
**ChinaEdu Q4 2011 Earnings
Conference Call Script**

Operator: Good evening and thank you for standing by for ChinaEdu's fourth quarter and full year 2011 earnings conference call. At this time, all participants are in listen-only mode. After management's prepared remarks, there will be a question-and-answer session. Today's conference is being recorded. If you have any objections you may disconnect at this time. I would now like to turn the meeting over to your host for today's conference, Helen Plummer, Senior Investor Relations Coordinator for ChinaEdu.

Helen Plummer

Hello everyone and welcome to ChinaEdu's fourth quarter 2011 earnings conference call. The company's fourth quarter earnings results were released earlier today, and are available on the company's investor relations website at www.Chinaedu.net as well as on newswire services.

Today, you will hear from Julia Huang, chairman of our board of directors, Shawn Ding, chief executive officer, and Simon Mei, our chief financial officer. After their prepared remarks, the team will be available to answer your questions.

Please note that today's discussion will contain forward-looking statements made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties. As such, our future results may be materially different from the views expressed today. Further information regarding these and other risks and uncertainties is included in our registration statement on Form F-1 and annual report on Form 20-F and in other documents filed with the U.S. Securities and Exchange Commission. ChinaEdu does not assume any obligation to update any forward-looking statements except as required under applicable law.

As a reminder, this conference is being recorded. In addition, a webcast of this conference call will be available on our investor relations website at www.chinaedu.net. I will now turn the call over to Julia Huang.

Julia Huang, Chairman of the Board of Directors

Thank you Helen and thank you everyone for joining us today.

I would first like to take the opportunity to give a bit of background to the announced changes to our management structure. As you all know, ChinaEdu is very pleased that Shawn Ding, our former president and chief operating officer has become the company's chief executive officer. Stepping out of the CEO role, I remain as chairman of the board of directors and continue to work full time for the company in this new capacity.

After 10 years working together, we felt that it would be a good move for the Company to change our roles slightly to bring renewed energy and fresh ideas to the business. Shawn is now taking greater responsibility for ChinaEdu's core online degree programs and overall corporate management while I am overseeing other areas of the business including corporate strategy and culture as well as non-online degree programs.

As our company grows, I have taken it upon myself to develop and deepen our corporate culture as I feel strongly that this will be increasingly important as we grow and expand geographically. Among ChinaEdu's core assets is our ability to make learning interactive, engaging and fun for students. This is a company wide asset and part of what differentiates us from other players in the market. In my role in managing our corporate culture, I will encourage each of our departments to continue to contribute to and draw upon this unique resource.

I am excited about my new role and have enjoyed the first few weeks working with Shawn in our new capacities.

I will now turn the call over to Shawn, our chief executive officer to discuss fourth quarter and full year business and operational highlights.

Shawn Ding - ChinaEdu Corporation - CEO

Thank you, Julia. Ladies and gentlemen, thank you for joining us today.

In the Fall semester, the shortened recruiting timeline presented a bit of a challenge but we tightened our recruiting schedule and our diligent efforts paid off. Enrollment went well and in the Fall semester, we had approximately 197,000 students enrolled in our online degree programs, representing year-over-year growth of approximately 27.9 percent.

Our learning center expansion remained on track in the fourth quarter and we added two new learning centers to our network. As of December 31, 2011, our learning centers network was servicing online degree programs for 21 universities with 105 operational learning centers, including 61 proprietary centers and 44 contracted centers. This compares to 97 operational learning centers as of the end of the fourth quarter of 2010. Monetization at each of our learning centers continues to be a focus as we drive enrollment and control costs at each center. Starting in the fourth quarter, we began re-engineering our franchise operation model to increase operational efficiency. We are optimistic about the positive effects we expect this to bring in 2012 and beyond.

I'd like to make a couple of brief comments about the educational services industry in China. GDP growth in China was over 9% in 2011 and is predicted to be more than 7.5% in 2012. As the Chinese economy moves into a new era, there is greater demand for a skilled workforce. A high school degree alone will no longer suffice.

The Government is taking note of this. The MOE recently published a request for opinion on the policy and plan for promoting continuous education. This paper contains many positive messages and we believe this will greatly change the macro environment for our industry, both in the online degree and non-degree training sectors. We have been working hard to develop and prepare new programs to meet the coming demand.

Now let me share some of the results we have achieved in the non-regulated area of online training. I previously reported our initiatives in teachers training programs and in 2011, we saw encouraging results from our program in FuJian province. In the fourth quarter, we began preparation work to launch a similar program in ZheJiang province and expect to officially launch there later this month.

We recently launched another new program as well; this one in collaboration with China University of Political Science and Law in Beijing. This test preparation program is for people hoping to obtain a license to work in certain areas of law enforcement or as lawyers. The test itself is similar but not identical to the bar exam in the US. We expect positive results from this innovative new offering in 2012.

