



SUCCESS THROUGH LEARNING 弘扬教育 成就人生

Solid Growth and Continued Execution

Second Quarter 2010 Results Presentation

August 19, 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 RMB6.7815 to \$1.00, the noon buying rate in effect on June 30, 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

Second Quarter 2010 Highlights

Second Quarter 2010 Financial Highlights

Both revenue and earnings per diluted ADS exceed management guidance and analysts consensus

In US Million	2Q09 Amount	2Q10 Amount	%	2Q09 Margin	2Q10 Margin
Net Revenue	13.0	14.7	12.7%	-	-
Net Income	1.3	2.0	52.8%	10.0%	13.6%
Adj. EBITDA	4.4	5.2	20.4%	33.4%	35.7%
Net Income per ADS (diluted)	\$0.075	\$0.115	53.3%	-	-
Adj. Net Income per ADS (diluted)	\$0.103	\$0.125	21.4%	-	-

- **Total net revenue \$14.7mm in 2Q10 exceeds guidance of \$13.3mm to \$14.2mm**
- **Net income per diluted ADS is \$0.115, exceeds analysts consensus of \$0.069**

Second Quarter 2010 Operational Summary

Continue to record solid growth in our core business

- Online degree programs:
 - Healthy spring semester enrollment with 157,000 revenue students compared to 147,000 for the spring semester of 2009
 - Continued expansion in learning center network: 65 learning centers; 27 proprietary and 38 franchised; 18 universities served
 - Continued R&D in our technology platform, including wap application
- Online tutoring:
 - Beijing market continues to gain significant traction
 - Continued product development and increased level of services
 - Continued development of hybrid (online and in-class) learning model
 - Revamp of 101 Online School's website
- Private schools:
 - Continued margin improvement at both Anqing School and Pingdingshan School

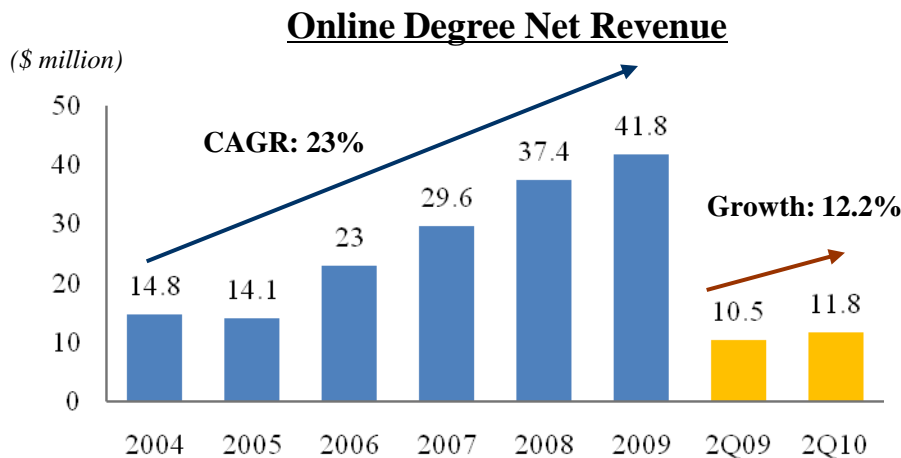
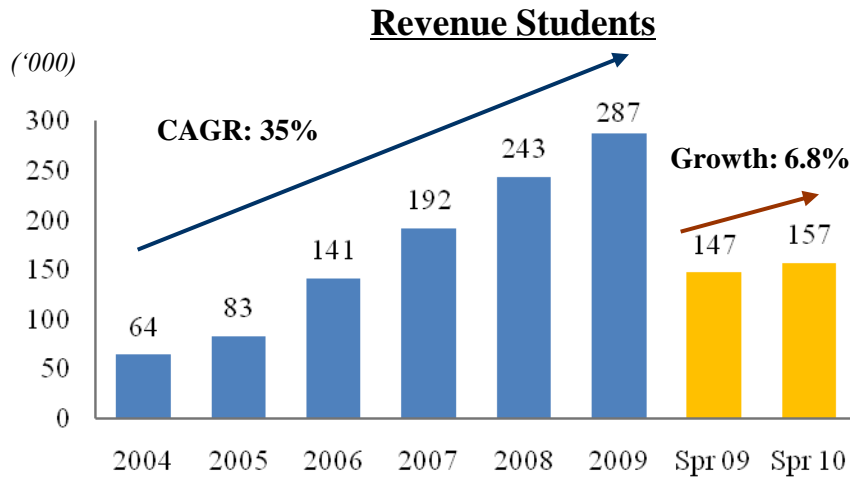
Second Quarter 2010 Operational Summary

