

Term Sheet

This Term Sheet (the "Term Sheet"), dated November 19, 2014, is by and between: Corinthian Colleges, Inc. ("Corinthian"), Zenith Education Group, Inc., a Delaware corporation and an affiliated nonprofit subsidiary of ECMC Group, Inc., a Delaware corporation (collectively, "Zenith"), and the United States Department of Education (the "Department").

For purposes of this Term Sheet, Corinthian, Zenith and the Department shall be referred to individually as a "Party" and collectively as the "Parties." The Department and the other governmental agencies referenced herein shall be referred to collectively as the "Governmental Parties."

Corinthian and its subsidiaries have agreed to sell and Zenith has agreed to purchase certain assets associated with campuses located outside the State of California from Corinthian's subsidiaries that do business as Everest College, Everest Institute, Everest University, Everest College Phoenix and WyoTech institutions (the "Everest Plus Schools") pursuant to a definitive Asset Purchase Agreement, dated as of the date hereof between Corinthian and Zenith (the "APA"). ECMC Group, Inc. will be the sole member of Zenith.

In connection with signing the APA, Zenith has requested reasonable guidance from certain Governmental Parties regarding what they will require such that they will agree prior to the Closing (as defined below) not to bring legal and regulatory claims against Zenith, including claims of successor liability, if any, that may arise from Corinthian's operation of the Everest Plus Schools prior to Zenith's purchase of these schools under the APA.

As stipulated by statute and regulation, the Department retains all regulatory and statutory authority to approve or deny the participation in Title IV programs of the Everest Plus Schools, and to ensure their compliance with all applicable Federal requirements after the Closing. This includes the authority to require Zenith to institute measures the Department deems necessary to ensure that past improper activity the Governmental Parties believe has occurred at the Everest Plus Schools is prevented from recurring.

The guidance below is conditioned upon Corinthian and Zenith complying with the terms and principles set forth in this Term Sheet. The terms set forth herein will be memorialized in documents prior to the Closing as needed to specify the rights and obligations of the parties, and to give effect to the intent of the parties, as set forth herein.

Principles Related to Corinthian and Zenith

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| Upfront Payment | Concurrent with the closing of the sale of the Everest Plus Schools (the “Closing”), the Department shall be paid \$12.0 million (the “Upfront Payment”). |
| Earn Out | Zenith will pay up to \$17.25 million (the “Earn-Out Amount”) to the Department over a seven-year period. Zenith will pay the Department on an annual basis a percentage of funds that exceed targets specified by the Department. In the event that Zenith is sold during the seven-year period, Zenith will pay the Department a percentage of the sale proceeds that exceed a target specified by the Department. Zenith’s obligations under the earn out will expire on the earlier of the payment of the Earn Out Amount to the Department or the seventh anniversary of the Closing in the event that the Earn Out Amount is not paid in full. |
| Genesis Loans | At the Closing, Corinthian will forgive all principal, interest and other indebtedness under outstanding student notes held by Corinthian or any of its affiliates, with an estimated principal amount of approximately \$3.8 million. |
| Prohibition on Executive Compensation | Corinthian will not pay, or agree to pay, any bonuses, severance payments, raises or retention payments to any of its executives or employees without separate approval from the Department. |

