

From: Redacted by HELP Committee
Sent: Wednesday, September 10, 2008 1:59 PM
To: Chas Edelstein <Chas.Edelstein@apollogrp.edu>
Cc: Redacted by HELP Committee, Jeff Sonnenberg
<jeff.sonnenberg@phoenix.edu>; Joseph D'Amico <joe.damico@apollogrp.edu>; Robert Collins
<robert.collins@apollogrp.edu>
Subject: FW: cohort Default Rates

Good morning, Chas. Redacted by HEL asked me to provide some input on your default rate questions. Please let me know if you need any additional info.

Question 1. Historical CDRs:

UPX:

2005: 7.3% (6478 defaults/87685 entered repayment)
2004: 7.5% (4860 defaults/64475 entered repayment)
2003: 6.5% (2882 defaults/43830 entered repayment)
2002: 6.4% (1905 defaults/29532 entered repayment)
2001: 5.8% (1446 defaults/24616 entered repayment)
2000: 5.2% (977 defaults/18509 entered repayment)
1999: 4.6% (694 defaults/15070 entered repayment)
1998: 4.1% (543 defaults/12993 entered repayment)

WIU:

2005: 11.4% (299/2621)
2004: 5.6% (23/406)
2003: 2.4% (9/371)
2002: 4.1% (20/484)
2001: 4% (10/245)
2000: 6.4% (14/218)
1999: 9.6% (10/104)
1998: 5.9% (9/152)

Question 2. The 2009 10k report will include the cohort default rate from Fiscal Year 2007. We expect the CDR to remain high for WIU for FY2007 because of the Axia population who obtained loans under the WIU school code. These initial Axia students had a high withdrawal rate. Students who do not complete their program of study exhibit a significantly higher default rate than do graduates. In April 2006, we transitioned the Axia students away from the WIU school code and began certifying their loans under UPX. This is also the reason for the increase in the UPX rate. The UPX population is significantly larger and can more readily 'absorb' the resulting defaults from this population, however, the impact is still visible in the CDR (cohort default rate). Additionally, institution wide retention efforts have increased over the last few years. To further heighten the importance of retention, it has even

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been added as a component of enrollment and finance performance matrices.

We do believe that our efforts in the past 3 months have had a positive impact on the FY2007 default rates for both schools. In January, we gathered info and projected stats based on the number of students who were delinquent enough to default on their loans by the end of the cohort year and therefore count in the default rate. The picture was grim: UPX's default rate would be as high as 16-17% and WIU in mid 20%'s. Granted, many of these students worked with their lenders to resolve their own delinquencies, but we made significant efforts to reach out to them via phone and mail and email to encourage and facilitate their contact with their lenders to seek a resolution.

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Default Aversion Manager

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From: Chas Edelstein
Sent: Tue 9/9/2008 8:11 PM
To: Redacted by HELP Committee
Cc: Jeff Sonnenberg; Joseph D'Amico
Subject: cohort Default Rates

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I saw the note you sent out regarding the upcoming release of the CDRs. I would love to understand a few additional pieces of information.

1. What have been the trends in reported CDRs at UPX and WIU over the previous several years?
2. I note from your email that you expect the CDRs to remain at a high level for 2009 10k reporting purposes, but then decline materially for 2010 10K reporting purposes. Is this expected future decline in the CDRs the result of the initiatives you outlined in your email? If so, do we have any early evidence of how effective the initiatives have been to date which would support the expectations of material CDR reductions?

Since I am traveling, I would appreciate it if you could summarize your thoughts in Blackberry friendly form (no attachments please).

Many thanks
Chas

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