The MeasureOne Private Student Loan Report 2013

December 19, 2013

Authors:
Dana Arvidson Managing Director, Capital Markets
Dan Feshbach Chief Executive Officer
Rushali Parikh Managing Director Products and Operations
Jeff Weinstein Chief Economist, Managing Director of Research and Development

Contact: www.measureone.com

Thank You

MeasureOne thanks the seven lenders for their willingness to participate in this study and their ongoing efforts to increase transparency into the trillion-dollar student loan market. All lenders, servicers, securities issuers, and the federal government are invited and encouraged to join the ongoing effort to expand transparency to better enable data-driven decision-making.

TABLE OF CONTENTS

INTRODUCTION

Background

Private student loans play a vital role in financing education in the United States. Private lenders are focused on meeting the gap in financing between federal aid, loans and other resources available to students and their families and the cost of college.

Recently released Department of Education data shows that only a small percentage of students are taking out private education loans, and that this percentage has steadily declined since 2007-08.[1] In terms of size, private loans represent only a small fraction of the overall student loan market, with federal loans comprising the bulk of loans originated today.

In July 2012, the Department of Education and the Consumer Financial Protection Bureau released a study (the "1077 Report") of the private education loan market based, in part, on data submitted by nine major private education lenders.[2] The data shows positive trends in credit performance of the private education loan market. However, the time period covered in the 1077 Report ended on December 2011. The 'Private Student Loan Performance Report - 2013' provides an update to and extends the CFPB study with origination and portfolio performance trends.

Executive Summary

MeasureOne has led a data cooperative of the nation's seven largest active private student lenders, a group that accounts for a significant percentage of all private student loans outstanding and represents an even higher percentage of the originations of private student loans in the market today. The group includes: Discover Bank; The First Marblehead Corporation; PNC Bank, N.A.; RBS Citizens, N.A.; Sallie Mae; SunTrust Banks, Inc.; and Wells Fargo Bank, N.A. The performance review shows that private student loans, which involve credit-based underwriting, a documented ability to repay, and a high percentage of cosigners, perform significantly better than federal loans and continue to show positive trends in terms of repayment, delinquencies and charge offs.

Among the Report's conclusions:

- The size of the private student loan market is smaller than has been previously reported. The total outstanding debt reported by the seven largest active lenders is approximately $63 billion, which is less than 6 percent of the total student debt outstanding.
- Over the past five years, federal loans outstanding have increased from nearly $600 billion in 2008 to more than $1 trillion in outstanding debt today. During the same period, outstanding private loan balances have grown at a much slower pace and have basically leveled off since 2011.
- The data shows that private student loans for the seven lenders in the study continue to show positive performance trends. For example, private student loans with serious delinquencies (90+ days past due) peaked at the height of the recession in 2008-2009 and have steadily declined by 49 percent even as the percentage of loans in repayment has almost doubled.
- As of the 3rd Quarter of 2012, only 3.89 percent of private student loans were seriously delinquent, measured as a percent of loans in repayment, and have further declined to 3 percent in the 3rd Quarter of 2013. Although not an exact comparison, the Federal Reserve Bank of New York estimated that, as of the 3rd Quarter of 2012, 21 percent of all student loans, including private student loans, were seriously delinquent, also measured as a percent of loans in repayment. Given the size of federal student loans outstanding, relative to private student loans, it is clear that federal student loan programs statistically account for the overall student loan delinquency rates reported by the Federal Reserve Bank of New York.[3]
- During the last four academic years, more than 90 percent of undergraduate and 75 percent of graduate private student loans included a cosigner.
- School certification has been universally adopted for private loans to undergraduate and graduate students. This is an important protection against over-borrowing.

These improvements in credit performance are the result of a multitude of factors, including changes in loan products and terms, continuously rigorous and/or improved underwriting, a significant percentage of cosigners, universal adoption of school certification, and a documented ability to repay.

---

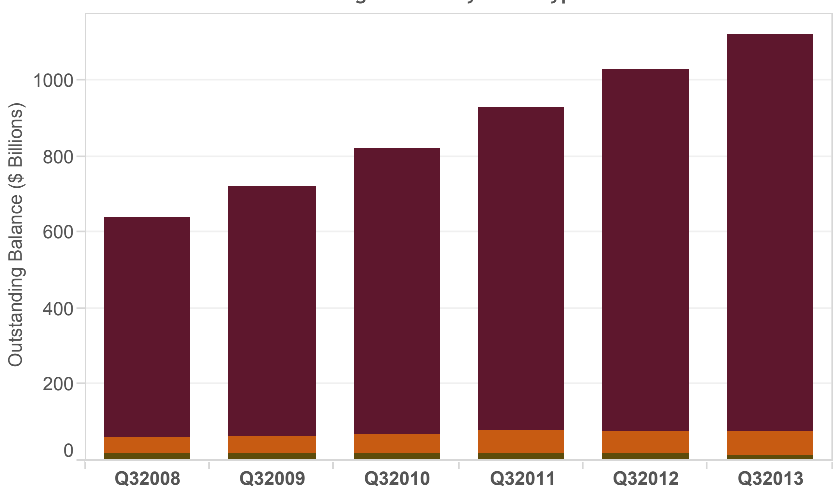
1 U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study (NPSAS:08, NPSAS:12)

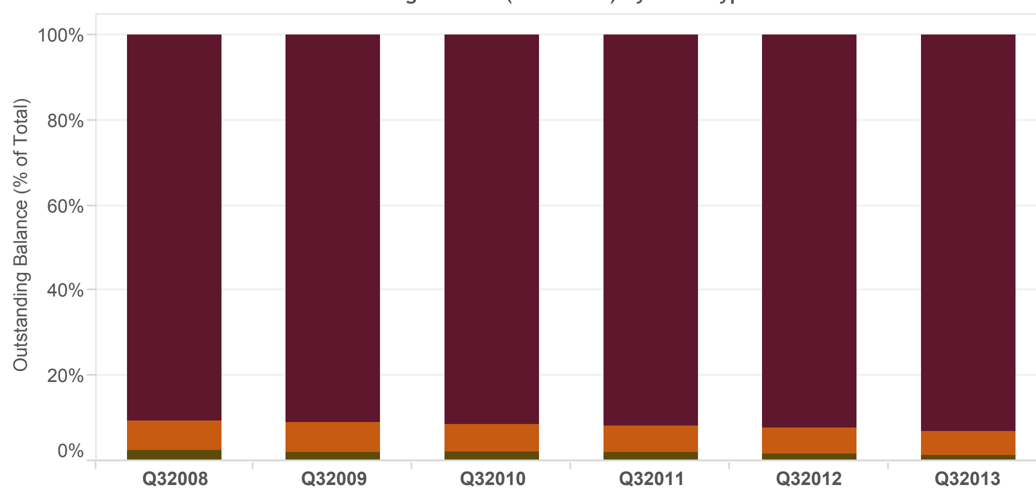
2 Consumer Financial Protection Bureau and Department of Education, "Private Student Loans," August 29, 2012

3 Please refer to page 5 of the Report

THE STUDENT LOAN MARKET: OUTSTANDING BALANCE

Private student lending is a small but important component of the student loan market





	Outstanding Balance ($ Billions) [1]						Outstanding Balance (% of Total)					
	Q32008	Q32009	Q32010	Q32011	Q32012	Q32013	Q32008	Q32009	Q32010	Q32011	Q32012	Q32013
Federal Loans	577	657	750	848	948	1,040	90.41%	91.01%	91.42%	91.73%	92.39%	92.99%
Private Student Loans (Seven Participating Lenders)	44	49	54	59	61	63	6.93%	6.75%	6.58%	6.38%	5.98%	5.66%
Other Securitized Private Loans	17	16	16	18	17	15	2.66%	2.24%	2.00%	1.89%	1.63%	1.35%
Total	638	722	820	925	1,026	1,119	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

[1] The outstanding balance does not include JPMorgan Chase Bank and US Bank, which contributed data in the 1077 Report, and others lenders not otherwise included herein.

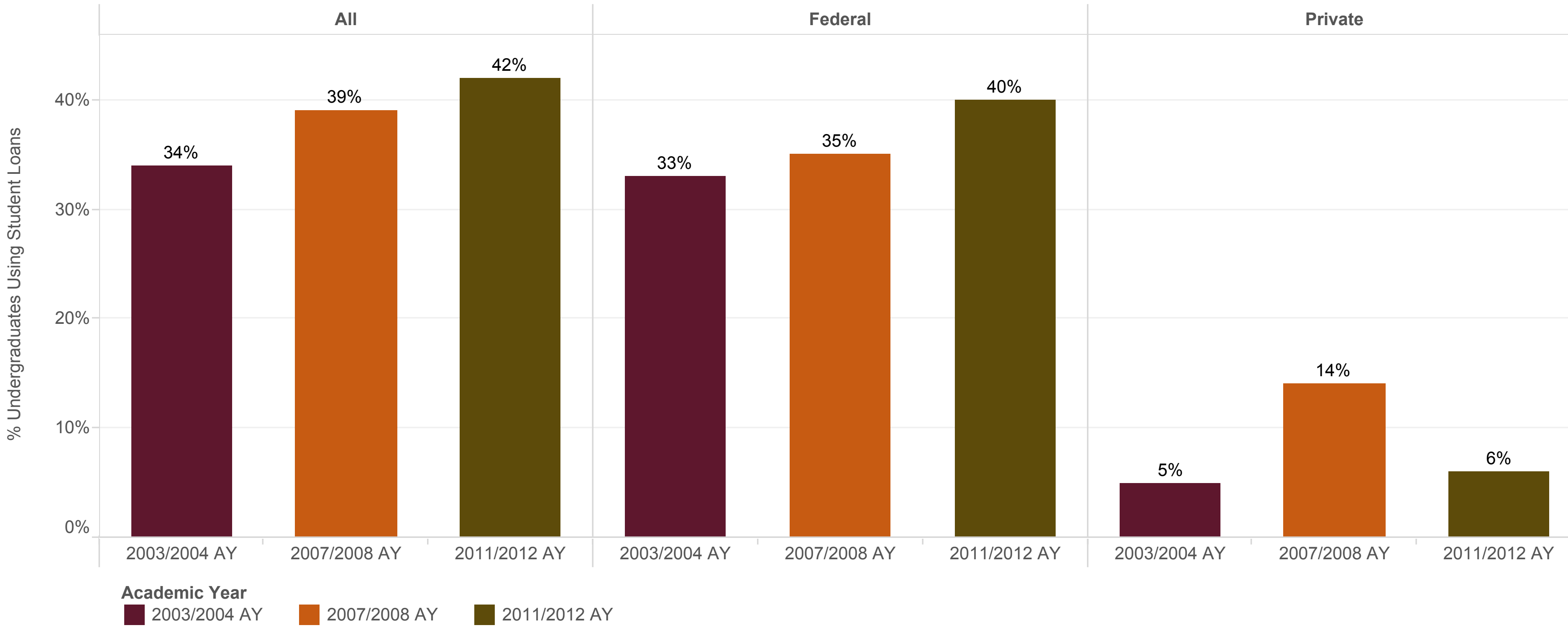
Source
Federal Loans: www.studentaid.ed.gov/sites/default/files/PortfolioSummary.xls;
Private Student Loans: Data from the seven lenders participating in this study;
Other Securitized Private Loans: MeasureOne standardized student loan securities data built using publicly available remittance reports, that includes data from Access Group, First Marblehead, Key Corp and other non-profit issuers. It does not include data from the seven participating lenders, other than the non 144A securitized portfolios of First Marblehead. First Marblehead no longer has legal control of those trusts and data from such trusts were not included in the lender contributed data.