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| <p>Student Choice/ Student Refund Escrow Account</p> | <p>Zenith immediately will teach out Corinthian's existing criminal justice associate degree program and will enroll no future students in such programs. Furthermore, Zenith schools whose business, criminal justice certificate, and legal assistant/paralegal programs have their most recent reliable placement rates below 66% (with reliability determined by the Department) will cap new enrollment in such programs to promote placement rate improvement.</p> <p>In addition, Zenith will provide those students currently enrolled in a criminal justice associate degree program at a school with a criminal justice certificate program that has a most recent reliable placement rate of 66% or higher with the choice of several options: 1) a transfer for associates degree students to a criminal justice certificate program, at no additional cost to the student beyond the cost they would have incurred if instead they had started in the certificate program, and with a refund to the student of any costs incurred in the second year of instruction, 2) a transfer of general education credits to a different Zenith degree program, 3) a transfer of associate degree credits to a different institution, or 4) the ability to complete their program at Zenith. The teach-out plans for Criminal Justice associates degree students will be submitted to Corinthian's governing accrediting agencies.</p> <p>Zenith will provide those students in business, criminal justice certificate, and legal assistant/paralegal programs with the most recent reliable placement rates below 66%, and in criminal justice associate degree programs at schools that do not have criminal justice certificate programs with a most recent reliable placement rate of 66% or higher, the choice of three options: 1) a refund of non-grant payments of educational expenses upon withdrawing from their program, 2) a voucher of all educational expense payments received toward new courses upon a transfer to another Zenith program, 3) continuation in their current program.</p> <p>Zenith will use its reasonable best efforts to conduct a meeting between a Zenith representative and every student who has the choice described above within seven days of the Closing to discuss their choice. Zenith will obtain a written acknowledgement from each student that such meeting has occurred, applicable options were discussed, and that the student understands the options presented. Students will have seven days following such meeting to make the choice described above. If the student does not respond within seven days after their meeting, the student will be deemed to have chosen to continue in their current program.</p> <p>The student refunds referred to in this Section will be first funded from the Corinthian Escrow Account established for the purpose of student refunds to the extent of available funds, as provided for in appropriate instruments to be executed by Corinthian and the Department.</p> |
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| <p>Post-Closing Conduct Provisions</p> | <p>Zenith will agree to Conduct Provisions acceptable to the Department and consistent with the following terms: (1) Cooling Off Period, (2) Mandatory Disclosures, (3) Changes to Zenith’s Arbitration Provisions, (4) Reporting and Record Retention, and (5) the retention and compensation of a monitor with responsibilities related to the principles set forth in this Term Sheet.</p> |
| <p>Tuition Reductions</p> | <p>Immediately after Closing, Zenith will reduce tuition for the Everest College, Everest Institute, Everest University, Everest College Phoenix institutions’ brick-and-mortar and online programs by 20%. Zenith will not increase tuition by more than CPI+2% in any year for a period of three years following the Closing, and will not increase tuition by more than CPI+4% in any year for the period from four years following the Closing until seven years following the Closing.</p> |
| <p>Scholarship Program</p> | <p>Zenith will not offer an institutional loan program to current or future students and will instead award scholarships to cover any gap between a student’s cost of tuition and the total amount of such student’s (1) Title IV funds, (2) other governmental assistance (e.g., State financial aid programs, education benefits for veterans or active military, workforce investment funds), (3) employer tuition assistance, (4) third-party scholarships or grants, and (5) Estimated Family Contribution as determined in accordance with Title IV Program regulations.</p> |
| <p>Hold Period</p> | <p>There will not be a change in the ownership of the Everest Plus Schools for a period of two years following the Closing, except as approved by the Department in its sole discretion.</p> |

Principles Related to the Governmental Parties

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| <p>ED Release</p> | <p>Any compromise or release of the United States’ claims must be approved by designated officials at the US Department of Justice (“DOJ”). Subject to DOJ’s approval, the Department will agree to release Zenith and any of the Everest Plus Schools from any potential successor liability that could arise due to Corinthian’s noncompliance with Title IV Program requirements prior to the Closing. Until the satisfaction or expiration of the Earn Out provision, ECMC shall waive any statute of limitations that would limit the Department’s rights with regard to successor liability. In the event that ECMC does not comply with the Earn Out provision, the Department and DOJ shall have the right to seek recovery of all liability that would otherwise be subject to the release described above. ECMC understands that the United States may require it to enter into a security agreement until it has fully satisfied said Earn Out provision.</p> <p>The obligations of Zenith set forth in this term sheet shall be binding on any successors of Zenith in accordance with their terms.</p> |
| <p>Audited Financial Statements and LOC</p> | <p>The Department will analyze the audited financial statements of ECMC Group, Inc. for the purposes of Zenith’s compliance with the requirement to have two years of audited financial statements.</p> <p>The Department will not impose any requirement on Zenith for any letter or letters of credit, provided that ECMC Group, Inc.’s audited financial statements meet the Department’s requirements, and provided further that Zenith complies with all of the Department’s requirements resulting from the Department’s analysis of those financial statements.</p> |
| <p>90-10</p> | <p>No Everest Plus School will lose eligibility to participate in the Title IV Programs for any failure by Corinthian to have complied with the Department’s 90-10 requirements, so long as the Everest Plus Schools are operated as non-profit institutions wholly independent of and unrelated to Corinthian.</p> <p>The Department’s 90-10 requirements shall have no applicability to any Everest Plus School effective immediately</p> |

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| | upon the Closing, and shall remain inapplicable for all periods following the Closing during which the Everest Plus Schools are operated as non-profit institutions wholly independent of and unrelated to Corinthian. |
| CFPB Assurances | Zenith shall have received assurances that the CFPB will not seek to join Zenith as a party to any matter relating to Corinthian's ownership or operation of the Everest Plus Schools and will not pursue Zenith for any claims or liabilities arising from any noncompliance of Corinthian. |
| No Release of Corinthian | The Governmental Parties are not releasing and will not release Corinthian from any civil, criminal or regulatory claims and reserve the right to continue or bring any such claims, including the right to bring legal and regulatory claims against the Everest Plus Schools for the purpose of establishing liabilities or damages or Corinthian or other enforcement actions arising from Corinthian's operation of those schools, but not for the purpose of holding Zenith or the Everest Plus Schools responsible for any such liabilities or damages. |
| Reservation of Rights | Nothing in this Term Sheet limits the action or authority of the Governmental Parties to investigate or enforce violations of any laws or regulations by Zenith that occur after Closing on the purchase of the Everest Plus Schools. |

**ACKNOWLEDGED AND AGREED:
CORINTHIAN COLLEGES, INC.**

By: _____
Name:
Title:

ZENITH EDUCATION GROUP, INC.

By: _____
Name:
Title:

U.S. DEPARTMENT OF EDUCATION

By: _____
Name:
Title: