within the three hundred sixty five (365)-consecutive day period immediately following the date of such employment termination. In addition thereto, any restricted shares scheduled to vest at the close of the final calendar quarter coincident with or immediately preceding the third anniversary of the Effective Date shall thereupon vest, provided EMPLOYEE has satisfied the performance criteria selected by the Board or the Compensation Committee (as applicable) in accordance with Section 3.7(c) hereof. If no Renewal Offer is made to EMPLOYEE, but EMPLOYEE remains on the Board, the vesting and exercise of any shares and options will continue to vest as if EMPLOYEE had continued to remain employed by K12 for purposes of the vesting and exercise of any shares or options.

4.7. **Compliance with Section 409A of the Code**. The provisions of this Section 4.7 (other than subsections (c), (d) and (e) hereof) shall apply solely to any payment, otherwise determined to be due and payable under this Agreement, which constitutes "deferred compensation" subject to Section 409A of the Code and related regulations and rulings.

(a) General Suspension of Payments. If, at the time EMPLOYEE incurs a separation from service (within the meaning of subsection (d) hereof), K12 qualifies as a "public company" (within the meaning of Section 409A of the Code and related regulations and rulings) and EMPLOYEE is then a "specified employee," as such term is defined within the meaning of Section 409A of the Code and related regulations and rulings, any payments or benefits payable or provided as a result of such separation that would otherwise be paid or provided prior to the first day of the seventh month following such separation (other than due to death or Disability within the meaning of Section 4.3 hereof) shall instead be paid or provided on the earlier of (i) one hundred eighty one (181) days following such separation; or (ii) the date of EMPLOYEE's death; or (iii) that date certain which otherwise complies with Section 409A of the Code. In the event that EMPLOYEE is entitled to receive payments during the 181-day suspension period described in this Section 4.7(a), EMPLOYEE shall receive the accumulated benefits that would have been paid or provided under this Agreement within the suspension period on the earliest day that would be permitted under Section 409A of the Code.

(b) Reimbursement Payments. The following rules shall be followed when paying any amount under this Agreement that is capable of being treated as a "reimbursement" or a "separation payment" within the meaning of Income Tax Regulations Section 1.409A-1(b)(9)(v) : (i) the amount of expenses eligible for reimbursement in one calendar year shall not limit the available reimbursements for any other calendar year (other than an arrangement providing for the reimbursement of medical expenses qualifying as such for purposes of Section 105(b) of the Code); (ii) EMPLOYEE shall file a claim for all reimbursement payments not later than thirty (30) days following the end of the calendar year during which such expenses were incurred, (iii) K12 shall make such reimbursement payments within thirty (30) days following the date EMPLOYEE delivers written notice of such expenses to K12; and (iv) EMPLOYEE's right to such reimbursement payments shall not be subject to liquidation or exchange for any other payment or benefit.

(c) Separation from Service. For purposes of this Agreement, any reference to a "termination" of EMPLOYEE's K12 employment shall be interpreted consistent with the meaning of the term "separation from service" in Section 409A(a)(2)(A)(i) of the Code, Income Tax Regulations Section 1.409A-1(h), and related regulations and rulings.

(d) Installment Payments. For purposes of Section 409A of the Code and related regulations and rulings, and any state law of similar import (including without limitation Treasury Regulations Section 1.409A-2(b)(2)(iii)), any installment payments scheduled to be made under this Agreement will be treated as the right to receive a series of separate payments, causing each such installment payment to at all times be considered a separate and distinct payment.

(e) General. Notwithstanding anything to the contrary in this Agreement, the Parties intend that the payments becoming due and payable under this Agreement shall satisfy, to the greatest extent possible, one (1) or more of the exemptions set forth in Section 409A of the Code and Income Tax Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5), and 1.409A-(b)(9). This Agreement will be construed to the greatest extent possible as consistent with those provisions. Without limiting the generality of the foregoing, to the extent any series of payments to be made hereunder is found to be subject to Section 409A of the Code, the Parties shall not take any action to change the timing of such payments.

ARTICLE 5
RESTRICTIVE COVENANTS

5.1. **Confidentiality.** Except as authorized or directed by K12, EMPLOYEE shall not, at any time during which EMPLOYEE is receiving any compensation from K12, and for a period of three (3) years thereafter, directly or indirectly publish or disclose any Confidential Information of K12 or of any of its Affiliates, or Confidential Information of others that has come into the possession of K12 or of any of its Affiliates, or into the EMPLOYEE's possession in the course of his employment with K12 or of his services and duties hereunder, to any other person or entity, and EMPLOYEE shall not use any such Confidential Information for EMPLOYEE's own personal use or advantage or make it available to others for use. All confidential information, whether oral or written, regarding the business or affairs of K12 or any of its Affiliates, including, without limitation, information as to their products, services, systems, designs, inventions, software, finances (including prices, costs and revenues), marketing plans, programs, methods of operation, prospective and existing contracts, customers and other business arrangements or business plans, procedures, and strategies, shall all be deemed Confidential Information, except to the extent the same shall have been lawfully and without breach of the EMPLOYEE'S confidentiality obligation made available to the general public, or that EMPLOYEE can prove, by documentary evidence, was previously known to EMPLOYEE prior to the term of EMPLOYEE's employment or other service with K12. Upon expiration or termination of this Agreement for any reason, EMPLOYEE shall promptly return to K12 all Confidential Information, including all copies thereof in EMPLOYEE's possession, whether prepared by him or others.

5.2. **Unfair Competition.** During his employment pursuant to this Agreement and for a period of 24 months thereafter (the " Post-Termination Non-Compete Period), EMPLOYEE shall not, within the United States, directly or indirectly, and whether or not for compensation, as a stockholder owning beneficially or of record more than five percent (5%) of the outstanding shares of any class of stock of an issuer, or as an officer, director, employee, consultant, partner, joint venturer, proprietor, or otherwise, engage in or become interested in any Conflicting Organization in connection with research, development, consulting, manufacturing, purchasing, accounting, engineering, marketing, merchandising or selling of any Conflicting Product or Service, directly or indirectly, in competition with K12 or any of its Affiliates (or any of their successors) as conducted from time to time during such period, provided, however, that in the event EMPLOYEE separates from employment with K12 either due to a termination of EMPLOYEE's employment by K12 Without Cause or EMPLOYEE's resignation of his employment for Good Reason as specifically described in Section 4.5, and, in either case, the Board elects to continue to require EMPLOYEE's continued compliance with this Section 5.2, K12 shall pay EMPLOYEE an amount equal to two (2) times EMPLOYEE's then-current Base Salary, determined as of his date of discharge or termination. Such amount shall be paid in a single sum, net of any applicable withholding, within ninety (90) calendar days following the date EMPLOYEE's employment by K12 terminates, or if earlier, on the March 15th next following the close of the taxable year in which EMPLOYEE's employment by K12 terminates.

5.3. **Non-Solicitation**.

(a) EMPLOYEE shall not, at any time during his employment pursuant to this Agreement and for a period of 18 months thereafter (the "Restriction Period"), directly or indirectly, recruit or otherwise solicit or induce any customer, subscriber, vendor, business affiliate, or supplier of K12 or its Affiliates to (i) terminate its arrangement with K12 or its Affiliates, or (ii) otherwise change its relationship with K12 or its Affiliates.

(b) EMPLOYEE shall not, at any time during the Restriction Period, directly or indirectly, either on his own account or for any other person or entity, solicit any employee of K12 or its Affiliates to terminate his or her employment with K12 or its Affiliates.

5.4. **Injunctive Relief; Survival.** EMPLOYEE acknowledges that a breach of the covenants contained in this Article 5 and in Article 6 will cause irreparable damage to K12 and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, EMPLOYEE agrees that in the event of a breach of any of the covenants contained in this Article 5 or in Article 6, in addition to any other remedy which may be available at law or in equity, K12 will be entitled to specific performance and injunctive relief. The provisions of this Article 5 and Article 6 shall survive any termination or expiration of the term of this Agreement.

