

Redacted by HELP Committee

From: Associate Director of Financial Aid
Sent: Friday, February 12, 2010 2:51 PM
To: Martin, Lois; Investor Relations Director
Cc: Financial Aid Director
Subject: Active Repayment

Hi Lois --

Attached is an updated spreadsheet on the "active repayment" piece. The slight changes (to our advantage) in the numbers on this sheet resulted from adding in "paid in full" learners who we had not included previously -- again, this is really an art more than a science at this point, as there just are not clear regulations around what loan status codes we should and should not be including. Including them seems to align with the spirit of the issue paper, but that is just our best interpretation.

2007 data moved slightly as we identified that when KIA appended data for us the last time around they inadvertently deleted rows. These numbers have been reworked and are accurate on this spreadsheet.

After the analysis we did today, I do feel confident saying that the biggest swing between our CDR and the "active repayment" calculation is, as I mentioned, graduates in forbearance or deferment. (b)(2)(ii) in the proposed regulation requires that both the forbearance and deferment graduates be excluded from the "active repayment" bucket -- if you look at the first tab (broken down by school), this population equals 9.4% of our total learners in repayment.

Finally, my disclaimers from our prior versions of this still stand today -- there is no mention of how to treat consolidation loans in this proposal so we treated them "favorable" to Capella in this calculation; there is no mention of how to treat programs with very small graduate populations -- here they are included but in almost all cases the small size of the population has skewed results; and finally, there exists a lack of direction on how to treat the majority of the loan statuses that exist today.

One other really interesting note on this is that when we look at our overall population of learners who have graduated from Capella between 2005 and 2007, currently only TWO learners are in default. That speaks volumes for the quality of education we are giving our learners who persist through their programs!

Please let me know if you have any questions or need anything else!

<<Active vs. All Repayment - Graduated Borrowers UPDATED.xls>>

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Associate Director of Financial Aid

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CAPELLA-1291451