

MEMORANDUM

TO: CAMPUS PRESIDENTS
 CAMPUS DIRECTORS OF RECRUITING
 CAMPUS DIRECTORS OF FINANCIAL AID

CC: JERRY BARNETT, CHAIRMAN
 PEDRO DEGUZMAN, CHIEF OPERATING OFFICER
 GREGG FALCON, VICE PRESIDENT-MARKETING & NDOR
Redacted by HELP Committee REGIONAL VP-OPERATIONS
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Redacted by HELP Committee SENIOR OPERATIONS SPECIALIST
Redacted by HELP Committee DIRECTOR OF COMPLIANCE AND ETHICS
 BOB LUTZ-SENIOR VICE PRESIDENT

FROM: JACK FORREST

DATE: APRIL 21, 2006

SUBJECT: EFFECTIVE DATES FOR UPCOMING ANNUAL TUITION INCREASES

It is that time of year when we must increase our tuition rates to accommodate our annual increases in expenses, changes in the regulatory arena and other changes in the operating environment.

I know that everyone is sensitive to tuition prices. So, before we discuss the upcoming increases, the following historical information is provided:

	2001	2002	2003	2004	2005
AAS (24 month)	25,875	27,840	29,280	30,480	31,490
Annual % Increase	n/a	7.6%	5.2%	4.1%	3.3%
Compounded Annual Growth Rate AAS Tuition-2001-2005					5.0%
Diploma (8 month)	9,240	9,900	10,600	11,280	11,730
Annual % Increase	n/a	7.1%	7.1%	6.4%	4.0%
Compounded Annual Growth Rate Diploma Tuition- 2001-2005					6.1%

For the first time, we are providing our planned tuition rates for both the coming year and the following year. They are, as follows (effective dates discussed below):

	FY 2007	FY 2008
AAS (24 month)	34,200	36,960
Bachelors	30,050	32,000
Diploma	12,520	13,000
% Increase Year to Year		
AAS (24 month)	8.6%	8.1%
Bachelors	4.0%	4.0%
Diploma	6.7%	3.8%
Compound Annual Growth Rates	2001-2007	2001-2008
AAS (24 month)	5.7%	6.1%
Bachelor	n/m	n/m
Diploma	6.3%	5.9%

There are two primary factors that require the tuition rate increases set forth above. In order of importance they are: (a) changes in the Title IV loan availability to year one and year two students taking effect July 1, 2007 and (b) increased operating expenses (which, by the way, are up YTD through 3/31/06 over the prior year by 8.03%).

Obviously, increases in tuition rates can never be viewed as making it easier to enroll students. The “ray of sunshine” on this issues, however, is that, we have more alternative financing available that ever before. That means that there will be little to no impact on AFFORDABILITY (cash payments required while in school).

In fact, as we move to packaging 100% of the GAP with alternative loans, we ANTICIPATE (not promise) that will be able to offer almost all students payments of \$ 0 to \$ 30 per month. So even though prices continue to rise, from an affordability perspective, this is the best situation we have ever been able to offer our students.

Finally, most “price resistance” comes from our own staff (recruiters and financial aid staff) who think the prices are just too high. (Yet, every one of those people wants a raise every year---I don’t know where they think that money is supposed to come from.) That leads me to think that OUR people think one of three things: (1) either our schools are not as good as our competitors (which I don’t believe for a minute), or (2) WE don’t believe in the value proposition of our educational products for our students or (3) we aren’t very good at, or are afraid we aren’t very good at, helping our customers SEE the value in our products. I urge each of you to make a concerted effort to make sure that the employees you supervise (a) believe in our product (or replace them with someone who does) and (b) have received the proper training and have the confidence to be able to truthfully and ethically help our prospective and current students SEE the value in their education.

Implementation of This Year's Tuition Price Increase

AAS Degrees:

The tuition price increase will take effect on the July start for all applications written for that start on or after May 15. Applications written on or before May 14 will be at the current pricing. Similarly, applications written for the June mid-quarter start will be at the current tuition rates, regardless of whether they are written before or after May 15. However, students who sign enrollment agreements on or after May 15 for the June mid-quarter who do not start in the June mid-quarter start and "reschedule" for July or later, will have to complete a new enrollment agreement at the new tuition rates.

Diploma Programs

The tuition price increase will take effect on the June start for all applications written for that start on or after May 15. Applications written on or before May 14 will be at the current pricing. Similarly, applications written for the May start will be at the current tuition rates, regardless of whether they are written before or after May 15. However, students who sign enrollment agreements on or after May 15 for the May start and who do not start in May and "reschedule" for June or later, will have to complete a new enrollment agreement at the new tuition rates.