New non-degree initiatives continue to make progress

- Non-degree program developments:
 - Online teachers training program in Fujian continues to gain traction
 - Question-answer interactive online community for K-12 students: revamp of website (prcedu.com/101tutor.com), launch of wap application
 - Vocational training online community for working adults: revamp of website (chinaedu.net)
 - English proficiency test development with McGraw-Hill near completion

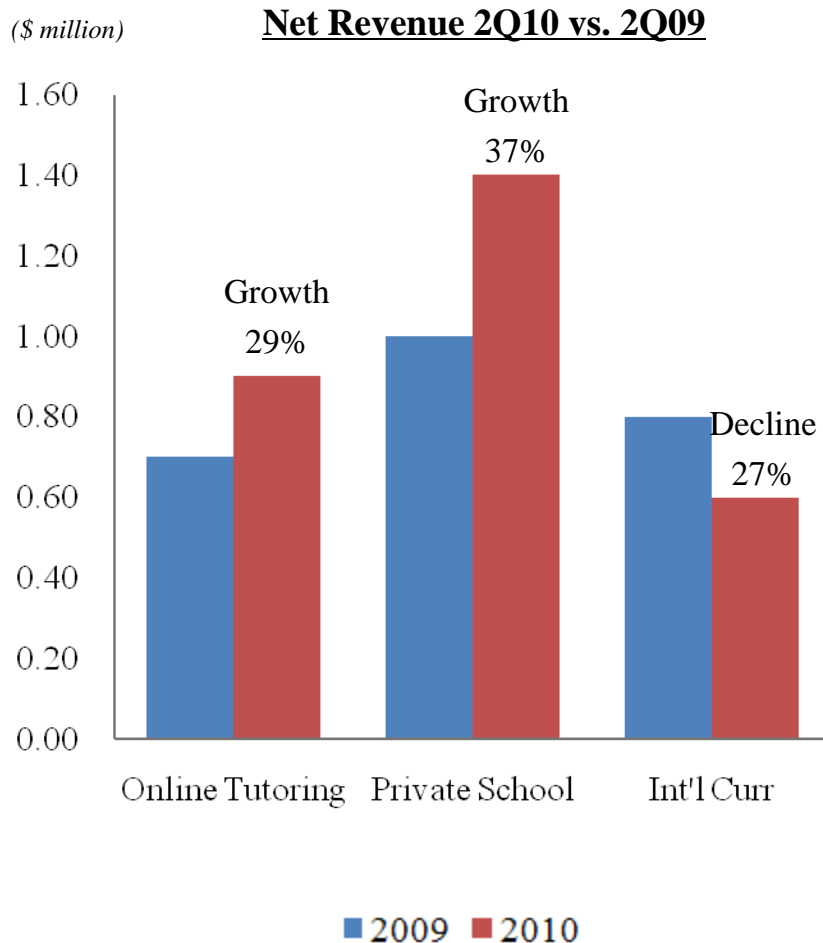
Second Quarter Financial Results Review

Online Degree Programs Net Revenue



- Learning centers network continues to expand
 - 65 LC (27 Proprietary, 38 Franchised)
- Online Degree net revenue increased 12.2% to \$11.8mm in 2Q10 vs. 2Q09
- Revenue students increased 6.8% in 2010 Spring vs. 2009 Spring
- Higher revenue growth compared to enrollment growth due to selected online colleges increasing tuition per student and lower third-party learning centers expenses

