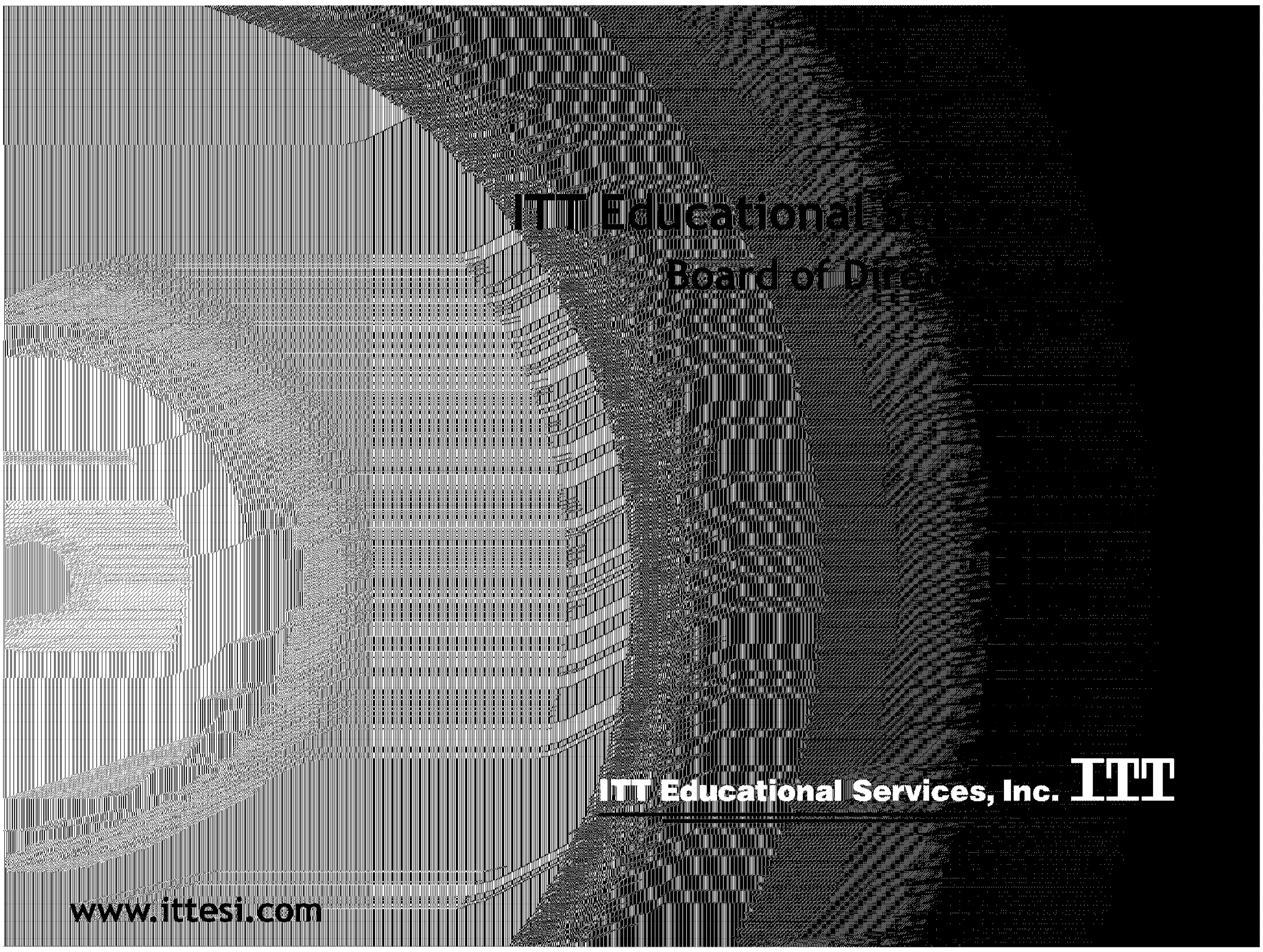
Excerpts, selected by the HELP Committee, from a larger document produced by the company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ED Proposed Definition of GE

- Caps median debt level by program of study based upon proposed formula
  - Debt payments must not exceed 8% of salary
  - Three year average median loan debt balance for program specific graduates
  - Debt payment calculated on 10 year repayment at Stafford unsubsidized interest rates (currently 6.8%)
  - Salary by program based upon BLS salary for related program specific job codes at the 25th percentile
- Effectively represents ED imposed Price Controls
- Impact on ITT Technical Institute:
  - The overwhelming majority of our programs do NOT comply with the proposed "GE bright line" and require remediation initiatives

Potential Remediation Scenarios

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Scenario #1

Tuition Reduction

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Remediation Scenario # 1 –Tuition Reduction

- Fixed tuition reduction to comply with Gainful Employment regulation/calculation
  - Pricing by program vs. current standardized pricing model
  - Estimated tuition reduction of approximately 11% required but will vary by degree program
  - Financial impact of scenario analysis assumes no associated reduction in costs/expenses
- Represents the least economically efficient scenario presented
  - Proposed GE regulation/calculation based on median loan debt for graduates (not all students)
  - Scenario #1 affects revenue generated from all students (not just graduates)

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Scenario #2

Debt Reduction Awards

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Remediation Scenario #2 –Debt Reduction Awards

- Debt reduction award to graduates to comply with regulation/calculation
  - Awarded at time of graduation
  - Provided to students on selective basis
  - Will result in a reduction to the median loan debt balance of graduates in each program of study
- Represents the most economically efficient scenario presented
  - Effects only revenue from program completers/graduates
  - Rewards graduates however not on an equitable basis
  - Recipients are those of greatest need who likely received the most grant aid and thus have the least amount of debt
  - Optics considerations

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Scenario #3

Curriculum Revision

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Remediation Scenario #3 –Curriculum Revision

- Revise the duration of each program of study
  - Increase the classroom time/credit hours per course and reduce the number of courses/program (e.g. 24 to 20 for Associate degrees)
  - No change in the learning objectives for the program
  - Reduces published “sticker price” of programs (positive optics)
- Represents the moderate economically efficient scenario presented
  - Effects revenue from likely completers (e.g. students in quarter six through eight for Associate degree students)
  - Most likely must be combined with moderate amounts of Debt Reduction Awards (Scenario #2)
  - Most operationally challenging approach and will take years to implement

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Summary

- The sector continues to lobby aggressively against current proposal
  - Assistance welcomed at this critical juncture
- Only certainty is that the specific outcome is uncertain
  - Some form of GE regulation likely to become effective July 1, 2011
  - ED (Shireman) appears hell-bent on implementing the second leg of the 2-part plan (elimination of FFEL was step #1)
- Legal challenge remains; success seen as remote at best
- ED engagement, while publicly claiming interest in alternatives, limited
  - Might represent "check the box" strategy; ED serious consideration of alternatives appears disingenuous at best
- We will conservatively prepare for GE as currently proposed
  - Continuing to review various strategies for possible "90/10" impact

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