



SUCCESS THROUGH LEARNING 弘扬教育 成就人生

Execution on New Growth

First Quarter 2010 Results Presentation

May 25, 2010

Forward-Looking Statement

To supplement the unaudited condensed consolidated financial information presented in accordance with Accounting Principles Generally Accepted in the United States of America (“GAAP”), the Company uses non-GAAP measures of income from operations and net income attributable to ChinaEdu Corporation, which are adjusted from results based on GAAP to exclude certain non-cash items of share-based compensation and amortization of intangible assets and land use rights. The Company also uses adjusted EBITDA, which is also a non-GAAP measure and is adjusted from GAAP results of net income to exclude interest income, taxes, depreciation, amortization of intangible assets and land use rights, and share-based compensation. These non-GAAP financial measures are provided to enhance the investors’ overall understanding of the Company’s current and past financial performance in on-going core operations as well as prospects for the future. These measures should be considered in addition to results prepared and presented in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. Management considers the non-GAAP information as important measures internally and therefore deems it important to provide all of this information to investors.

Convenience Translation

- The reporting currency of the Company is RMB, but for the convenience of the reader, the amounts are presented in U.S. dollars in this presentation
- All translations from RMB to USD were made at the rate of RMB6.8258 to \$1.00, the noon buying rate in effect on March 31, 2010 in the H.10 statistical release of the Federal Reserve Board
 - Historical financials presented in USD will differ from USD amounts presented for illustration purpose in past earnings releases due to different exchange rates used
- All percentages are calculated using the numbers presented in the financial statements contained in the earnings release presented in RMB
- We make no representation that the RMB or USD amounts referred could be converted into USD or RMB, at any particular rate or at all

First Quarter 2010 Highlights

First Quarter 2010 Financial Highlights

Earnings per Diluted ADS exceeds analysts consensus

In US Million	1Q09 Amount	1Q10 Amount	%	1Q09 Margin	1Q10 Margin
Net Revenue	11.9	12.8	7.5%	-	-
Gross Profit	7.1	8.2	15.1%	59.9%	64.1%
Operating Income	2.6	2.9	11.2%	21.6%	22.3%
Adj. EBITDA	3.7	4.0	7.7%	31.5%	31.6%
Adj. Net Income per ADS (diluted)	\$0.111	\$0.087	(21.6%)	-	-

- **Total net revenue \$12.8mm in 1Q10 in line with guidance of \$12.7mm to \$13.2mm**
- **Earnings per Diluted ADS is \$0.061, above analysts consensus of \$0.059**
- **NI decrease due to an increase of deferred tax expenses at one JV. Once the JV receives the approval for preferential tax rate, there will be an one-time tax expense reversal**

First Quarter 2010 Operational Summary

Continued to make important new strides in our core business

- Online degree programs:
 - Technology and service agreement w/ Huazhong Normal University
 - Collaborative alliance w/ Jiangxi Normal University
 - Continued expansion in learning center network:
 - 62 learning centers; 24 proprietary and 38 franchised
 - 17 universities partners
- Non-degree program developments:
 - Online language proficiency examination w/ McGraw-Hill
 - Distribution of Harvard WIDE World professional development program
 - K-12 teachers development program
- Continued investment in R&D

First Quarter 2010 Operational Summary (Cont'd)