Other Business Lines Net Revenue

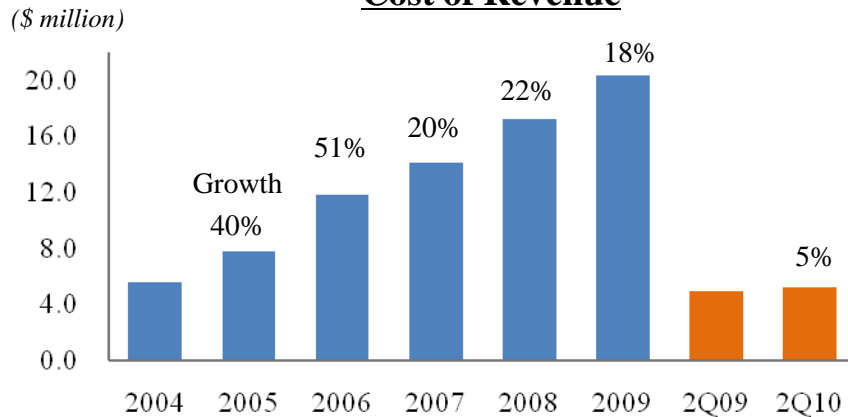


- 101 Online tutoring total net revenue increased 29% Y/Y :
 - Improved third-party distribution channel sales
 - Increased sales penetration in Beijing
 - Continued increased product and services support for third party distribution agencies
- Enrollment growth at Anqing School
- International Curriculum's decline in line with expectation

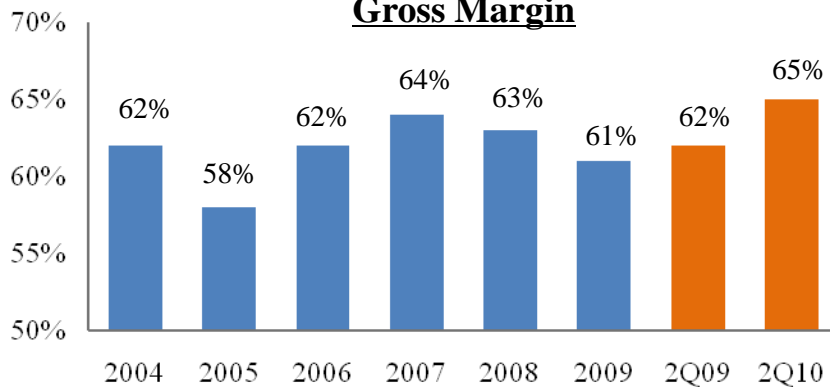
Cost of Revenue and Gross Margin

Overall gross margin expanded in 2Q10 vs. 2Q09

Cost of Revenue



Gross Margin



- Total gross margin increased to 65% as compared to 62% in 2Q09
- Gross margins expanded in three business segments:
 - Online degree programs gross margin expanded from 68.5% to 69.6%
 - 101 Online tutoring programs gross margin expanded from 65.5% to 75.8%
 - Private schools gross margin expanded from 9.7% to 25.8%
 - International curriculum programs gross margins stayed stable at approximately 46%

General & Admin Expenses

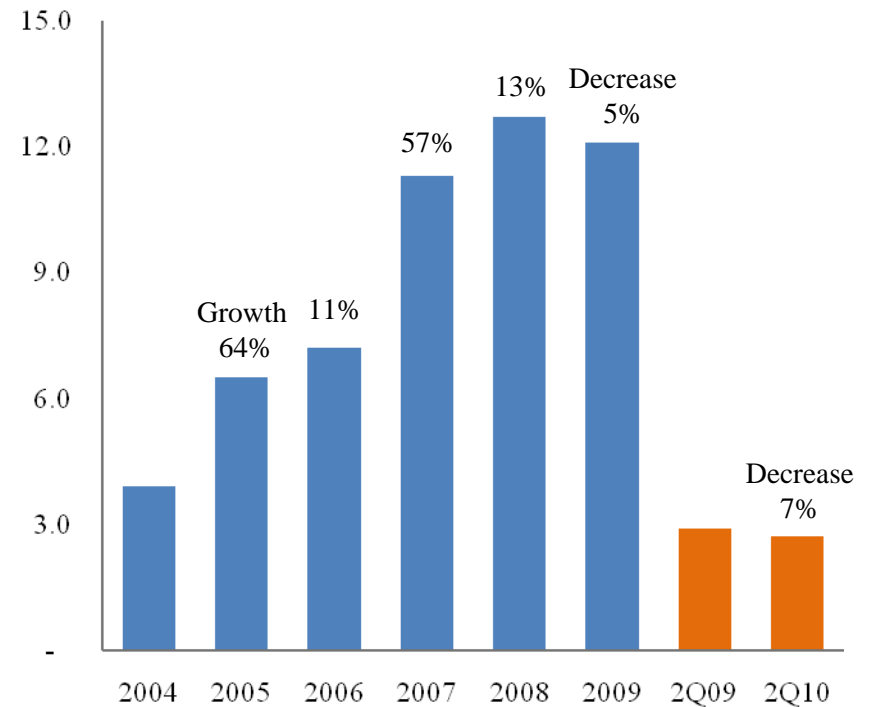
G&A expenses decreased

- G&A expenses decreased by 6.8% in 2Q10 vs. 2Q09 mainly due to a temporary decrease of share-based compensation
 - As a result, G&A expenses as % of total net revenue decreased to 18% in 2Q10 from 22% in 2Q09

- Excluding the temporary decrease of share-based compensation, G&A expenses increased by 4.1%.