As college tuition has continued to rise at a faster pace than inflation and personal income levels, the demand for loans to help pay tuition has grown considerably. While private student loan outstanding balances have leveled off in recent years, federal student loan outstanding balances have climbed dramatically. As a result, student loan balances surpassed credit card balances, and at over $1 trillion, trail only mortgages in terms of balances outstanding. As the data in the table above shows, while outstanding student loan balances have climbed from just over $600 billion in 2008 to over $1.1 trillion in 2013, private student loan balances have remained relatively stable (federal student loans are the growth driver).

THE STUDENT LOAN MARKET: UNDERGRADUATES USE OF PRIVATE STUDENT LOANS

Recently released federal data shows that a small proportion of undergraduates are using private student loans

% of Undergraduates Using Federal vs. Private Student Loans



Source U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study (NPSAS:04, NPSAS:08, NPSAS:12)

Recently released data by the Department of Education shows that the percentage of students and families who obtained private loans has declined from 14% in 2007/2008 academic year to 6% in 2011/2012 academic year. Meanwhile, the share of students taking out federal loans actually increased from 35% to 40% during the same period.

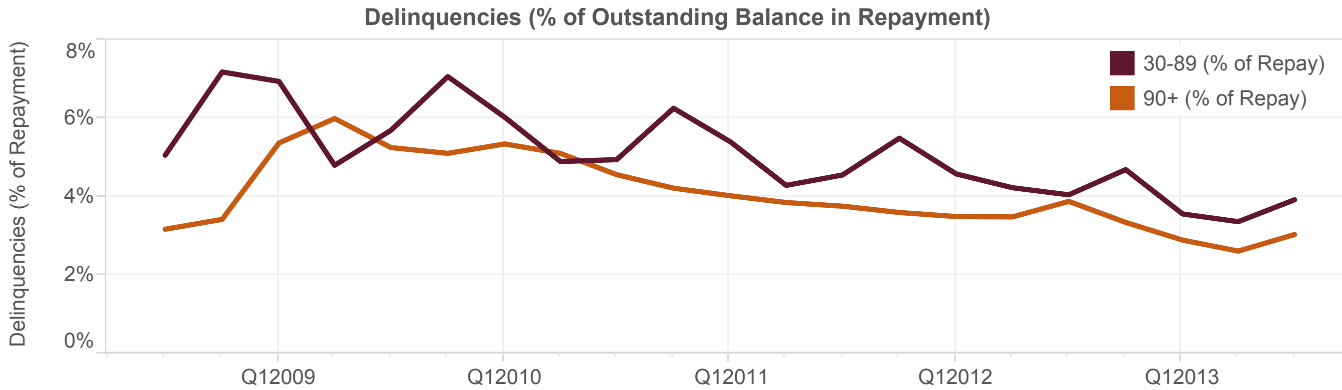
There are a number of factors contributing to these trends:

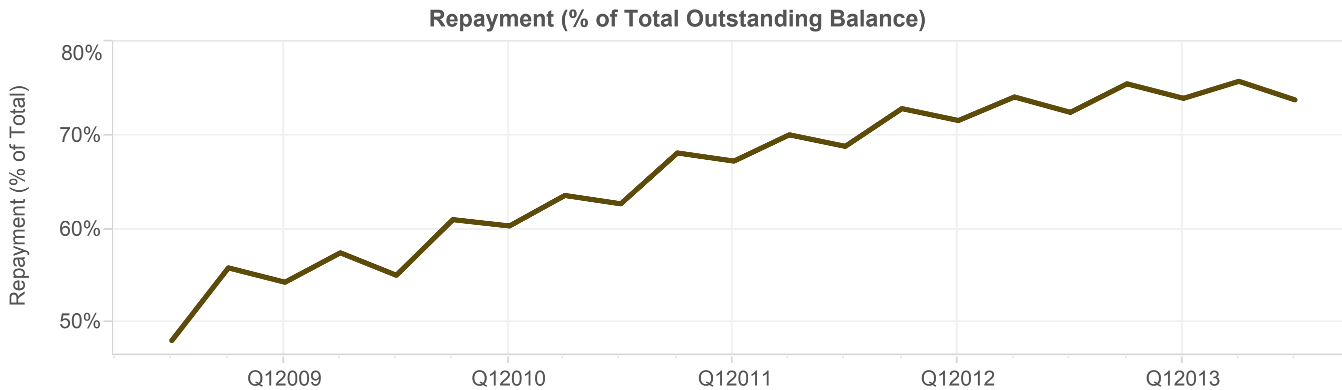
1) Stafford loan limits increased in 2008 and 2009;
2) College tuitions have continued to rise;
3) Some lenders significantly tightened underwriting standards on private student loans during the financial crisis, while other lenders have continued to follow long-standing rigourous underwriting practices; and
4) Through better disclosure practices, students and families are becoming more educated about the availability of federal student loans and are less likely to take out only a private student loan.

DELINQUENCY TRENDS BY QUARTER (AS A PERCENTAGE OF LOANS REPAYMENT)

Private student loan performance has steadily improved (as measured by delinquencies as a percentage of loans in repayment) since it peaked during the credit crisis in 2009

Quarter	30-89 (% of Repay)	90+ (% of Repay)	Repayment (% of Total)
Q32008	5.07%	3.18%	48.07%
Q42008	7.20%	3.43%	55.85%
Q12009	6.96%	5.38%	54.31%
Q22009	4.81%	6.01%	57.46%
Q32009	5.71%	5.26%	55.06%
Q42009	7.08%	5.12%	61.01%
Q12010	6.04%	5.36%	60.34%
Q22010	4.91%	5.12%	63.60%
Q32010	4.96%	4.57%	62.71%
Q42010	6.27%	4.23%	68.15%
Q12011	5.41%	4.03%	67.28%
Q22011	4.30%	3.86%	70.10%
Q32011	4.56%	3.77%	68.86%
Q42011	5.50%	3.61%	72.90%
Q12012	4.59%	3.50%	71.63%
Q22012	4.24%	3.49%	74.15%
Q32012	4.06%	3.89%	72.50%
Q42012	4.70%	3.35%	75.55%
Q12013	3.57%	2.90%	74.00%
Q22013	3.37%	2.62%	75.82%
Q32013	3.93%	3.04%	73.84%





Trendlines show that outstanding delinquencies for the seven participating lenders have declined even as the percentage of loans in repayment has almost doubled.

A typical private student loan lifecycle consists of numerous cash flowing and non-cash flowing statuses:

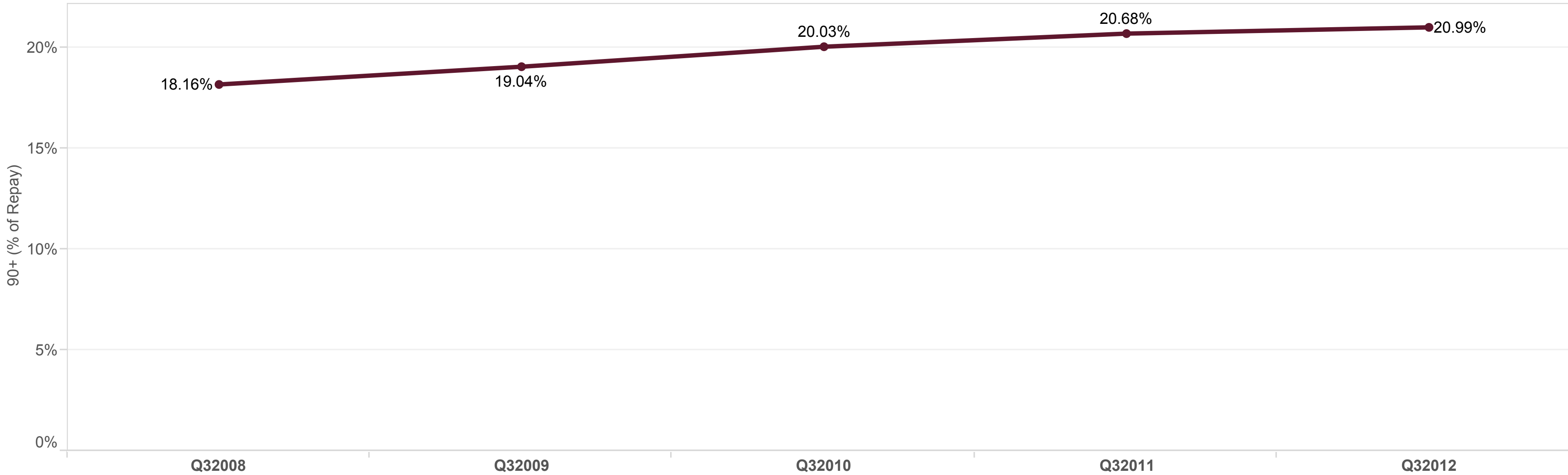
1) Repayment: for purposes of this Report, repayment includes borrowers in school with a repayment obligation (i.e., interest only payments);
2) Deferment: payments are not required during the initial in-school period, and during subsequent periods when a borrower returns to school or is active in the military;
3) Grace: payments are not required during a short period of time following withdrawal/graduation from school (typically at least 6 months); and
4) Forbearance: payments are temporarily not required for borrowers facing financial hardship

We define a loan as delinquent, when it is in a cash flowing status, payments are required to be made, and the borrower is late in making those payments. Presenting delinquency as a percentage of loans in repayment provides an accurate picture of borrowers that are late on their payments.