Continued focus on product development at 101 Online Tutoring Programs

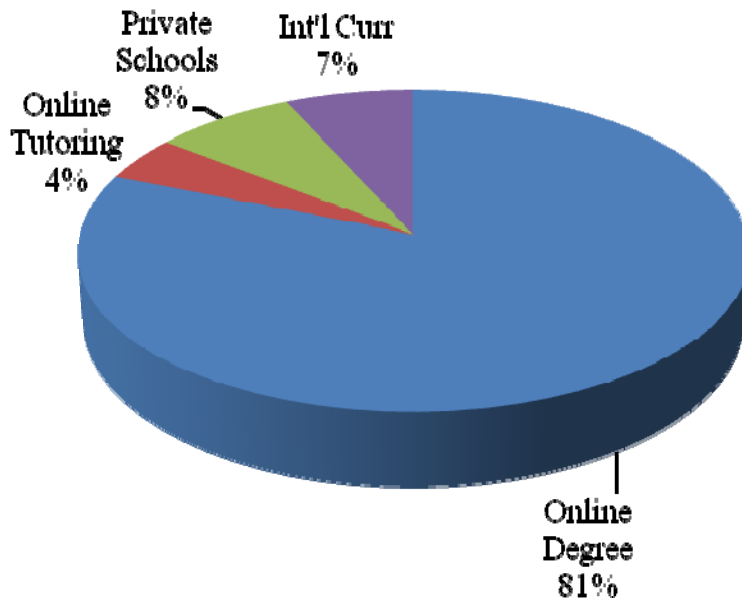
- Online tutoring:
 - Expanded sales channel throughout China w/ increased penetration in Beijing
 - Continued product development and increased level of services
 - Hybrid (online and in-class) learning method in Beijing
 - Created a separate team for 101tutor.com (300,000 daily page view)
- Private schools:
 - Enrollment growth from Anqing School
- International Curriculum:
 - Foreign exchange programs

First Quarter Financial Results Review

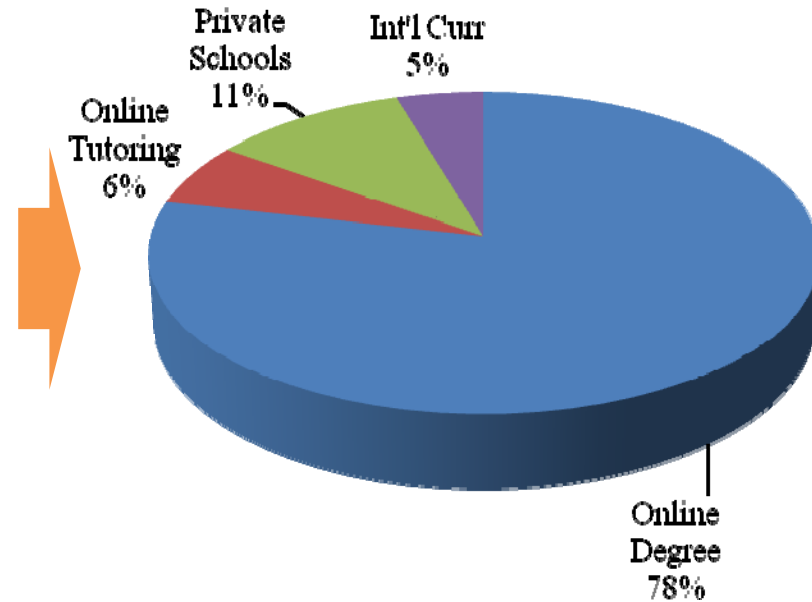
Revenue Contribution by Business Segments