(\$ million)

G&A Expense

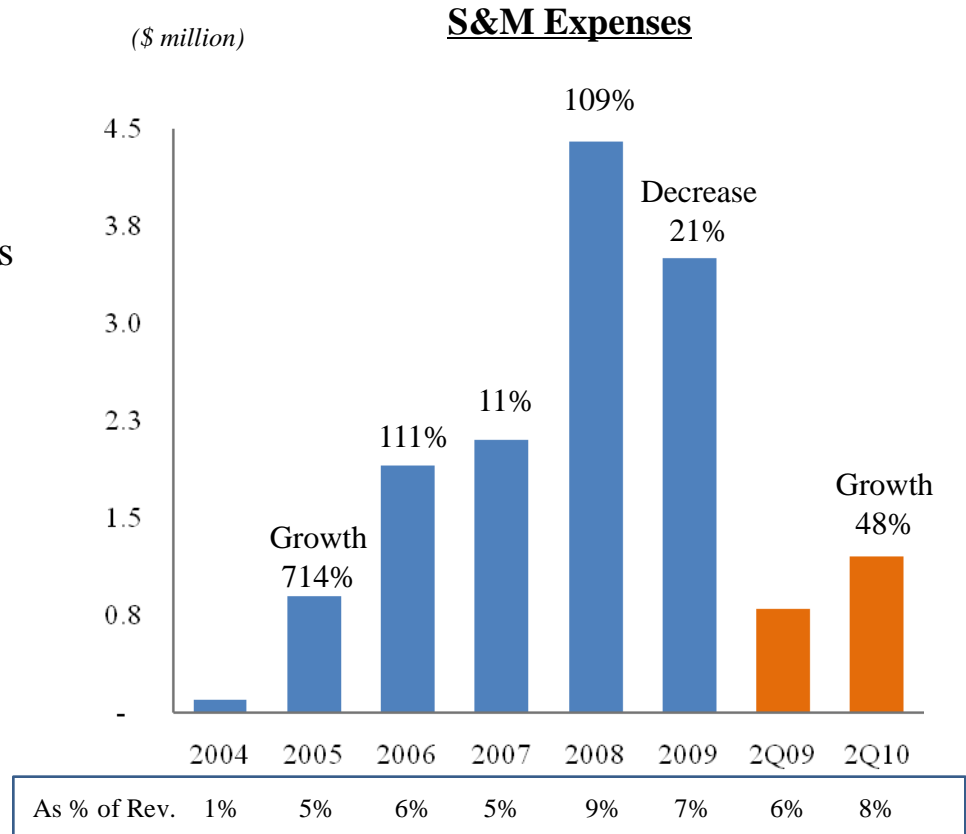


As % of Rev.	27%	35%	23%	29%	27%	23%	22%	18%
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Selling & Marketing Expenses

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

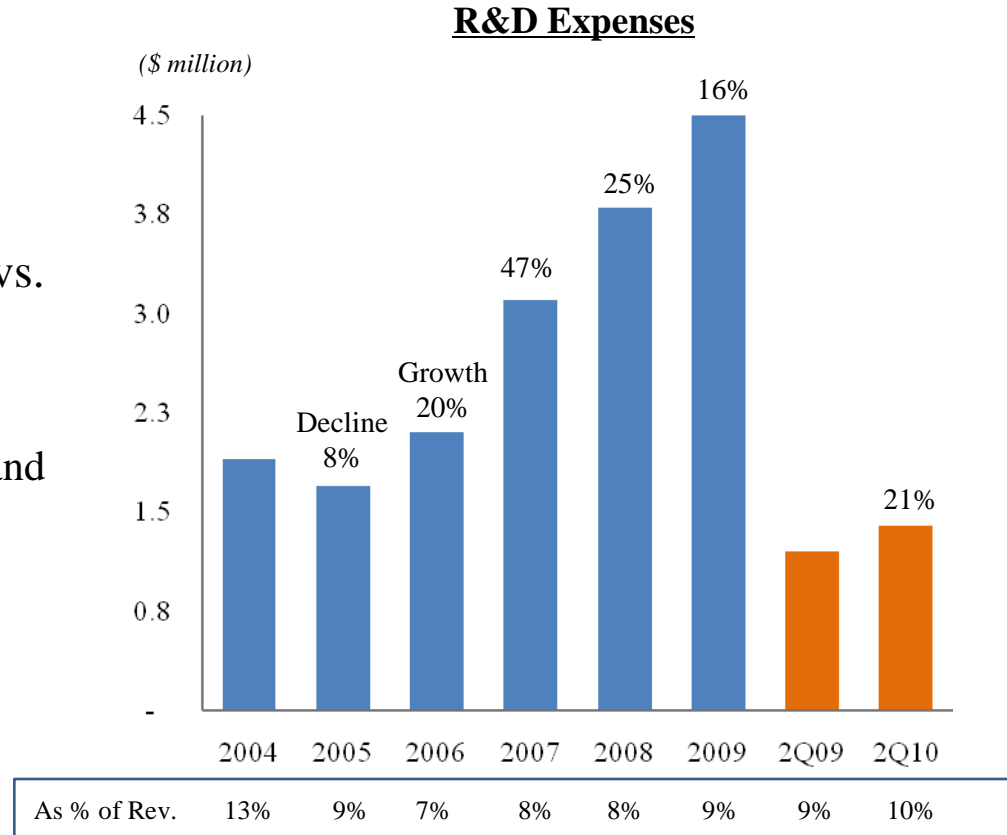
- S&M expenses increased 48% in 2Q10 vs. 2Q09 primarily due to:
 - Increased sales and marketing staff and advertising and sales conferences activities at selected online colleges
- S&M expenses as % of total net revenue was 8% in 2Q10, as compared to 6% in 2Q09



Research & Development Expenses

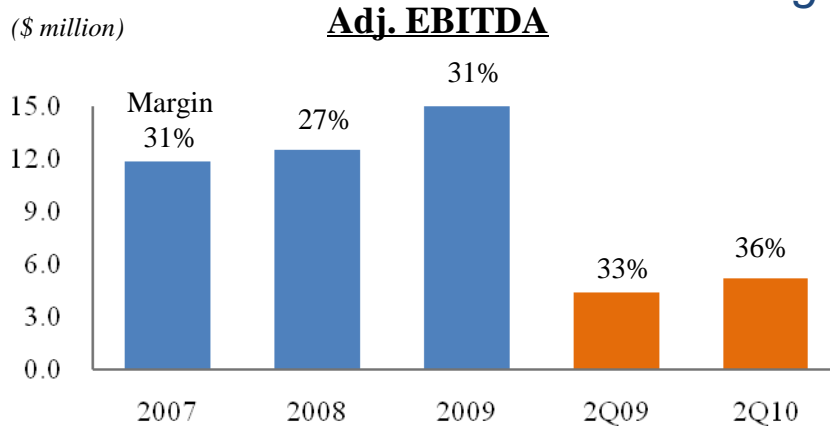
R&D expenses continues to increase at a controlled pace y/y

- R&D expenses increased 21% in 2Q10 vs. 2Q09
- R&D expenses as % of total net revenue increased to 10% in 2Q10 vs. 9% in 2Q09 primarily due to:
 - Increased R&D staff
 - Increased spending on equipment and software

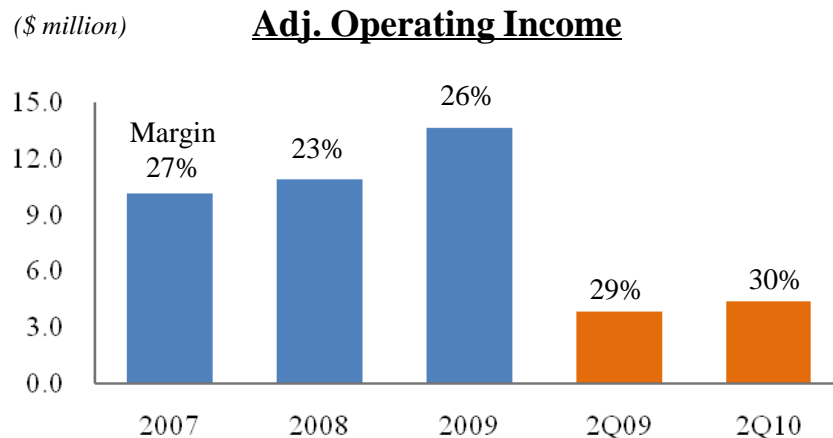


Operating Margins

GAAP op. margin, adj. op. margin and adj. EBITDA margins all improved slightly y/y