And last but not least, our Joint venture with Dongbei University of Finance and Economics that began offering online training programs for accountants in continuous education in 2011 has really gained traction over the past few months.

Each of these launches is promising both in terms of the market size and government support. They also draw on the same core ChinaEdu asset of expertise in the creation of engaging and interactive learning supported by advanced technology that we have developed over our more than 10 years in online education in China.

Additionally, I am happy to report that each of our other business segments progressed on track in 2011 and our fundamentals remain strong. Our 101 Online Tutoring Programs have begun to see very good results from new product offerings and we expect solid financial return in 2012. Last quarter, we reported excellent enrollment numbers at our private schools and we will continue to focus on further enhancing the quality of education received by our students. These schools are not only important to our overall business, but contribute to our brand recognition and strength across business lines.

In the fourth quarter, we made further changes to our International and elite curriculum programs and anticipate that they will begin making more substantial contributions to the overall picture in the coming years. While revenue from new programs and the other business lines is relatively small in comparison to our online degree programs, they are all growing alongside our online degree programs. We believe these businesses that are still incubating will be important to the future of our company and industry.

Management's overall assessment of our business for 2011 is that we believe the Company is healthy, with many aspects of our fundamentals greatly improved during the year.

For 2012, we will continue to focus on executing on our strategy of expanding our online degree as well as our non-degree programs. We may face challenges along the way, but we are optimistic and believe we have the right people and strategy in place to harness the opportunities of this dynamic market.

I will now turn the call over to our CFO, Simon Mei.

Simon.

Simon Mei, Chief Financial Officer

Thanks Shawn. And hello to everyone on the call.

Let me begin by discussing our fourth quarter financial results...

As you know from the release issued earlier today, total net revenue for the fourth quarter of 2011 exceeded our guidance and came in at \$19.2 million, a 19.4 percent increase from \$16.0 million in the corresponding period in 2010. Revenue from online degree programs was bolstered this quarter by better than expected student enrollments that were amortized in fourth quarter and will continue to amortize in the first quarter of 2012. Net revenue from online degree programs was \$15.4 million in the fourth quarter, an increase of 19.8 percent from \$12.8 million in the same quarter last year. We were pleased to see growth in both organic and new enrollments during the quarter. As Shawn mentioned, in the Fall semester of 2011, the number of revenue students enrolled in online degree programs grew to approximately 197,000 students, an increase of 27.9 percent over the Fall semester in 2010. Online degree programs are the core of our business and steady growth in that business allows us to invest in newer areas of the education market. As Shawn also mentioned, we have begun to see real traction in other businesses such as online tutoring and continuing education. Additionally, our private schools have seen increased enrollment which is enabling economies of scale to develop on those campuses.

Net income attributable to ChinaEdu in the fourth quarter was \$0.4 million, a decrease of 65 percent compared with \$1.08 million in the same period of 2010. Net income attributable to ChinaEdu per diluted ADS was \$0.022 compared with \$0.062 in the fourth quarter last year. The decrease in net income and net income per diluted ADS was primarily the result of recruiting related costs associated with our online degree programs. As our online degree programs continue to grow, we do anticipate continued increases in costs associated with recruiting for those programs.

Turning now to our full year results for 2011....

In 2011, total net revenue was \$69.3 million, a 12.1 percent increase from \$61.8 million in 2010. Net revenue from online degree programs was \$55.2 million, an increase of 12.0 percent from \$49.3 million in 2010. In 2011, the number of revenue students enrolled in online degree programs grew to approximately 356,000 students, an increase of 14.5 percent over enrollment figures in the full year 2010. In addition to the healthy revenue growth in online degree programs seen in 2011, we were also pleased to see encouraging results in other business lines such as our 101 online school, private primary and secondary schools, international curriculum programs and real traction in our other online non-degree programs. Our solid yet steadily growing online degree program revenue is complimented well by our other business lines.

Net income attributable to ChinaEdu was \$2.7 million in 2011 and net income attributable to ChinaEdu per diluted ADS was \$0.16.

Now turning to guidance....

ChinaEdu management expects total net revenue in the first quarter of 2012 to range from RMB110 million to RMB115 million or \$17.5 million to \$18.0 million, representing a 21 percent to 26 percent increase compared to the

corresponding period in 2011. This forecast reflects ChinaEdu's current and preliminary view, which is subject to change.

At this time, we would like to open the call up to your questions. Operator please go ahead with the first question.

Operator:

Ladies and gentlemen, we will now begin the question and answer portion of this call.

[Operator will give STANDARD instructions]

[After the last question has been answered]

I will now hand the call back to Helen Plummer, Senior Investor Relations Coordinator for ChinaEdu.

Helen Plummer

Thank you again for participating in our fourth quarter and full year 2011 earnings conference call. As always, we appreciate your interest and support. If you have any questions, please do not hesitate to contact us at ir@chinaedu.net. Thank you very much and have a good day.