

From: John Staten Redacted by HELP
Sent: Wednesday, November 11, 2009 9:55 PM (GMT)
To: Matt Seelye Redacted by HELP ; James Blackburn Redacted by HELP
Cc: Kevin Corser Redacted by HELP , Gregory Marino Redacted by HELP ; Jeff
Conlon Redacted by HELP ; Lionel Lenz Redacted by HELP
Subject: RE: KU 90/10 Issue

Matt,

This has been an area of intense focus over the last 30 days. In mid-October we (Redacted by and I) projected our 90:10 at year end based on current run rates to be 89.6%. We shared our analysis and actions plans with Red Lionel and Greg and the decision was made to switch SES from an automatic submission process to a manual process. We needed the ability to throttle our submissions based on our cash intake. Redacted by HELP
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Although we have implemented a number of initial steps that will help us increase our cash intake in the future, we have a larger list of additional initiatives that we are continuing to move forward and I could walk you through those at your convenience.

In response to your suggestions we have added comments below:

Accelerate military billings / collection at KU.

We have streamlined our internal process on timely billings for our military students. The population of military folks that are awaiting TA vouchers is approximately \$400K. Although our records indicate that we are current, we are currently reconciling the entire military group to see if we have any legacy items that were not billed correctly.

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Consider whether payment plans at KU and KU campuses can be treated as institutional loans at factored in

at 50% NPV.

We agree we have engaged Carole on this topic. We have preliminary legal advice and have asked for clarification. We are currently working on an operating model to execute this strategy. Our plans are to execute this model within 30 days.

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Or package the out-of-school receivables into Choice loans and take the 50% NPV.

Once we receive clarification from legal, we will add this option to our settlement activities for the SA team. We estimate a rollout within 30 days.

Check the new regs on CE courses that can now be counted in the "10". Some of RT's programs may qualify. If USMLE or other Kaplan programs qualify then we may need to make some legal entity changes for next year.

The new regulations allow us to include revenue generated from short term programs that result in a recognize credential. We will review existing programs for KU and other Kaplan offerings and make recommendation at that time.

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In closing, we plan on updating Jeff, Greg and Lionel next week on the 90:10 status and initiatives with more detail. You are more than welcome to attend and share your insight.

Let me know,
John

From: Matt Seelye
Sent: Wednesday, November 11, 2009 12:07 PM
To: James Blackburn; Lionel Lenz
Cc: Kevin Corser; Gregory Marino; John Staten; Jeff Conlon; Lionel Lenz
Subject: KU 90/10 Issue
Importance: High

Hi Lionel/James,

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Other areas to look at quickly/aggressively before year-end:

1. Accelerate military billings / collection at KU. Go to D.C. and pick up the check if you have to.

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5. Consider whether payment plans at KU and KU campuses can be treated as institutional loans at factored in at 50% NPV.

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Or package the out-of-school receivables into Choice loans and take the

50% NPV.

7. Check the new regs on CE courses that can now be counted in the "10". Some of RT's programs may qualify. If USMLE or other Kaplan programs qualify then we may need to make some legal entity changes for next year.

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Matt