

EDMC[™]
Education Management Corporation

September 29, 2010

The Honorable Tom Harkin
Chairman, Committee on Health, Education,
Labor, and Pensions
428 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Michael B. Enzi
Ranking Member, Committee on Health, Education,
Labor, and Pensions
835 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Harkin and Ranking Member Enzi,

Education Management Corporation (EDMC) recently learned of the testimony before the Senate Health, Education, Labor, and Pensions (HELP) Committee of a current employee of our organization, Ms. Kathleen Bittel. Permit me the opportunity to provide the Committee a fuller context in an effort to ensure a fair portrayal of the facts, prior to the Hearing on Thursday.

One of the most important responsibilities of our institutions is to help our graduates find productive and rewarding work in their fields following graduation. Across the Company, EDMC has over 300 employees who are dedicated to helping our graduates find the jobs they have worked and studied hard to qualify for, and who are also responsible for ensuring that the Company accurately and fairly reports its success at job placement for the benefit of current and prospective students.

Ms. Bittel is a Career Services Advisor currently on leave, at her request, from EDMC Online Higher Education. She has raised issues concerning the general conduct of co-workers and the Company. Specifically, she has alleged that the Company pressured career services staff to improperly report placement statistics and included several unspecified examples of alleged improper conduct.

Ms. Bittel initially made her allegations in August, immediately prior to going on leave. Upon learning of the allegations, EDMC, consistent with Company policy, conducted a full internal investigation. Ms. Bittel refused to provide specific information about her allegations despite being informed that the failure to do so would hinder the investigation. The internal investigation found no support for Ms. Bittel's claims of undue pressure placed upon Career Services Advisors at EDMC Online Higher Education to meet placement goals or falsely verify graduates' employment was related to their field of study.

We subsequently received from a member of the media a copy of the letter Ms. Bittel sent to the HELP Committee, and promptly undertook a second investigation led by Jones Day, outside counsel to the Company. Thus far, the team assembled by Jones Day has spent hundreds of hours interviewing over twenty employees, including all of Ms. Bittel's fellow Career Services Advisors and supervisors at EDMC Online Higher Education, and reviewing documents in an attempt to determine the veracity of the information set forth in the letter. We again reached out to Ms. Bittel and implored her to meet with us only to see her respond by again refusing to provide specifics or meet with us. Though again hampered by the lack of specifics due to Ms. Bittel's refusal to cooperate, the continuing investigation by Jones Day has likewise found no support for the claims that the Company has pressured employees to violate placement policies and procedures.

Precisely to avoid instances such as those Ms. Bittel alleges, EDMC has long utilized a process designed to ensure the accurate collection and reporting of graduate employment statistics. This process serves as a series of checks and balances to safeguard against an employee's ability to report inaccurate data and includes the following steps:

- Placement documentation is obtained by a Career Services Advisor directly from an employer or a graduate whenever possible;
- A department supervisor is responsible for checking the accuracy of all information entered by Career Services Advisors and confirming that verifications are documented;
- All unusual salary fluctuations and certain waivers from placement are independently reviewed by our corporate staff;
- Our corporate staff performs a separate review of all data prior to records being finalized, including a review of whether the employment listed for each graduate is related to his or her field of study.

In fact, Ms. Bittel's own career services placement portfolio revealed instances of job placements she submitted that were identified by her supervisors to be of a questionable nature. This data was captured through our standard operating processes, investigated, and ultimately rejected by supervisors through the course of routine reviews. We have provided copies of our career placement policies to the HELP Committee's staff in connection with our response to the Committee's document request.

Based on our investigations, we believe that Ms. Bittel's allegations are unfair to the tens of thousands of men and women working to serve students across the country as part of the EDMC family. They are particularly troubling in light of her consistent refusal to provide to the Company, or our outside counsel, with basic details necessary to confirm their veracity. As an organization that strives to achieve the highest ethical standards, we recognize the vital role played by each of our employees. While we are disappointed that Ms. Bittel has chosen to make non-specific allegations in an increasingly public way, please be assured that we take seriously our commitment to work with graduates to assist them in finding employment and we will not tolerate employees falsifying career placement data.

We are committed to thoroughly scrutinizing and taking action regarding any inappropriate conduct at any level within the Company. We have an anonymous reporting hotline in place to enable employees to report suspected misconduct without any fear of retribution. Employees found to have violated our Code of Business Ethics and Conduct are subject to disciplinary action up to and including termination. We fully support efforts to eliminate deceptive practices in higher education and remain committed to ensuring that appropriate safeguards are in place to ensure that those who may be responsible for purposely misrepresenting facts are held accountable. We continually seek to improve all aspects of our operations, including our marketing, admissions, and career services activities.

Thank you for your fair consideration of our position on this matter as the Committee commences hearings on our sector of higher education. We look forward to continuing to work with you in good faith for the benefit of students.

Sincerely,



Todd S. Nelson
Chief Executive Officer
Education Management Corporation

cc: Members of the U.S. Senate Committee on Health, Education, Labor and Pensions