THE STUDENT LOAN MARKET: PERFORMANCE BY QUARTER

According to the Federal Reserve Bank of New York, 90+ delinquencies for student loans in repayment have increased to 21 percent

90+ Delinquencies (% of Outstanding Balance in Repayment) for the Overall Student Loan Market



Source
Federal: FRBNY Consumer Credit Panel/Equifax

The Federal Reserve Bank of New York/Equifax Data defines 90+ delinquencies as loans that are 90 days or more past due prior to charge-off. Federal loans are considered defaulted anywhere from 270 to 360 days past due, while private loans are typically charged-off at either 120 or 180 days past due. The longer timeframe for federal loans will cause a higher percentage of federal loans to be 90 days or more past due compared to private loans (all else being equal).

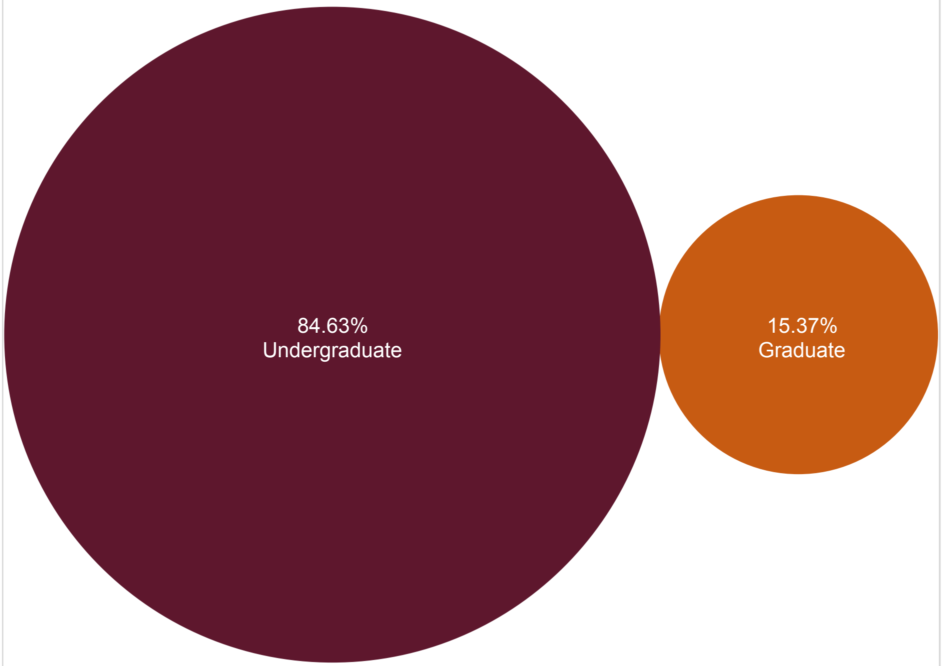
The Federal Reserve Bank of New York data, which is largely comprised of federal student loans, shows a steady rise in overall student loan delinquencies, from 19 percent in Q3 2009 to 21 percent in Q3 2012, measured as a percentage of loans in repayment.

The strong improvement in delinquencies exhibited by our lender contributors during this time period is masked in the Federal Reserve Bank of New York data by a decline in performance of federal student loans.

DISTRIBUTION BY PROGRAM TYPE (BY QUARTER)

Over 80% of private student loans by the seven participating lenders have been made to Undergraduate students

Distribution by Program Type (% of Total Outstanding Balance)[1]
As of Quarter End Q32013



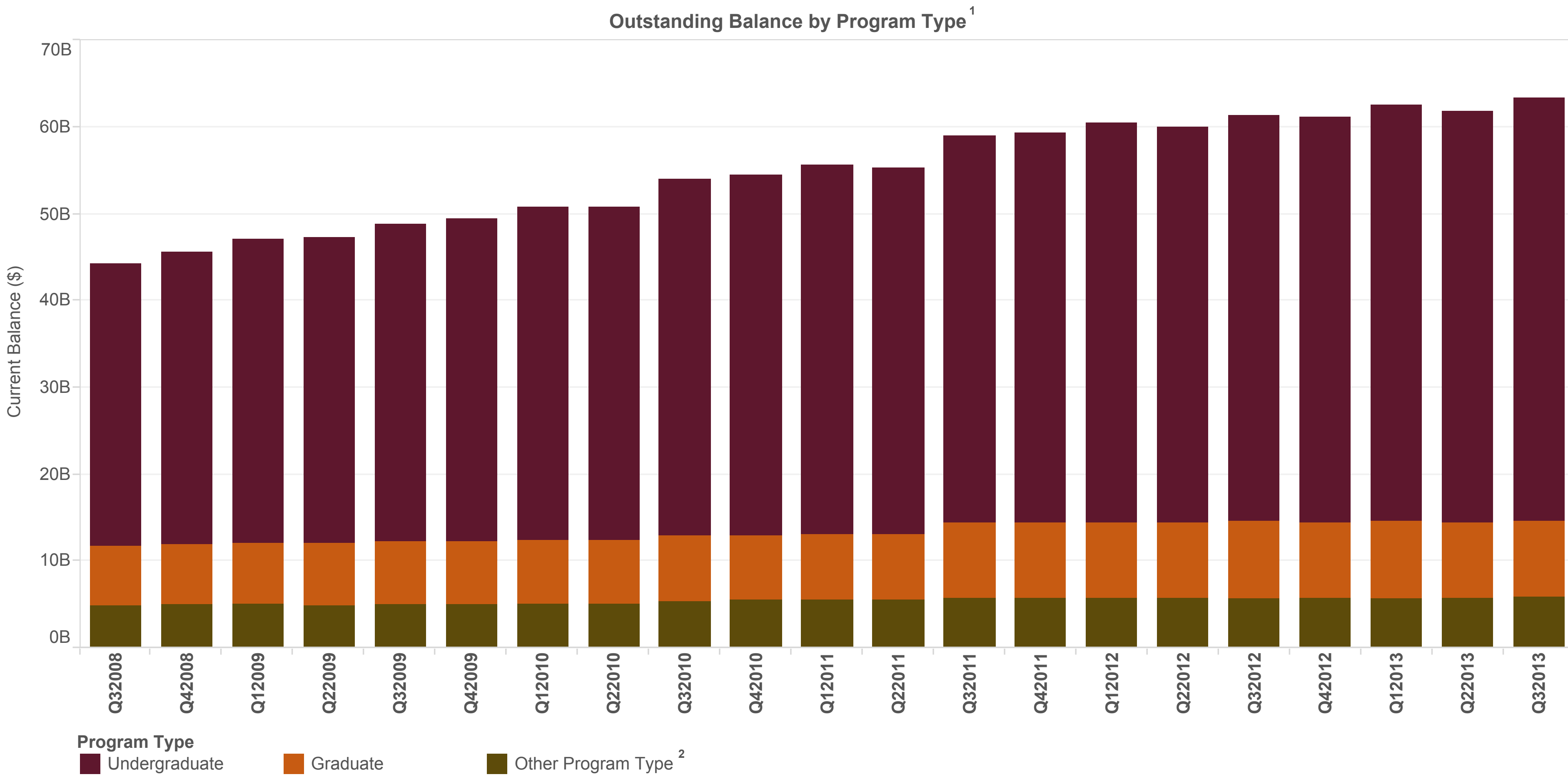
As of 9/30/2013

Quarter	Undergraduate	Graduate	Other Program Type	Total
Q32008	32,471,348,478	6,827,409,942	4,917,876,446	44,216,634,866
Q42008	33,618,679,413	6,948,858,027	4,946,543,039	45,514,080,478
Q12009	35,012,565,706	7,061,616,783	4,961,917,929	47,036,100,418
Q22009	35,167,140,263	7,140,477,517	4,905,089,447	47,212,707,227
Q32009	36,465,029,669	7,248,587,510	4,986,597,958	48,700,215,137
Q42009	37,227,779,922	7,290,096,674	5,002,047,589	49,519,924,185
Q12010	38,317,791,235	7,326,238,262	5,105,341,326	50,749,370,823
Q22010	38,341,192,133	7,315,499,774	5,060,787,406	50,717,479,314
Q32010	41,069,364,806	7,503,026,915	5,446,491,444	54,018,883,165
Q42010	41,545,994,580	7,501,516,385	5,484,739,650	54,532,250,616
Q12011	42,475,783,236	7,543,723,106	5,607,898,916	55,627,405,257
Q22011	42,266,178,761	7,521,257,751	5,593,773,142	55,381,209,654
Q32011	44,589,580,012	8,728,037,280	5,652,660,786	58,970,278,079
Q42011	44,941,777,194	8,704,425,954	5,682,802,570	59,329,005,718
Q12012	45,982,591,215	8,736,409,537	5,743,154,339	60,462,155,091
Q22012	45,637,712,188	8,681,619,607	5,706,745,788	60,026,077,583
Q32012	46,851,271,078	8,782,218,777	5,727,766,780	61,361,256,634
Q42012	46,840,895,572	8,703,109,913	5,709,609,571	61,253,615,055
Q12013	47,981,309,235	8,782,203,304	5,739,847,682	62,503,360,221
Q22013	47,515,768,822	8,719,079,298	5,694,192,254	61,929,040,374
Q32013	48,647,466,093	8,838,236,696	5,819,350,715	63,305,053,504

[1] A small percentage of other private student loans originated by the seven participating lenders include consolidation loans and loans that were not coded by the seven lenders, which have not been included in the chart above.

BALANCE BY PROGRAM TYPE (BY QUARTER)

The balance of private student loans outstanding from the seven participating lenders grew during the observation period to $63 billion in Q3 2013. Growth slowed noticeably between Q3 2011 ($59 billion outstanding) and Q3 2013 ($63 billion outstanding)



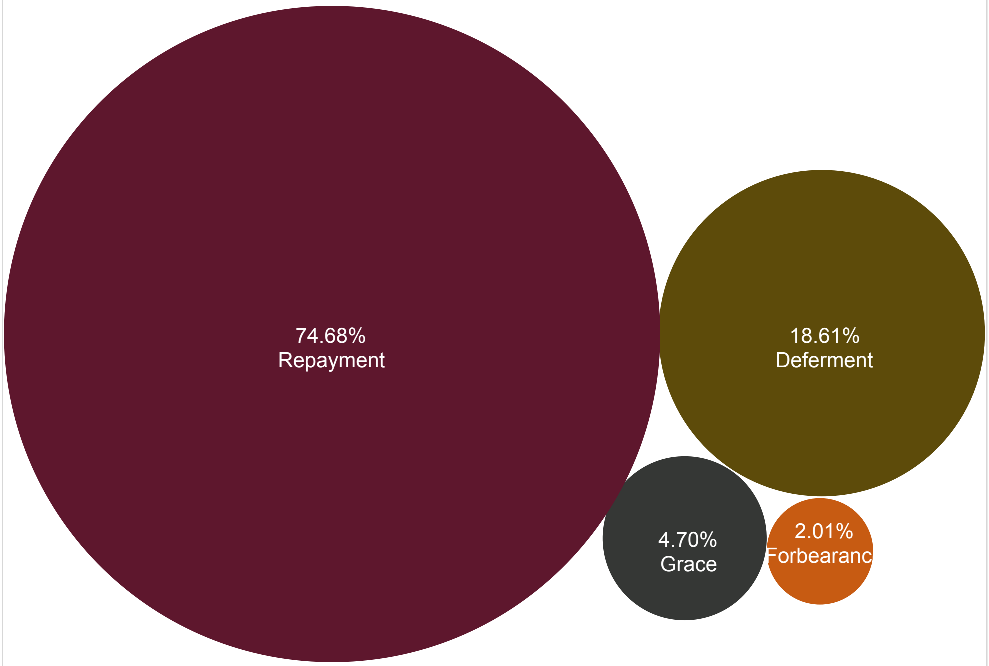
[1] The outstanding balance does not include JPMorgan Chase Bank and US Bank, which contributed data in the 1077 Report, and other lenders not otherwise included herein. In addition, does not include the non 144A securitized portfolios of First Marblehead because they no longer have legal control of those trusts and data from such trusts were not included in the lender contributed data.

[2] Other program type private loans include consolidation loans and loans that were not coded by the seven participating lenders.

DISTRIBUTION BY LOAN STATUS (BY QUARTER)

As of Q3 2013, more than 70% of the outstanding private student loans for the seven participating lenders are in repayment status

Distribution by Loan Status (% of Total Outstanding Balance)
As of Quarter End Q32013



As of 9/30/2013

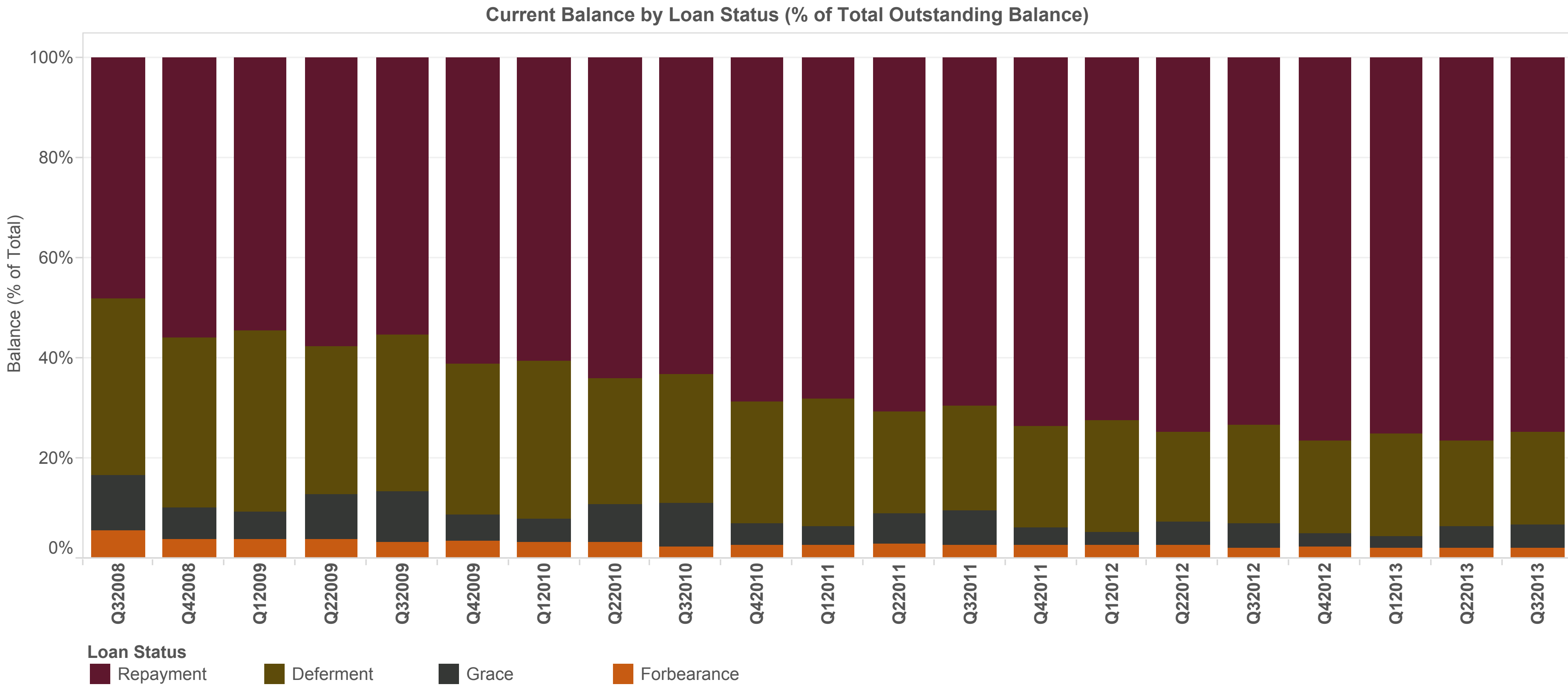
Current Balance (% of Total Outstanding Balance)

Quarter	Repayment	Deferment	Grace	Forbearance
Q32008	48.19%	35.29%	11.08%	5.44%
Q42008	56.00%	33.88%	6.30%	3.81%
Q12009	54.50%	36.19%	5.56%	3.76%
Q22009	57.64%	29.60%	8.96%	3.80%
Q32009	55.25%	31.37%	10.06%	3.31%
Q42009	61.27%	30.08%	5.21%	3.44%
Q12010	60.69%	31.50%	4.60%	3.21%
Q22010	63.89%	25.27%	7.64%	3.20%
Q32010	63.15%	25.75%	8.67%	2.43%
Q42010	68.76%	24.37%	4.16%	2.71%
Q12011	68.03%	25.58%	3.68%	2.71%
Q22011	70.77%	20.19%	6.23%	2.81%
Q32011	69.54%	20.95%	6.96%	2.55%
Q42011	73.67%	20.34%	3.37%	2.62%
Q12012	72.51%	22.14%	2.79%	2.57%
Q22012	74.91%	17.93%	4.67%	2.49%
Q32012	73.27%	19.64%	5.15%	1.93%
Q42012	76.42%	18.69%	2.62%	2.27%
Q12013	74.95%	20.61%	2.32%	2.12%
Q22013	76.65%	16.91%	4.28%	2.16%
Q32013	74.68%	18.61%	4.70%	2.01%

The increase in the percentage of outstanding student loans in repayment status is partially attributable to increased seasoning on loans originated in 2008/2009 academic year and prior years and higher utilization by borrowers of in-school repayment options.

LOAN STATUS BY QUARTER

The percent of private student loans in repayment status has increased significantly to 74.7% of total outstanding balance as of Q3 2013 from 48.2% as of Q3 2008



There are many factors driving the trends in repayment, deferment, grace and forbearance, including:

1) A growing percentage of borrowers choosing to take loans that require payments while in school (i.e., interest only payments);
2) Loans originated during the peak origination years of the private student loan market in the mid-2000's are fully in repayment.

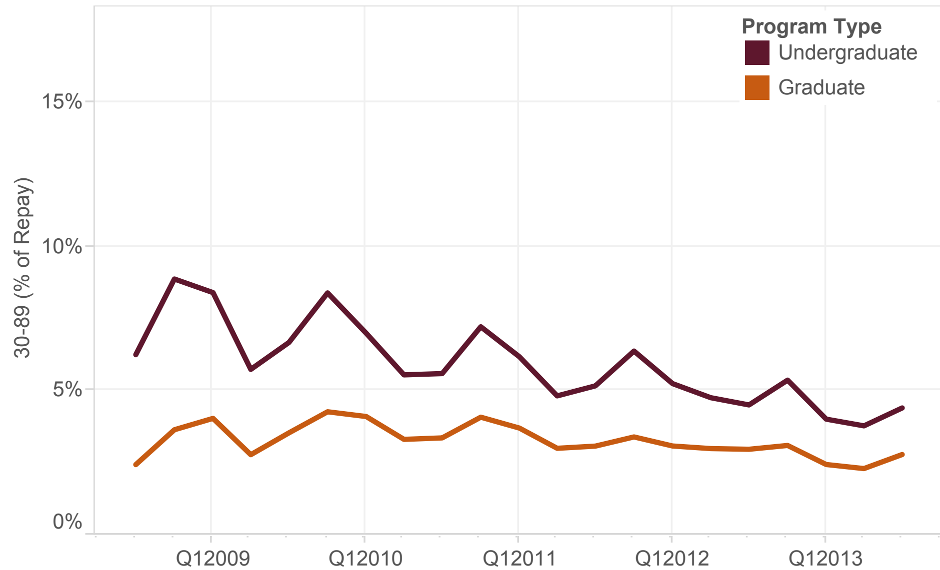
The use of forbearance as a default mitigation tool declined during the observation period:

a) The data from the seven participating lenders show a steady decline in the use of forbearance dropping to 2.01% as of Q3 2013;
b) Despite the decline in the use of forbearance, the number of people who are demonstrating that they can repay has increased.

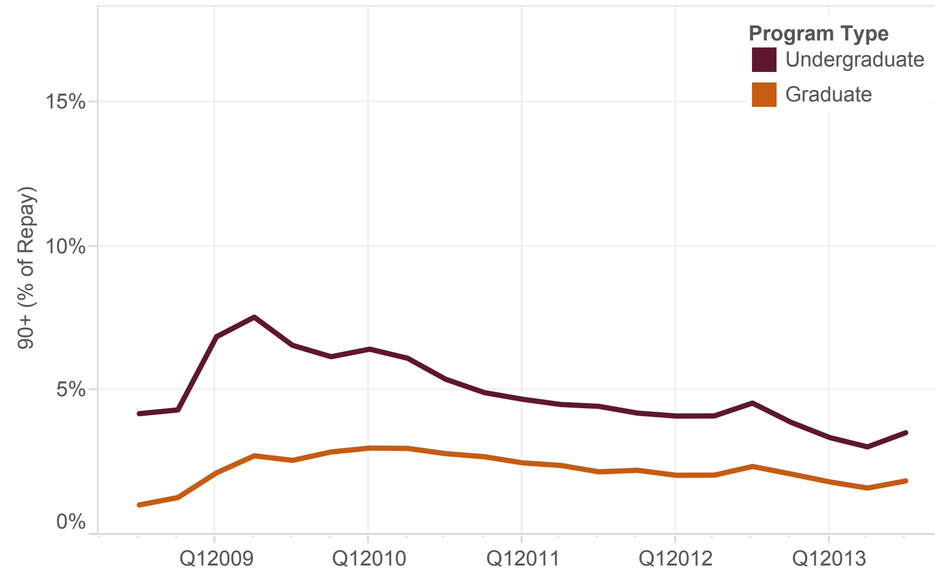
PERFORMANCE BY PROGRAM TYPE (BY QUARTER)

Performance by program type shows improvements in delinquency rates on the part of both Undergraduate and Graduate programs

30-89 Days Delinquent (% of Outstanding Balance in Repayment)



90+ Days Delinquent (% of Outstanding Balance in Repayment)



30-89 Days Delinquent (as a % of Balance in Repayment)

	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
Undergraduate	6.25%	8.88%	8.41%	5.74%	6.68%	8.40%	7.00%	5.55%	5.60%	7.22%	6.18%	4.82%	5.17%	6.38%	5.25%	4.76%	4.51%	5.37%	4.01%	3.78%	4.40%
Graduate	2.44%	3.65%	4.04%	2.78%	3.54%	4.27%	4.11%	3.31%	3.36%	4.08%	3.70%	3.00%	3.08%	3.40%	3.08%	2.99%	2.97%	3.10%	2.44%	2.30%	2.79%

90+ Days Delinquent (as a % of Balance in Repayment)

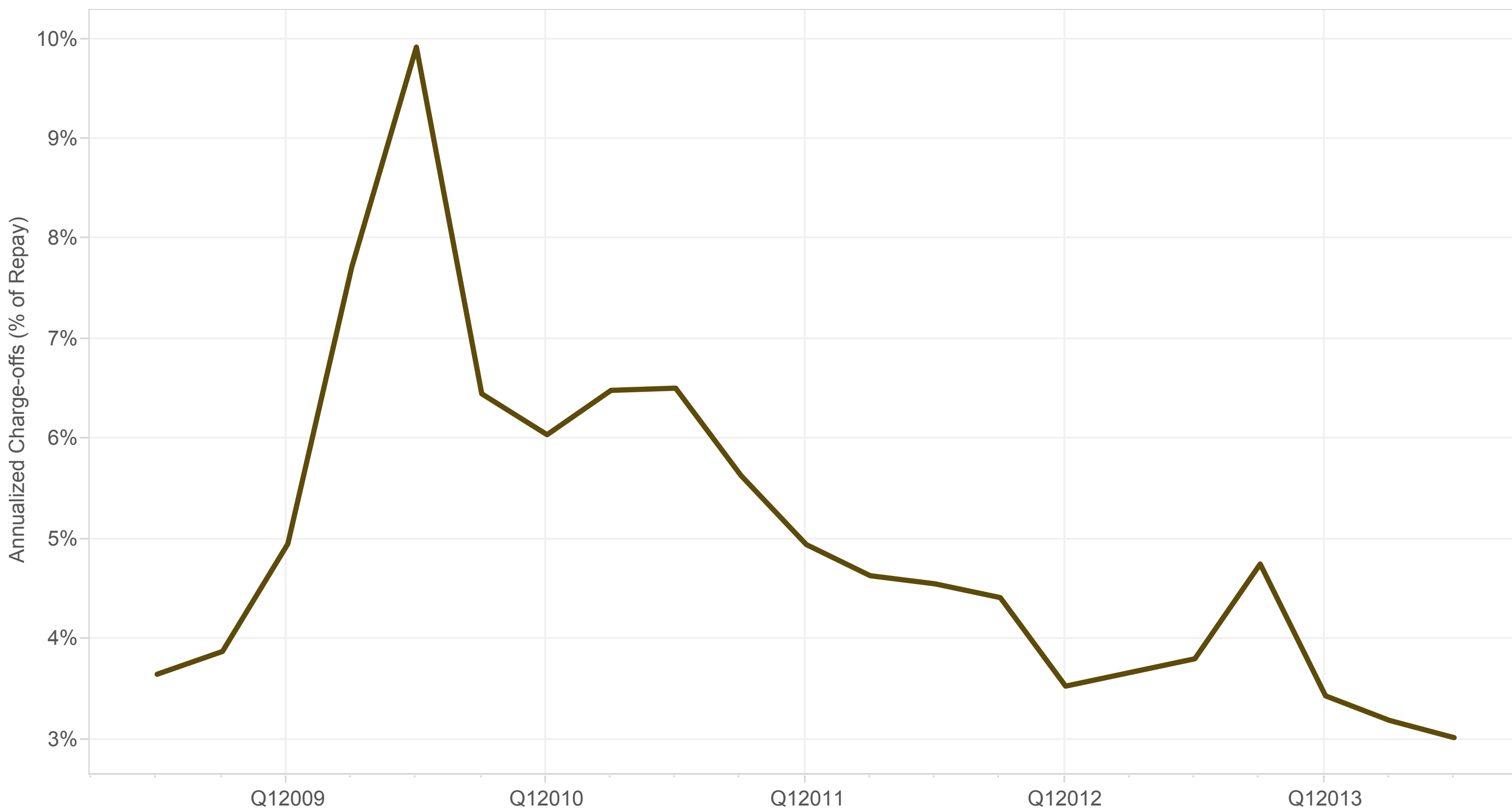
	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
Undergraduate	4.20%	4.34%	6.88%	7.56%	6.58%	6.18%	6.44%	6.13%	5.40%	4.94%	4.70%	4.52%	4.46%	4.22%	4.12%	4.13%	4.57%	3.90%	3.38%	3.05%	3.54%
Graduate	1.04%	1.29%	2.15%	2.74%	2.58%	2.88%	3.01%	3.00%	2.82%	2.71%	2.50%	2.41%	2.19%	2.24%	2.07%	2.07%	2.37%	2.11%	1.84%	1.62%	1.87%

The trend in declining delinquencies as a percentage of loans in repayment for the seven participating lenders is consistent across Undergraduate and Graduate programs.

Graduate loans have traditionally shown lower delinquency rates, and in recent years, Undergraduate loans have narrowed the gap in delinquency rates at both 30-89 days and 90+ days delinquent.