Increased contribution from 101 Online Tutoring and Private Schools

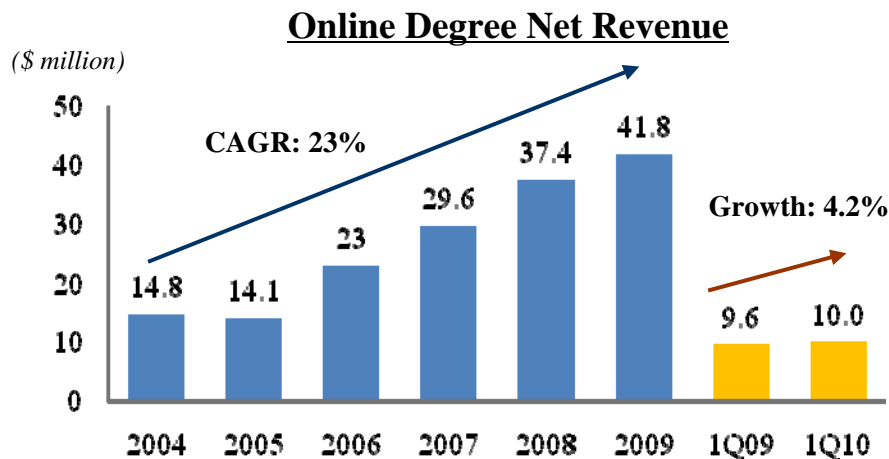
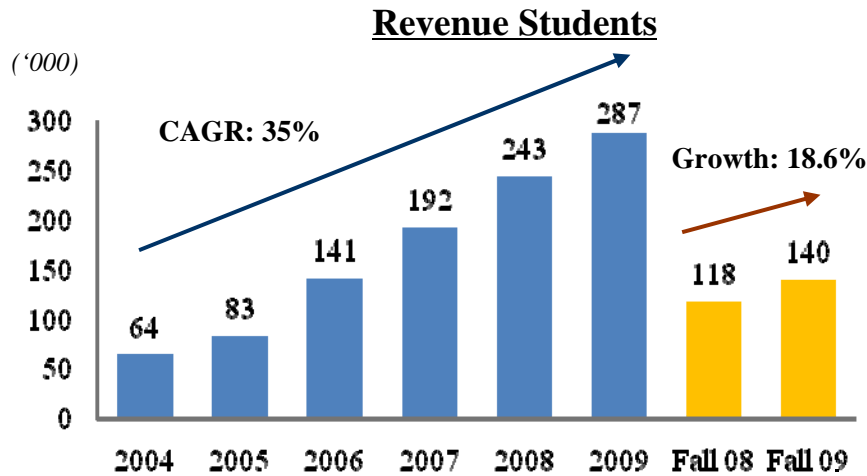
First Quarter 2009



First Quarter 2010

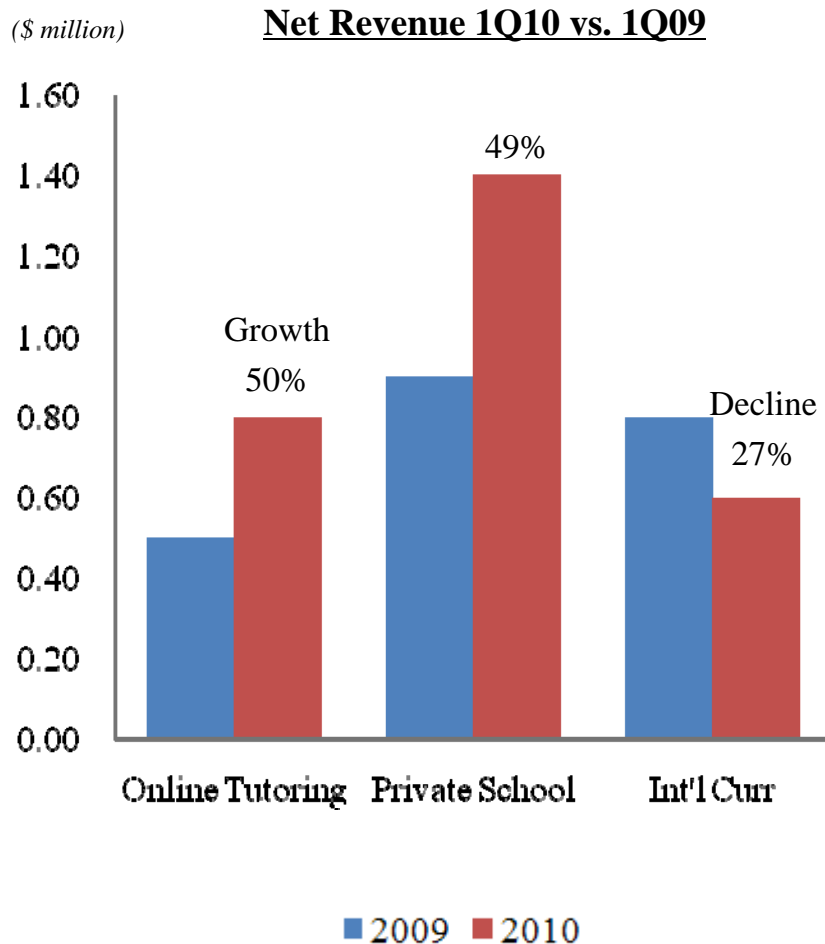


Online Degree Programs Net Revenue



- Learning centers network continues to expand
 - 62 LC (24 Proprietary, 38 Franchised)
- Online Degree net revenue increased 4.2% to \$10mm in 1Q10 vs. 1Q09
- Revenue students increased 18.6% in 2009 Fall vs. 2008 Fall

Other Business Lines Net Revenue



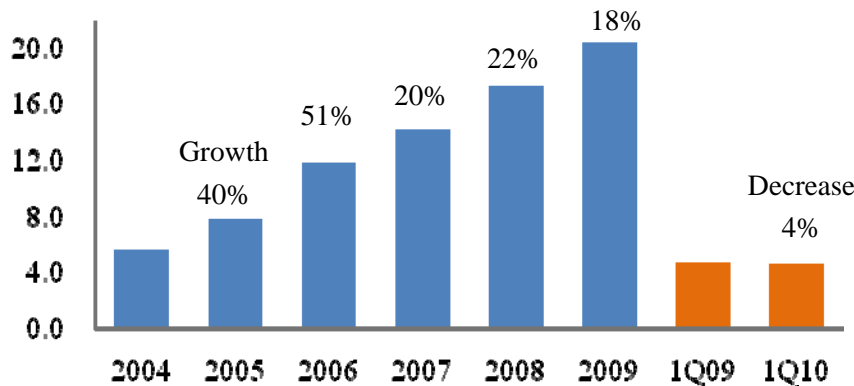
- 101 Online tutoring total net revenue increased 50% Y/Y :
 - Improved third-party distribution channel sales
 - Increased sales penetration in Beijing
- Enrollment growth at Anqing School
- International Curriculum's decline is in line with expectation

Cost of Revenue and Gross Margin

Overall gross margin expanded in 1Q10 vs. 1Q09

Cost of Revenue

(\$ million)

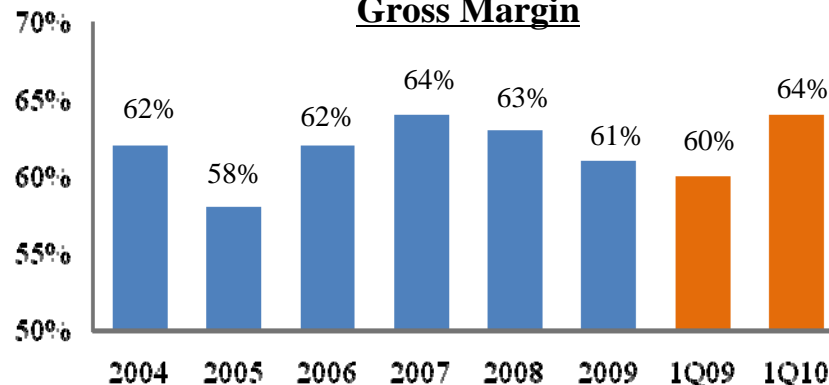


- Total cost of revenue declined 4%
Gross margin increased to 64% in compared to 60% in 1Q09

- Gross margins expanded in three business segments:

- Online degree programs expanded due to decrease of special courseware development
- Online tutoring gross margin expanded due to lower costs of third-party distributors
- Private schools gross margin expanded due to increased enrollment

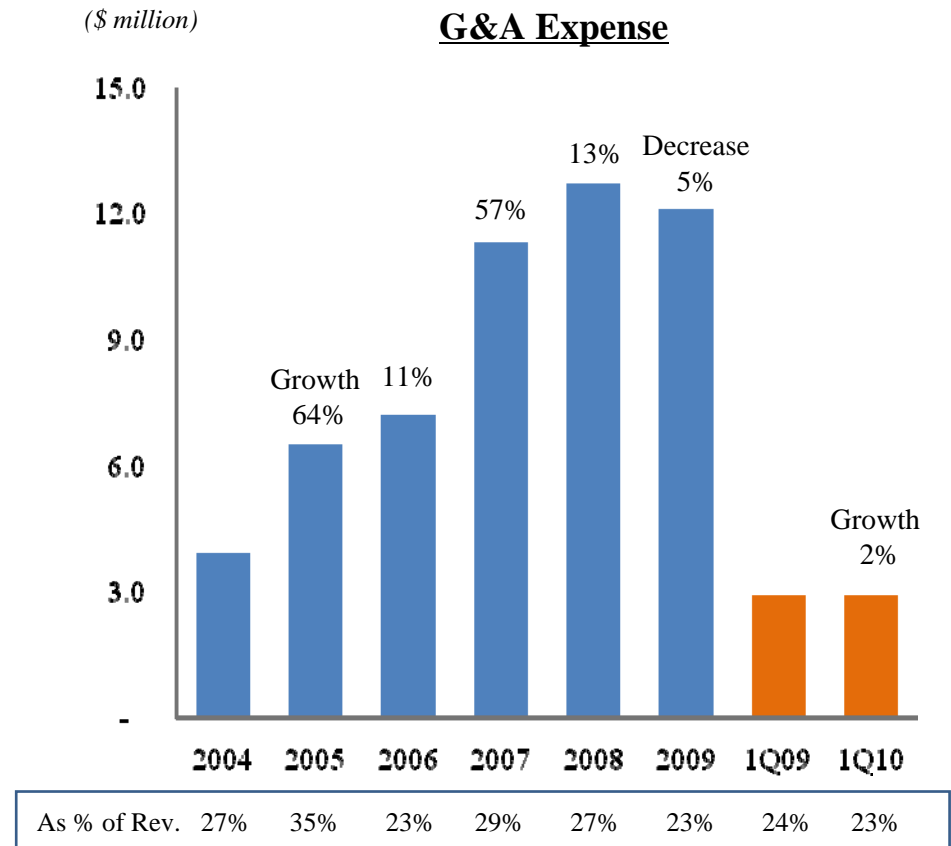
Gross Margin



General & Admin Expenses

G&A expenses remained stable

- G&A expenses increased slightly by 2% in 1Q10 vs. 1Q09
- G&A expenses as % of total net revenue decreased to 23% from 24% in 1Q10 vs. 1Q09

