
From: AVP, Apollo Financial Aid
Sent: Tuesday, May 11, 2010 8:55 PM
To: Brian Swartz
Cc: Redacted by HELP Committee; Chas Edelstein; Gregory Cappelli
Subject: RE: Default Information...

Brian - Per your request we have summarized below the default dollars by closed cohort year. We do not have the dollars for the current year (FY09) available to us at this time, we will request this from our Guarantors and Serviccers such that we can provide to you and the team going forward. My thoughts for the decrease in the percentage of dollars defaulted over time would be that this is due to a higher number of students dropping out sooner thus having less amount borrowed at the time they enter repayment and eventually default. Also note that the amounts exclude any consolidated loans, as those dollars are not reported to us, however the count of students with consolidated loans is included in our official CDR rates.

1.) Below is the default dollars vs. dollars in repayment for the 2006, 2007 and 2008 Cohort Year.

UOP Defaulted Dollar Amounts*

Cohort Year	Defaulted \$\$	Repayment \$\$	% of \$\$
2006	15,685,178	114,437,994	13.71%
2007	16,710,892	157,378,694	10.62%
2008**			

33,955,913
346,588,713
9.80%

WIU Defaulted Dollar Amounts*

Cohort Year

Defaulted \$\$

Repayment \$\$

% of \$\$

2006

7,472,873
24,993,419
29.90%

2007

5,592,338
32,915,794
16.99%

2008**

2,023,316
16,980,928
11.92%

*Consolidation Loans show as \$0, so dollars understated

**Draft Information

2.) Below is our estimated Lifetime Default Rates based on the logic that 47.5% of all defaults occur in the first 3 years of repayment. This logic came from Texas Guarantee agency who calculates Lifetime default rates using the logic that, 45-50% of defaults happen within the first 3 years. We received student level data from TG and USAF that supported this theory, so we used 47.5% as a middle ground estimate. (We do not have a three year CDR rate for FY08, thus it has not been included below).

University of Phoenix

Cohort Year

2-Year CDR

3-Year CDR

Lifetime Rate

2005

7.3%

11.4%

24.0%

2006

7.2%

10.3%

21.7%

2007

9.3%

15.9%

33.5%

Western International University

Cohort Year

2-Year CDR

3-Year CDR
Lifetime Rate

2005

11.4%
28.7%
60.4%

2006

27.4%
36.9%
77.7%

2007

18.5%
26.5%
55.8%

Please let me know if you have any questions or need additional information.

Redacted by HELP Committee

From: Brian Swartz
Sent: Monday, May 10, 2010 7:21 PM
To: Redacted by HELP Committee
Cc: Redacted by HELP Committee; Chas Edelstein; Gregory Cappelli
Subject: Default Information...

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Chas and Greg have inquired about 2 items I was hoping you could help answer:

1. Do we have a sense as to the \$ amt of defaults under the 2 yr CDR calc (as well as a % relative to total aid that went into repayment)...I know the CDR is calculated based on number of students but an understanding of \$ would be helpful, if available?

2. Do we have a sense as to UoPX's lifetime default rates, double 2 yr CDR's, more???
Anything directional??

Thanks

Brian L. Swartz, Senior VP & Chief Financial Officer

Apollo Group

4025 S. Riverpoint Parkway | MS-CF-KX04 | Phoenix, AZ 85040

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