ARTICLE 6
INVENTIONS, WORKS OF AUTHORSHIP,
PATENTS AND COPYRIGHTS

6.1. EMPLOYEE shall assign and transfer to K12, and does hereby assign and transfer to K12 all right title and interest in and to all K12 IP (as defined below). All K12 IP is and shall be the sole property of K12. EMPLOYEE shall disclose all K12 IP promptly in writing to K12. Upon request of K12, EMPLOYEE shall promptly execute a written assignment of title to K12 for all K12 IP, and EMPLOYEE will preserve all such K12 IP as Confidential Information. As used herein "K12 IP" shall mean all inventions and intellectual property rights (including, but not limited to, designs, discoveries, inventions, improvements, ideas, devices, techniques, processes, writings, trade secrets, trademarks, patents, copyrights and all plans, memoranda and other tangible information relating to such intellectual property, whether or not subject to protection under applicable laws) that EMPLOYEE solely or jointly with others conceives, makes, acquires, suggests or participates in at any time during

EMPLOYEE’S employment with K12 and that relate to the actual business, products, processes, work, operations, research and development or other activities of K12.

ARTICLE 7
MISCELLANEOUS

7.1. **Assignment.** The rights and obligations of K12 under this Agreement shall be binding upon its successors and assigns and, subject to EMPLOYEE’s rights under Section 4.5 hereof, may be assigned by K12 to the successors in interest of K12. The rights and obligations of EMPLOYEE under this Agreement shall be binding upon EMPLOYEE’s heirs, legatees, personal representatives, executors or administrators. This Agreement may not be assigned by EMPLOYEE, but any amount owed EMPLOYEE upon EMPLOYEE’s death shall inure to the benefit of EMPLOYEE’s heirs legatees, personal representatives, executors, or administrators.

7.2. **Notice.** For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when hand delivered, sent by overnight courier, or mailed by first-class, registered, or certified mail, return receipt requested, postage prepaid, or transmitted by telegram, facsimile, or telex addressed as follows:

If to EMPLOYEE: (Copy to K12 Executive Office)

Nathaniel A. Davis
2609 Geneva Hill Court
Oakton, VA 22124

Telephone:

If to K12:

K12 Inc.
Attn: General Counsel
2300 Corporate Park Drive
Herndon, Virginia 20171

Telephone:
Facsimile:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

7.3. **Entire Agreement.** From and after the Effective Date, this Agreement constitutes the entire agreement between the Parties hereto, and expressly supersedes all prior oral or written agreements, commitments or understandings with respect to the matters provided for herein.

7.4. **Headings.** Article and Section headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

7.5. **Severability**. In the event any provision of this Agreement, or any portion thereof, is determined by any arbitrator or court of competent jurisdiction to be unenforceable as written, such provision or portion thereof shall be interpreted so as to be enforceable. In the event any provision of this Agreement or any portion thereof is determined by any arbitrator or court of competent jurisdiction to be void, the remaining portions of this Agreement shall nevertheless be binding upon K12 and EMPLOYEE with the same effect as though the void provision or portion thereof had been severed and deleted.

7.6. **Arbitration.** Without prejudice to K12's right to seek an injunction pursuant to Section 5.4 hereof from a court of competent jurisdiction, any dispute between the Parties hereto arising out of this Agreement, or otherwise arising out of or relating to EMPLOYEE's employment by K12, or the termination thereof, shall be submitted to non-binding mediation before a mediator to be agreed upon by the Parties or, failing agreement, to be appointed by the American Arbitration Association ("AAA"). In the event that mediation is unsuccessful, such dispute shall be resolved by binding arbitration, before a single arbitrator, under the rules of the AAA. The arbitrator shall have the authority to apportion the costs of arbitration and to render an award including reasonable attorney's fees, as and to the extent he deems appropriate under the circumstances.

7.7. **Governing Law.** Except as otherwise provided in Section 2.4 hereof, this Agreement, the rights and obligations of the Parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the substantive laws of the Commonwealth of Virginia (excluding the choice of law rules thereof).