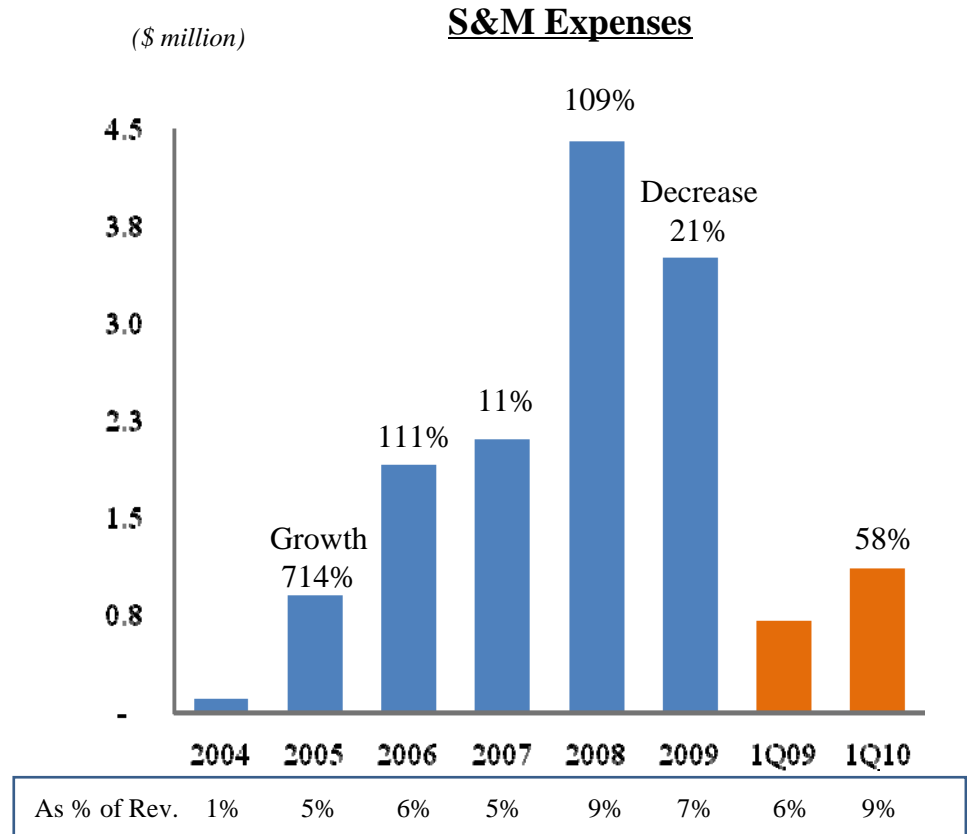


Selling & Marketing Expenses

S&M expenses increased y/y due to increased sales and marketing staff and promotional activities

- S&M expenses increased 58% in 1Q10 vs. 1Q09:
 - Increase in sales conferences and other sales activities
 - Increased number of sales and marketing staff for online degree programs and 101 online tutoring

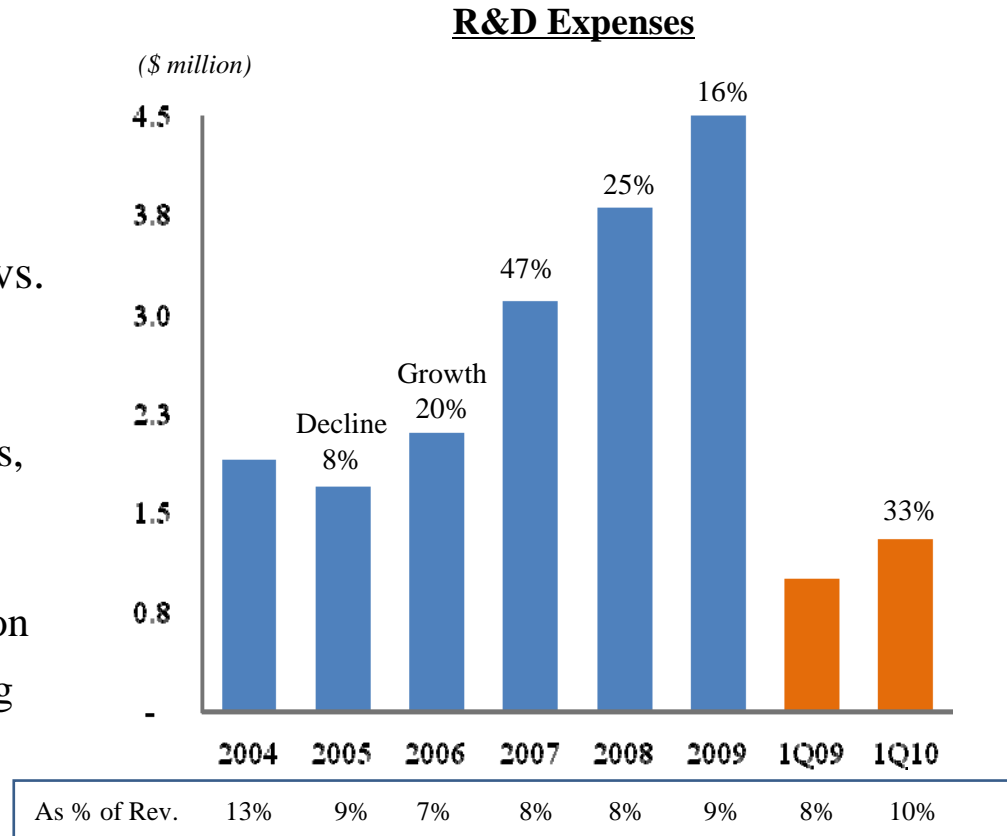
- S&M expenses as % of total net revenue was 9% in 1Q10, as compared to 6% in 1Q09