GROSS CHARGE-OFF RATES BY QUARTER

Gross charge-off rates peaked in Q3 2009 and have steadily declined ever since



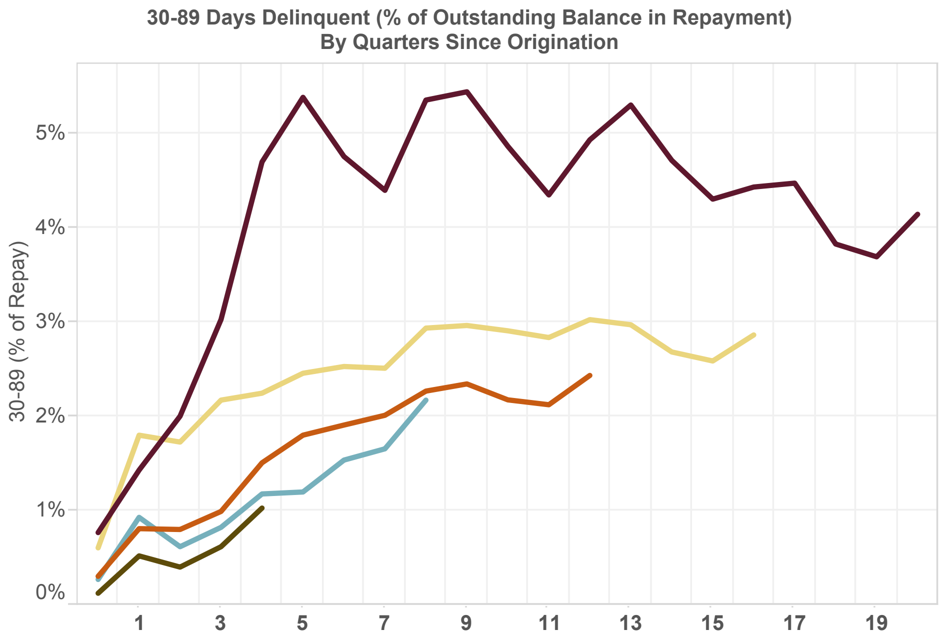
Quarter	Annualized Charge-offs (% of Repay)
Q32008	3.65%
Q42008	3.88%
Q12009	4.96%
Q22009	7.72%
Q32009	9.92%
Q42009	6.45%
Q12010	6.05%
Q22010	6.49%
Q32010	6.51%
Q42010	5.64%
Q12011	4.95%
Q22011	4.64%
Q32011	4.56%
Q42011	4.42%
Q12012	3.53%
Q22012	3.67%
Q32012	3.81%
Q42012	4.75%
Q12013	3.44%
Q22013	3.19%
Q32013	3.02%

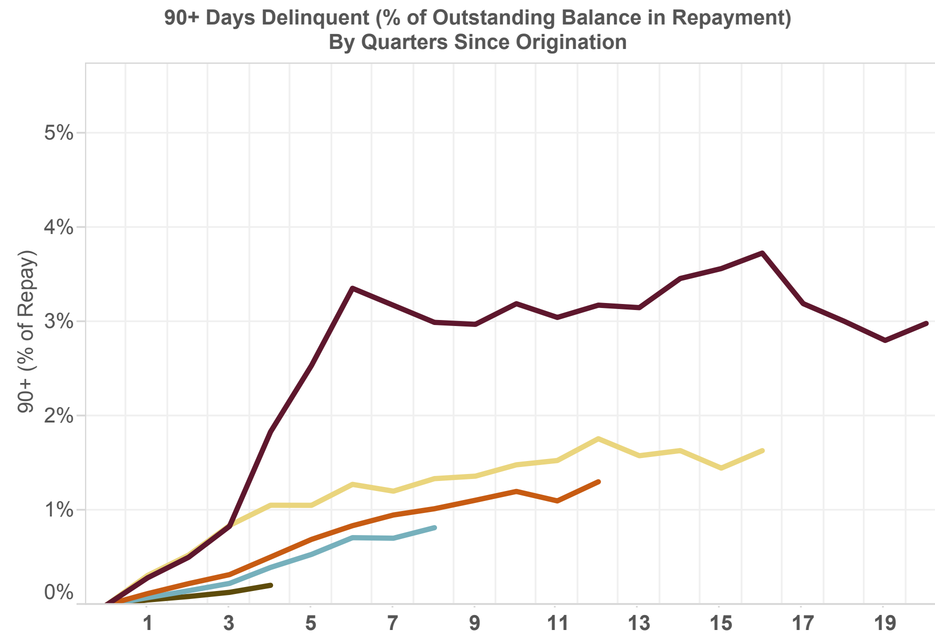
Periodic gross charge-off rates for the seven participating lenders have generally declined since the peak in Q3 2009 and are at their lowest levels since the recent credit crisis.

Gross charge-offs are defined as the total dollar amount of the loan at the time of charge-off during the quarter divided by the quarter end balance in repayment. To obtain annualized charge-offs as a percent of repayment, we multiply the quarterly charge-off rate by 4.

PERFORMANCE BY ACADEMIC YEAR OF ORIGINATION (BY QUARTERS SINCE ORIGINATION)

Measuring performance by academic year of origination highlights the significant improvement in private student loan performance for the seven participating lenders in the last four years





Academic Year
2008/2009 AY | 2009/2010 AY | 2010/2011 AY | 2011/2012 AY | 2012/2013 AY

One approach MeasureOne has taken in this report in measuring delinquencies, is to group loans into like vintages (loans originated during the same academic year are grouped together). Performance of each vintage is evaluated relative to the performance of loans of a similar age originated during different academic years.

The trend in improved performance is more evident when evaluated by academic year of origination. Additionally, the trend in overall performance improvement is likely to accelerate as more recent academic years show significantly improved performance. Using delinquencies of 30-89 days as a percentage of loans in repayment as our metric:

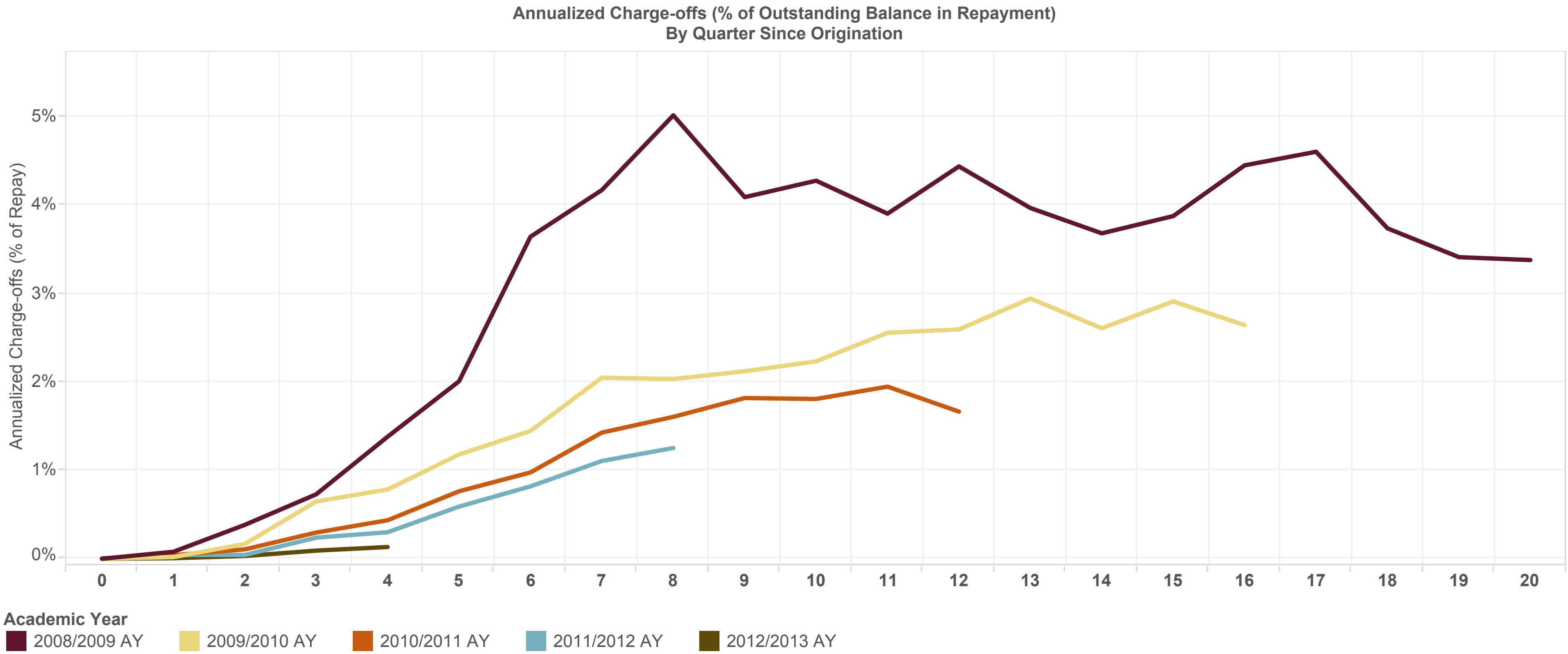
- 2012-2013 academic year is performing 13% better than 2011-2012 academic year
- 2011-2012 is performing 4% better than 2010-2011
- 2010-2011 is performing 20% better than 2009-2010
- 2009-2010 is performing 35% better than 2008-2009

Using delinquencies of 90+ days as a percentage of loans in repayment as our metric:

- 2012-2013 academic year is performing 47% better than 2011-2012 academic year
- 2011-2012 is performing 20% better than 2010-2011
- 2010-2011 is performing 26% better than 2009-2010
- 2009-2010 is performing 56% better than 2008-2009

GROSS CHARGE-OFFS BY ACADEMIC YEAR OF ORIGINATION

Measuring charge-offs by academic year of origination also highlights the significant improvement in private student loan performance for the seven participating lenders over the past four academic years