7.8. **Amendment; Modification; Waiver.** No amendment, modification or waiver of the terms of this Agreement shall be valid unless made in writing and duly executed by EMPLOYEE and K12. No delay or failure at any time on the part of EMPLOYEE or K12 in exercising any right, power or privilege under this Agreement, or in enforcing any provision of this Agreement, shall impair any such right, power, or privilege, or be construed as a waiver of any default or as any acquiescence therein, or shall affect the right of EMPLOYEE or K12 thereafter to enforce each and every provision of this Agreement in accordance with its terms.

7.9. **Additional Obligations.** Both during and after the term of employment, EMPLOYEE shall, upon reasonable notice, furnish K12 with such information as may be in EMPLOYEE's possession or control, and cooperate with K12, as may reasonably be requested by K12 (and, after the term of employment, with due consideration for EMPLOYEE's obligations with respect to any new employment or business activity) in connection with any litigation or other adversarial proceedings in which K12 or any

Affiliate is or may become a party. K12 shall reimburse EMPLOYEE for all reasonable expenses incurred by EMPLOYEE in fulfilling EMPLOYEE's obligations under this Section 7.9.

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Date.

K12 INC.

By: /s/ Andrew H. Tisch
Andrew H. Tisch
Chairman, Compensation Committee

By: /s/ Nathaniel A. Davis
Nathaniel A. Davis
Executive Chairman

EXHIBIT A

Separation Agreement and Release

This Separation Agreement and Release ("Agreement") is made by and between Nathaniel A. Davis ("Executive") and K12 Inc. (the "Company") (collectively, referred to as the "Parties" or individually referred to as a "Party"). Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Employment Agreement (as defined below).

WHEREAS, the Parties have previously entered into that certain Employment Agreement, dated as of January 7, 2013 (the "Employment Agreement"); and

WHEREAS, in connection with Executive's termination of employment with the Company effective , 20 , the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Executive may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Executive's employment with or separation from the Company or its subsidiaries or affiliates but, for the avoidance of doubt, nothing herein will be deemed to release any rights or remedies in connection with Executive's rights as a shareholder of the Company or Executive's right to indemnification by the Company or any of its affiliates pursuant to contract or applicable law, Executive's rights to Side A and Side B directors' and officers' insurance coverage as set forth in the Employment Agreement, and any rights Executive or his dependents have or may have under the Employee Retirement Income Security Act of 1974 ("ERISA") with respect to any Company-sponsored employee benefit plans in which he or they then have an interest (collectively, the " Retained Claims").

NOW, THEREFORE, in consideration of the severance payments described in Section 4.5 of the Employment Agreement, which, pursuant to the Employment Agreement, are conditioned on Executive's execution and non-revocation of this Agreement, and in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

1. Severance Payments; Salary and Benefits. The Company agrees to provide Executive with the severance payments and benefits described in Section 4.5 of the Employment Agreement, payable at the times set forth in, and subject to the terms and conditions of, the Employment Agreement. In addition, to the extent not already paid, and subject to the terms and conditions of the Employment Agreement, the Company shall pay or pay to Executive all amounts of base salary through the date of termination.

2. Release of Claims. Executive agrees that, other than with respect to the Retained Claims, the foregoing consideration represents settlement in full of all outstanding obligations owed to Executive by the Company and all of its direct or indirect subsidiaries and Affiliates (as defined in the Employment Agreement), and any of their current and former officers, directors, managers, employees, agents, attorneys, administrators, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries and predecessor and successor corporations and assigns (collectively, the "Releasees"). Executive, on his own behalf and on behalf of any of Executive's affiliated companies or entities and any of their respective heirs, family members, executors, agents, and assigns, other than with respect to the Retained Claims,

hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement (as defined in Section 7 below), including, without limitation:

(a) any and all claims relating to or arising from Executive's employment or service relationship with the Company or any of its direct or indirect subsidiaries or affiliates and the termination of that relationship;

(b) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the ERISA (except for any Retained Claims) ; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; and the Sarbanes-Oxley Act of 2002;

(e) any and all claims for violation of the federal or any state constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Executive as a result of the Employment Agreement or this Agreement; and

(h) any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company (with the understanding that Executive's release of claims herein bars Executive from recovering such monetary relief from the Company or any Releasee), claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law, claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA, claims to any benefit entitlements vested as the date of separation of Executive's employment (including but not limited to any claims Executive may have under the Equity Incentive Award Plan or any option or award agreements to which Executive is then a party), pursuant to written terms of any employee benefit plan of the Company or its affiliates and Executive's right under applicable law and any Retained Claims. This release further does not release claims for breach of Article 4 of the Employment Agreement.