Research & Development Expenses

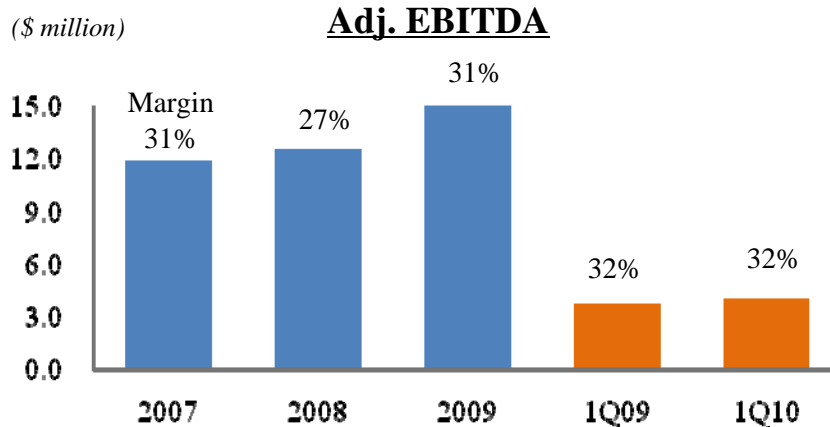
R&D expenses continues to increase at a controlled pace y/y

- R&D expenses increased 33% in 1Q10 vs. 1Q09
- R&D expenses as % of total net revenue increased to 10% in 1Q10 vs. 8% in 1Q09:
 - Learning management system upgrade for online degree programs, including the learning centers network
 - R&D for adult non-degree education
 - R&D for interactive online learning community and 101tutor.com

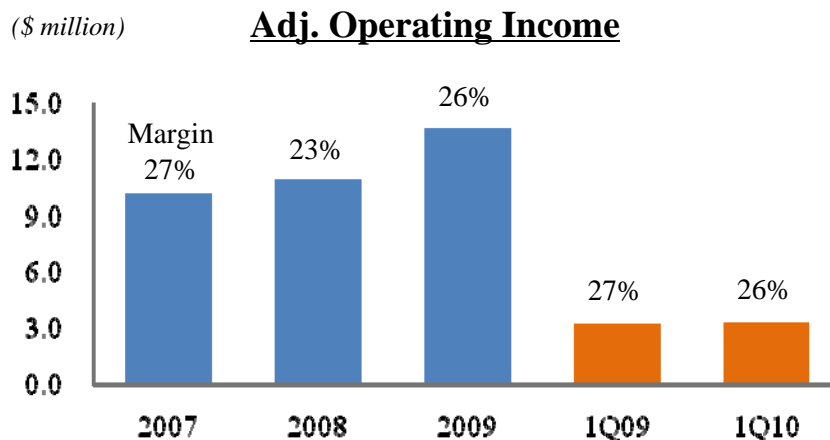


Operating Margins

GAAP op. margin improved while adj. EBITDA and adj. op. margins remained stable y/y



- Adj. EBITDA margin remained stable at 32% of total net revenue
- Adj. operating margin also remained relatively stable in 1Q10 vs. 1Q09
- GAAP Operating margin improved in 1Q10 to 22.3% vs. 21.6% 1Q09 due to lower amortization charges