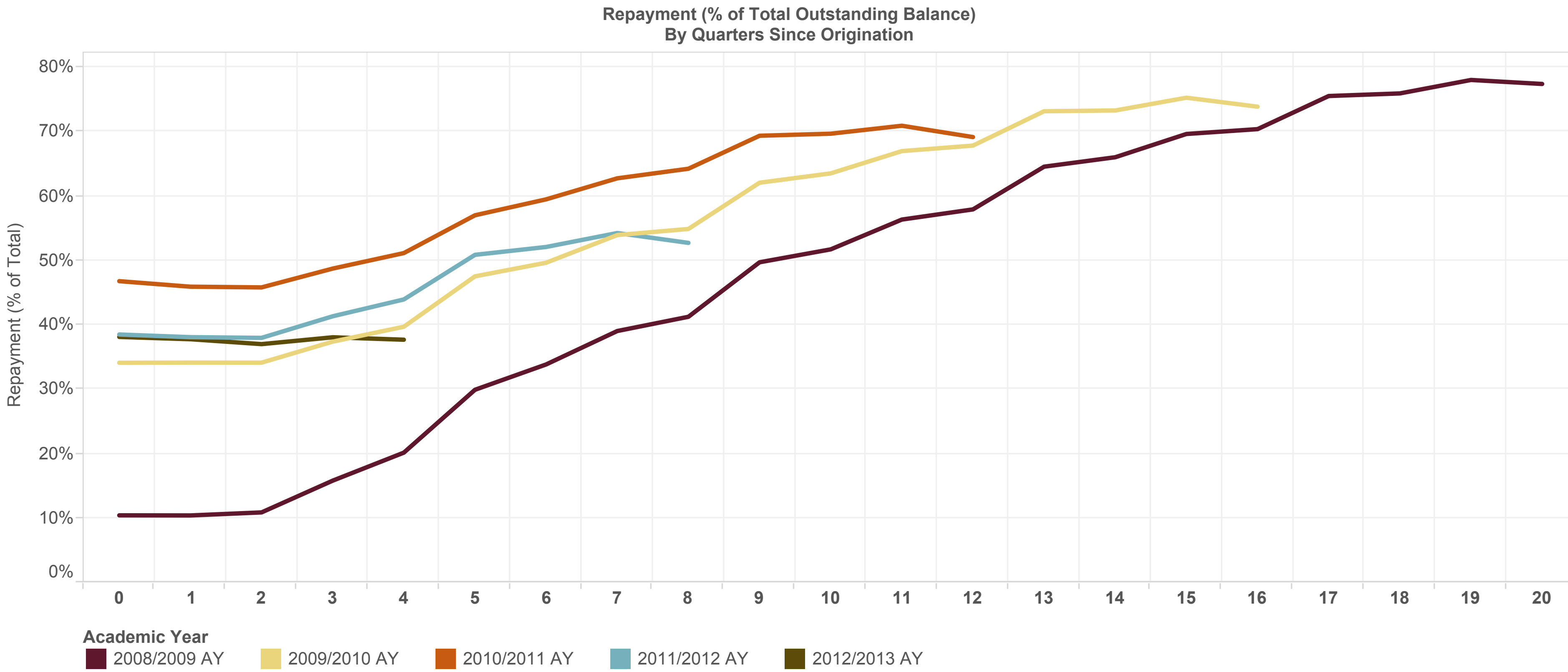
MeasureOne also measured charge-offs as a percent of loans in repayment by academic year of origination. The improvement in charge-off trends is more evident when evaluated by academic year of origination.

The rate of charge-off has significantly improved in each academic year since the first academic year included in the study:

- 2012-2013 academic year is performing 30% better than 2011-2012 academic year
- 2011-2012 is performing 22% better than 2010-2011
- 2010-2011 is performing 36% better than 2009-2010
- 2009-2010 is performing 41% better than 2008-2009

REPAYMENT TRENDS BY ACADEMIC YEAR OF ORIGINATION

The percentage of private student loans in repayment while in school has increased significantly in recent academic years

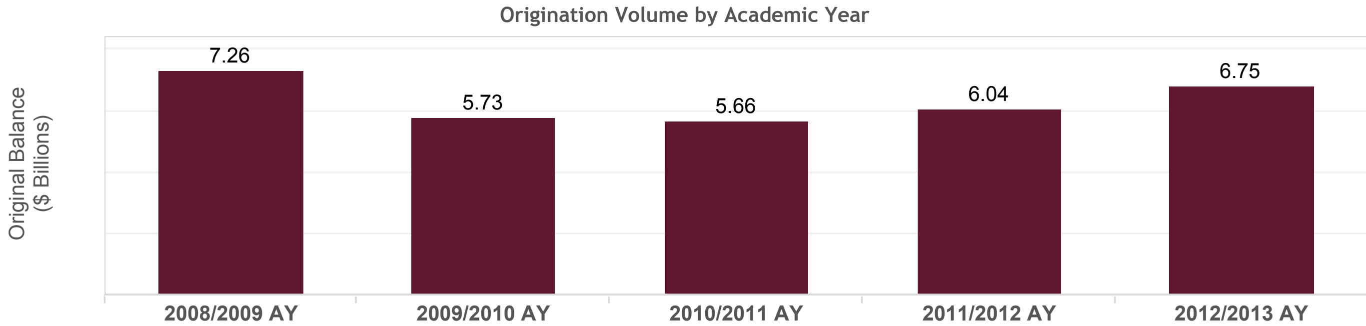


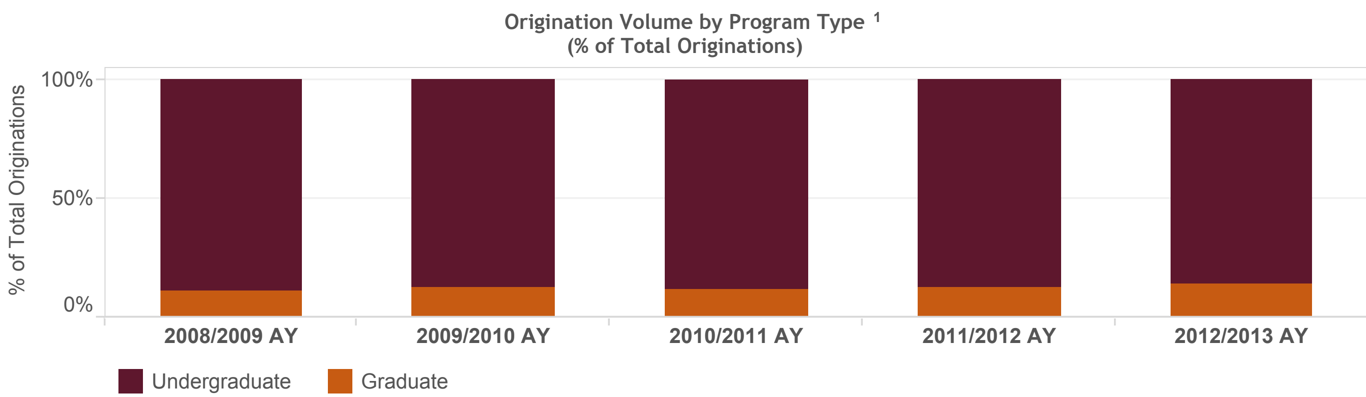
A growing percentage of borrowers are choosing to make regularly scheduled payments while in school at the same time that the private loan market has started to provide borrowers with financial incentives for making such partial payments while in-school. This practice helps to establish good payment practices and keeps borrowing costs down. Meanwhile, lenders and schools are educating borrowers and their families on the increased costs of deferring loan payments until after graduation.

These trends are evident in the data, as 10% of loans originated during academic year 2008/2009 were in repayment while in school, compared to 47% in 2010/2011 academic year, and 38% in 2012/2013 academic year.

ORIGINATION VOLUME AND DISTRIBUTION BY PROGRAM TYPE BY ACADEMIC YEAR OF ORIGINATION

The volume of newly originated private student loans declined from 2008/2009 academic year to 2012/2013 academic year, but grew at a 5.6% annual growth rate between 2009/2010 academic year and 2012/2013 academic year





Academic Year	Undergraduate	Graduate
2008/2009 AY	89.12%	10.88%
2009/2010 AY	87.85%	12.15%
2010/2011 AY	88.06%	11.94%
2011/2012 AY	87.47%	12.53%
2012/2013 AY	86.22%	13.78%

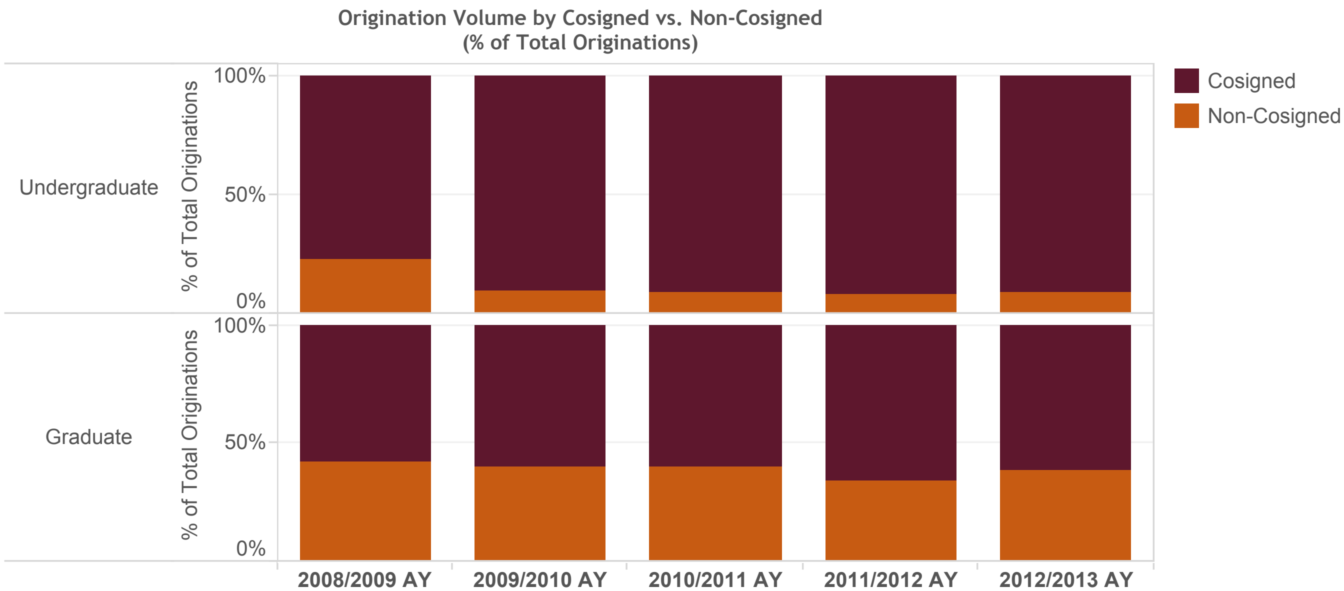
[1] Other private student loans originated by the seven participating lenders include consolidation loans and loans that were not coded by the seven lenders, which have not been included in the table and chart by Program Type above

Data from the seven participating lenders indicate that annual originations remain below the amount in 2008 and have grown modestly in recent years. This trend coincides with the lenders' heightened and/or continued emphasis on prudent underwriting and borrowers' capacity to repay.