3. Acknowledgment of Waiver of Claims under ADEA. Executive understands and acknowledges that Executive is waiving and releasing any rights Executive may have under

the Age Discrimination in Employment Act of 1967 (“ADEA”), and that this waiver and release is knowing and voluntary. Executive understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Executive understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further understands and acknowledges that Executive has been advised by this writing that: (a) Executive should consult with an attorney prior to executing this Agreement; (b) Executive has 21 days within which to consider this Agreement; (c) Executive has 7 days following Executive’s execution of this Agreement to revoke this Agreement pursuant to written notice to the General Counsel of the Company; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and returns it to the Company in less than the 21 day period identified above, Executive hereby acknowledges that Executive has freely and voluntarily chosen to waive the time period allotted for considering this Agreement.

4. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

5. No Oral Modification. This Agreement may only be amended in a writing signed by Executive and a duly authorized officer of the Company.

6. Governing Law; Dispute Resolution. This Agreement shall be subject to the provisions of Sections 7.6 and 7.7 of the Employment Agreement.

7. Effective Date. If Executive has attained or is over the age of 40 as of the date of Executive’s termination of employment, then each Party has seven days after that Party signs this Agreement to revoke it and this Agreement will become effective on the eighth day after Executive signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the “Effective Date”). If Executive has not attained the age of 40 as of the date of Executive’s termination of employment, then the “Effective Date” shall be the date on which Executive signs this Agreement.

8. Voluntary Execution of Agreement. Executive understands and agrees that Executive executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive’s claims against the Company and any of the other Releasees. Executive acknowledges that: (a) Executive has read this Agreement; (b) Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement; (c) Executive has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of his own choice or has elected not to retain legal counsel; (d) Executive understands the terms and consequences of this Agreement and of the releases it contains; and (e) Executive is fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

EXECUTIVE

Dated: ______________________________ ______________________________

Nathaniel A. Davis

COMPANY

Dated: ______________________________ By: ______________________________

Name:

Title:

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Nathaniel A. Davis, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of K12 Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

(5) The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 5, 2013

/s/ NATHANIEL A. DAVIS

Nathaniel A. Davis
Executive Chairman

Exhibit 31.2

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Ronald J. Packard, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of K12 Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 5, 2013

/s/ RONALD J. PACKARD

Ronald J. Packard
Chief Executive Officer

Exhibit 31.3

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Harry T. Hawks, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of K12 Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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Date: February 5, 2013

/s/ HARRY T. HAWKS

Harry T. Hawks

Chief Financial Officer

Exhibit 32.1

The following certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Certification of Principal Executive Officer

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of K12 Inc., a Delaware corporation (the "Company"), hereby certify, to his knowledge, that:

(1) the accompanying Quarterly Report of the Company on Form 10-Q for the period ended December 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 5, 2013

/s/ NATHANIEL A. DAVIS

Nathaniel A. Davis

Executive Chairman

Exhibit 32.2

The following certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Certification of Principal Executive Officer

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of K12 Inc., a Delaware corporation (the "Company"), hereby certify, to his knowledge, that:

(3) the accompanying Quarterly Report of the Company on Form 10-Q for the period ended December 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(4) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 5, 2013

/s/ RONALD J. PACKARD

Ronald J. Packard
Chief Executive Officer

Exhibit 32.3

The following certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Certification of Principal Financial Officer

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of K12 Inc., a Delaware corporation (the “Company”), hereby certifies, to his knowledge, that:

(1) the accompanying Quarterly Report of the Company on Form 10-Q for the period ended December 31, 2012 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 5, 2013

/s/ HARRY T. HAWKS

Harry T. Hawks
Chief Financial Officer