- Adj. EBITDA margin improved to 36% in 2Q10 vs. 33% in 2Q09
- Adj. operating margin improved to 30% in 2Q10 vs. 29% in 2Q09
- GAAP operating margin improved in 2Q10 to 29% vs. 25% 2Q09

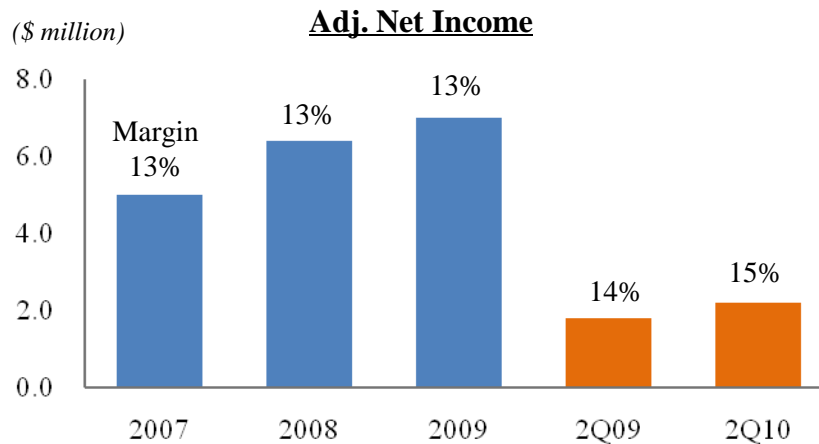


Net Income and EPS

EPS increased and exceeded analyst consensus

	2Q09	2Q10
NI (\$ '000)	\$1,306	\$1,996
Net Margin	10.0%	13.6%
Diluted EPS	\$0.075	\$0.115
Adj. Dil. EPS	\$0.103	\$0.125

- Diluted EPS increased to \$0.115 in 2Q10 vs. \$0.075 in 2Q09.
- Adj. NI and adj. net margin increased in 2Q10 vs. 2Q09 primarily due to increased net revenue.



Balance Sheet Summary

(in thousands, unaudited)	June 30, 2009	December 31, 2009	June 30, 2010
	US\$	US\$	US\$
Current assets:			
Cash and cash equivalents	34,083	29,955	22,605
Term deposits	11,722	18,035	26,490
Short-term investments	-	2,611	4,802
Amounts due from related parties	33,287	26,071	37,456
Other current assets	6,432	8,726	8,431
Total current assets	85,523	85,399	99,785
PP&E and deposit for PP&E	29,293	32,132	32,058
Intangible assets, net	10,010	9,824	9,647
Goodwill	5,626	5,626	5,626
Other long-term assets	4,910	5,086	4,876
Total assets	135,363	138,066	151,992
Liabilities and equity			
Current liabilities:			
Deferred revenues	14,064	14,429	15,831
Accrued expenses and other current liabilities	8,734	11,116	11,575
Amounts due to related parties	7,944	3,785	10,275
Tax payable	5,188	7,268	7,657
Total current liabilities	35,930	36,599	45,338
Deferred revenues	908	1,191	1,210
Other tax liabilities	2,668	2,635	2,664
Total liabilities	42,174	40,425	49,212
Chinaedu shareholders' equity:			
Noncontrolling interest	14,373	15,067	16,511
Total equity	95,857	97,642	102,780
Total liabilities and equity	138,031	138,066	151,992

- Cash and cash equivalents totaled \$53.9mm as of Jun. 30, 2010, as compared to \$50.6mm as of Dec. 31, 2009
- Cash and cash equivalents is approximately \$3.10 per diluted ADS

Revenue Guidance for Third Quarter 2010

Revenue Guidance for 3Q2010

- 2010 third quarter revenue guidance is between \$14.2mm and \$14.6mm (¥96mm and ¥99mm)

Non-GAAP Financial Measures

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Thank You!