Borrowing by students attending Undergraduate programs, at 86% of origination volume in the 2012/2013 academic year, consistently represents the largest segment of borrowers by program type.

COSIGNED VS. NON-COSIGNED LOAN DISTRIBUTION BY ACADEMIC YEAR OF ORIGINATION

Cosigner rates remain high



	Undergraduate		Graduate		Other Program Type [1]		Total	
Academic Year	Cosigned	Non-Cosigned	Cosigned	Non-Cosigned	Cosigned	Non-Cosigned	Cosigned	Non-Cosigned
2008/2009 AY	77.49%	22.51%	57.97%	42.03%	74.63%	25.37%	75.33%	24.67%
2009/2010 AY	90.52%	9.48%	60.07%	39.93%	84.27%	15.73%	86.59%	13.41%
2010/2011 AY	90.86%	9.14%	60.07%	39.93%	78.26%	21.74%	86.15%	13.85%
2011/2012 AY	92.13%	7.87%	65.85%	34.15%	71.03%	28.97%	87.19%	12.81%
2012/2013 AY	91.27%	8.73%	61.87%	38.13%	79.36%	20.64%	86.65%	13.35%

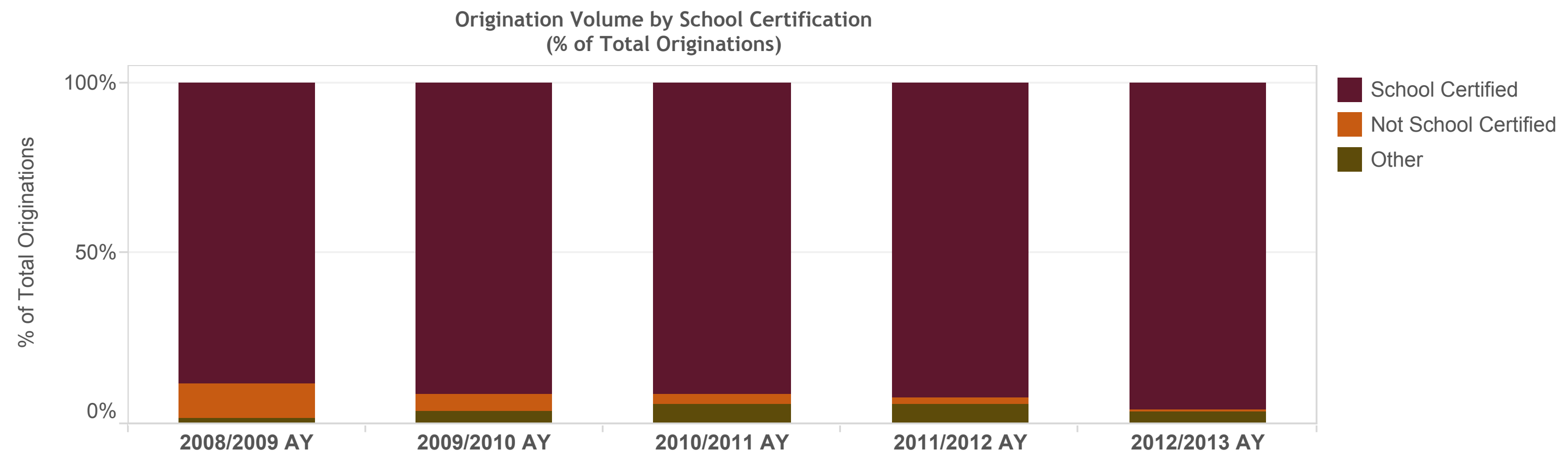
[1] Other program type private loans include consolidation loans and loans that were not coded by the seven participating lenders.

Since paying for college is most often a family responsibility, co-signers play a vital role in ensuring that students have access to financing and typically at lower interest rates. Cosigners enable lenders to extend credit they otherwise would not extend, based on a documented ability to repay, and support repayment of the loan obligation.

Beginning with the 2009/2010 academic year, and in each of the academic years since then, more than 9 out of every 10 loans by the seven participating lenders to students attending Undergraduate programs included a cosigner.

SCHOOL CERTIFICATION BY ACADEMIC YEAR OF ORIGINATION

Universal adoption of school certification to Undergraduate and Graduate students



Academic Year	School Certified	Not School Certified	Other [1]
2008/2009 AY	88.30%	9.91%	1.79%
2009/2010 AY	91.47%	5.17%	3.36%
2010/2011 AY	91.09%	3.35%	5.57%
2011/2012 AY	92.16%	2.27%	5.57%
2012/2013 AY	95.75%	0.76%	3.48%

[1] Other private loans include consolidation loans and loans that were not coded by the seven participating lenders.

The seven participating lenders universally require school certification as part of their core private loan programs to undergraduate and graduate students (consolidation/refinancing loans, bar exam loans and residency loans are examples of loans where school certification is not applicable). Certification acts as an important protection against overborrowing. In this process, the school certifies the amount of the student's need and receives loan proceeds directly from the lender. This gives school financial aid staff the opportunity to counsel families on their loan options, including the availability of federal student aid, and to ensure that they understand their repayment obligations.

GLOSSARY OF TERMS

30-89 (% of Repay): Balance of loans that are 30 to 89 days past due on payments as of Quarter end, divided by Balance of loans in Repayment (Loan Status) as of Quarter end

90+ (% of Repay): Balance of loans that are 90 or more days past due on payments as of Quarter end, divided by Balance of loans in Repayment (Loan Status) as of Quarter end

90+ Days Delinquent: A loan that is 90 or more days past due on payments and before it is reported as charged-off to credit reporting agencies. Also referred to as a "seriously delinquent loan."

Academic Year: A loan is defined to be originated in an Academic Year, if its first disbursement is between July 1 of a year through June 30 of the following calendar year

Annualized Charge-offs (% of Repay): Gross Charge-offs for a Quarter divided by the Quarter end balance in Repayment (Loan Status), multiplied by 4 (or annualized).

Cosigned Loan: A Loan with a cosigner.

Delinquent Loan: A loan that is in a cashflowing status, payments are required to be made, and the borrower is late in making those payments.

Direct Loans: Educational loans provided by the William D. Ford Federal Direct Loan Program, to students and parent borrowers directly through the U.S. Department of Education, rather than through a bank or other lender.

Federal Loans: FFELP, Direct and Perkins loans.

FFELP: The Federal Family Education Loan Program, a program that was discontinued in July 2010.

Graduate Loans: Loans made to borrowers enrolled at least half time in Graduate programs.

Gross Charge-offs: The total dollar amount of the loan at the time of charge-off during the quarter.

Loan Status: A typical private student loan lifecycle consists of numerous cash flowing and non-cash flowing statuses:
1. Repayment: for purposes of this Report, repayment includes borrowers in school with a repayment obligation (i.e., interest only payments);
2. Deferment: payments are not required during the initial in-school period, and during subsequent periods when a borrower returns to school or is active in the military;
3. Grace: payments are not required during a short period of time following withdrawal/graduation from school (typically at least 6 months); and
4. Forbearance: payments are temporarily not required for borrowers facing financial hardship

Original Balance: Total amount disbursed on the loan.

Other Program Type: Consolidation loans or loans with an uncoded program type.

Program Type: Program of study for which the loan was obtained.

Quarter: Reporting Quarter. Balances are defined as of quarter end while charge-offs are those that occurred during the entire quarter. This report covers Reporting Quarters starting from Q3 2008 to Q3 2013.

Repayment (% of Total): Balance of loans in Repayment (Loan Status) as of Quarter end, divided by total outstanding balance of all loans as of Quarter end

School Certified Loan: A loan for which the school attended by the student certifies the amount of the student's need and receives loan proceeds directly from the lender.

Undergraduate Loans: Loans made to borrowers enrolled at least half time in Undergraduate programs. These could be > 2 year or <= 2 year Undergraduate programs.

MEASUREONE METHODOLOGY FOR DATA COLLECTION AND VALIDATION

1) MeasureOne employed a rigorous data definition, collection and validation process to ensure that the data and related metrics provided in the Private Student Loan Performance Report are accurate and consistent across participating lenders.

2) Upon initiation of the project, MeasureOne and the seven participants formed a data committee composed of both data experts and business leaders from the participants. This committee both ensured technical accuracy of the data and provided key decision makers an opportunity to validate the results for reasonableness.

3) MeasureOne went though a detailed, multi-step data collection process:
   a. MeasureOne and participants discussed and agreed on data fields to be provided, including agreement on appropriate definitions
   b. MeasureOne provided a mock data file layout to participants
   c. Participants agreed the formulas to be used to calculate each field and metric
   d. Participants supplied the base input numbers that MeasureOne required in order to calculate each metric

4) Each participant validated MeasureOne's calculations of each metric, including the inputs into each calculation.

5) Once the data experts from each participant validated their data set, MeasureOne sent the information to participant's business leaders, who reviewed the numbers for relative to other internal data sources.

6) After each participant's data set was validated, MeasureOne aggregated the participant's data into a Combined Data Set, and the data experts and business leaders from the participants reviewed the Combined Data Set.

7) When the participants completed their review of the Combined Data Set, MeasureOne required each participant to sign and certify the accuracy of the data via a document called the MeasureOne Data Validation and Certification. Participants represented in writing that:
   a. The participant carefully reviewed their specific Data Set and the Combined Data Set, and explicitly confirmed that each data set was materially accurate
   b. The participant explicitly approved incorporation of their data set into the MeasureOne Combined Data Set for final inclusion in the Report and Report's data supplement.