

From: Lionel Lenz
Sent: Thursday, July 1, 2010 8:51 PM (GMT)
To: Kevin Corser <Redacted by HELP Committee>
Cc: Redacted by HELP Committee; Carole Valentine <Redacted by HELP Committee>;
Matt Seelye <Redacted by HELP Committee>
Subject: Re: Private Lender Loan Performance Reports: Default Update

I would like to stay where we are.

Lionel Lenz
Chief Financial Officer
Kaplan Higher Education
311 S. Wacker Drive
Chicago Illinois 60606
Redacted by HELP Committee

On Jul 1, 2010, at 3:44 PM, "Kevin Corser" <Redacted by HELP Committee> wrote:

Hi everyone, I recommend we go with 85% since the KHEC number is at 84.4% and climbing slightly.

Lionel, please let us know what you want us to do.

From: Redacted by HELP Committee
Sent: Thursday, July 01, 2010 4:42 PM
To: Kevin Corser; Carole Valentine; Matt Seelye; Lionel Lenz
Subject: RE: Private Lender Loan Performance Reports: Default Update

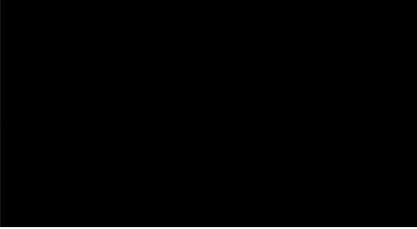
Based on the May balances (June is not yet available) an additional reserve of \$750K (\$700K KHEC;\$50K/KU) would need to be recorded to increase the reserve to 85%.

<image001.png>

Redacted by HELP Committee

Assistant Controller

Redacted by HELP Committee



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Building Futures

From: Kevin Corser
Sent: Thursday, July 01, 2010 11:27 AM
To: Carole Valentine; Matt Seelye; Lionel Lenz
Cc: Redacted by HELP Committee
Subject: RE: (Private Lender Loan Performance Reports: Default Update

Hi Carole, I know it's very early in the experience but can you plot the Kaplan Choice loan default rate on the same curve?

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can you let us know if we increased KHEC's KC loan reserve from 80% to 85% what the catch up P&L impact would be.

From: Carole Valentine
Sent: Thursday, July 01, 2010 7:42 AM
To: Matt Seelye; Lionel Lenz
Cc: Kevin Corser; Redacted by HELP Committee
Subject: Private Lender Loan Performance Reports: Default Update

Matt and Lionel,

I have attached Private Lender Loan Performance Reports (March, 2010 and November, 2009) for your review and comparison. KHEC's Universal Loans (2007 cohort) are defaulting at 84.4% (81.4% in 11/2009), and KU's 2007 cohort is defaulting at 64.4% (60.8% in 11/2009). Overall, Private Lender defaults for 2007 are defaulting at 76.5%. Redacted by HELP Committee

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Redacted by HELP Committee Given the acceleration of Universal defaults and the composition of the KCL portfolio, we should consider raising our default estimate. Redacted by HELP Committee
Redacted by HELP Committee

KU and KHEC Defaults

The charts below summarize the gross cumulative default data on the attached reports for KU and KHEC.

KHEC/KU Defaults

Repay Yr.	KHEC	KHEC	KU	KU
	CumGCL%	CumGCL%	CumGCL%	CumGCL%
	11/2009	3/2010	11/2009	3/2010
2006	84.3%	Waiting for Private Lender to provide	65.6%	Waiting for Private Lender to provide
2007	81.4%	84.4%	60.8%	64.4%
2008	64.7%	73.8%	47.8%	55.6%
2009	N/A	44.0%	N/A	36.7%

KHEC and KU Defaults Combined

Repay Year	CumGCL%	CumGCL%
	11/2009	3/2010
2006	72.5%	Waiting for Private Lender to provide
2007	73.2%	76.5%
2008	58.9%	67.6%
2009	N/A	40.8%

Additional Information on Citibank Performance Reports

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Carole A. Valentine

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