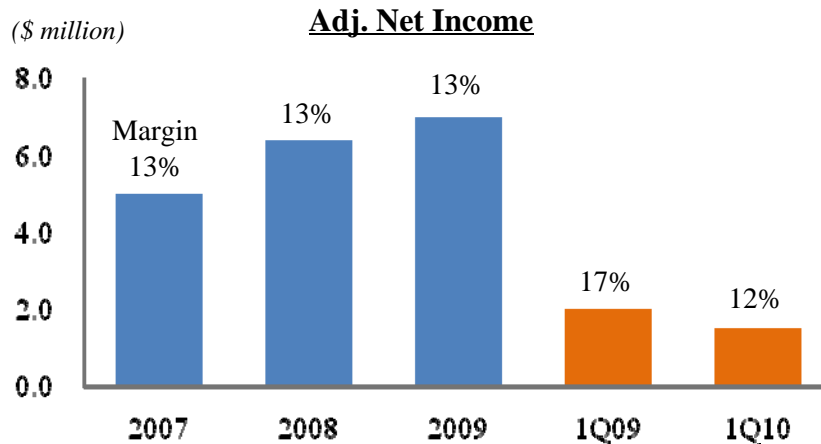


Net Income and EPS

EPS decrease due to a temporary increase of deferred tax expense at one JV

	1Q09	1Q10
NI (\$ '000)	\$1,401	\$1,059
Net Margin	11.8%	8.3%
Diluted EPS	\$0.079	\$0.061
Adj. Dil. EPS	\$0.111	\$0.087

- Current preferential income tax rate of 12.5% at JV with Chongda will expire in 2011, consequently, deferred tax expenses is provisioned at 25% statutory tax rate
- Applying for the “high and new technology enterprise” status
- After approval, there will be a one-time reversal of deferred income tax expenses



Balance Sheet Summary

(in thousands, unaudited)	March 31, 2009	December 31, 2009	March 31, 2010
	US\$	US\$	US\$
Current assets:			
Cash and cash equivalents	35,704	29,761	30,719
Term deposits	13,844	17,918	18,214
Investments	-	2,594	3,033
Amounts due from related parties	16,802	25,902	20,799
Other current assets	4,144	8,669	5,051
Total current assets	70,494	84,844	77,816
PP&E and deposit for PP&E	25,553	31,923	32,057
Intangible assets, net	10,137	9,760	9,745
Goodwill	5,590	5,590	5,590
Other long-term assets	4,849	5,053	4,779
Total assets	116,623	137,170	129,987
Liabilities and equity			
Current liabilities:			
Deferred revenues	4,342	14,336	5,371
Accrued expenses and other current liabilities	8,278	11,044	9,977
Amounts due to related parties	4,406	3,760	5,117
Tax payable	3,833	7,221	6,174
Total current liabilities	20,859	36,361	26,639
Deferred revenues	1,009	1,183	1,222
Other tax liabilities	2,489	2,618	2,647
Total liabilities	24,357	40,162	30,508
Chinaedu shareholders' equity:	79,263	82,038	83,590
Noncontrolling interest	13,003	14,970	15,889
Total equity	92,266	97,008	99,479
Total liabilities and equity	116,623	137,170	129,987

- Cash and cash equivalents totaled \$52.0mm as of Mar. 31, 2010, as compared to \$50.3mm as of Dec. 31, 2009
- Cash and cash equivalents is approximately \$2.99 per diluted ADS
- Cash and real estate (BV) is approximately \$4.80 per diluted ADS

Revenue Guidance for Second Quarter 2010

Revenue Guidance for 2Q2010

- 2010 Second quarter revenue guidance is between \$13.3mm and \$14.2mm (¥91mm and ¥97mm)

Non-GAAP Financial Measures

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Thank You!