



May 13, 2014

Linda Buchanan
Vice President, Compliance
Corinthian Colleges, Inc.
217 East Club Center Drive Suite A
San Bernardino, CA 92408-3752

RE: Request for additional information: Corinthian College Inc. and its subsidiaries
Locator school: Everest College, OPE ID #00449400

Dear Ms. Buchanan:

The U.S. Department of Education (Department) is continuing its review of the audited financial statements of Corinthian Colleges, Inc. and its subsidiaries ("CCI") for the fiscal year-ended June 30, 2013, and, based on recent public disclosures, the Department has additional questions.

Debt Agreements

According to its May 6, 2014 "FY14 Third Quarter Results" announcement, CCI may have violated the financial responsibility requirements at 34 C.F.R. § 668.171(b)(3), regarding debt agreements, and 34 C.F.R. § 668.171(b)(4), regarding financial obligations. Specifically, CCI disclosed that it "recorded a \$71.3 million non-cash charge related to continuing operations and a \$5.2 million charge related to discontinued operations," and that "the recording of the allowance puts [CCI] in non-compliance with certain of [its] bank debt covenants."

In light of the foregoing, the Department requires that CCI provide complete and up-to-date information describing the nature, extent, and status of the debt covenant violations, along with a copy of the pertinent debt covenants. In addition, please provide the Department with the emails and letters between CCI and its lenders discussing CCI's non-compliance with the applicable bank covenants. Finally, given CCI's announcement of May 12, 2014 that it had received a waiver from its lenders to avoid defaulting on debt conditions, please provide a copy of any and all such waivers. To the extent CCI believes it may require additional waivers in the future, please provide an explanation of the conditions that could require subsequent waivers and the prospects for securing these further waivers.

Current Financial Status

CCI reported to the U.S. Securities and Exchange Commission (SEC) on May 6, 2014, that its current cash and cash equivalents totaled \$28.0 million. Please provide the Department with updated account statements that specify the current liquid cash positions

of CCI and break down the amount that is included of equivalents. In addition, please provide the Department with CCI's most recent payroll receipts, projected payroll receipts, and projected capital expenditures for the remainder of the current fiscal year.

Genesis Loan Funds

To clarify CCI's accounting for loans processed through its Genesis affiliate, please provide a step-by-step illustration of sample transactions, using standard "T-account" representations at each step. Use one or more actual transactions of this type from both fiscal year (FY) 2012 and FY 2013. Provide sufficient information to trace the representative transactions to both the Department's loan records and CCI's audited financial records. As always, please refer to personal protected student information with non-confidential terms referenced in a separate coding sheet.

Canadian Everest Campuses

1. Please provide a list of students, grouped by programs, at Everest Canadian sites, where any revenue associated with those programs was included in the 90/10 revenue calculation for a CCI institution for FY 2012 and FY 2013.
2. For each CCI institution that reported revenue in its 90/10 calculation from programs at an Everest Canada site, please include representative copies of two enrollment agreements (or equivalent information) and financial records for students in each program.
3. For CCI's FYs 2010 and later, please identify the amount of revenues from students associated with Everest Canadian sites that were included in the 90/10 revenues reported for CCI institutions, and indicate where those revenues were presented in the footnote disclosures in the CCI audited financial statements.
4. For CCI's FYs 2010 and later, please provide copies of all correspondence between CCI and the companies that performed the annual financial statement and compliance audits that discuss the treatment of revenue associated with Everest Canadian sites in the CCI 90/10 revenue calculations.

Please submit the information within seven calendar days from the date of this letter. If a response to any of these requests is not complete at that point, please include the incomplete response in your submission and indicate when it will be supplemented.

Please submit the requested information to the following address:

Tiffany Hill, Financial Analyst
Federal Student Aid/Program Compliance
U.S. Department of Education
830 First Street, NE, 7th Floor, 73E4
Washington, DC 20202-5340

Corinthian Colleges, Inc.

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If CCI has any questions regarding this matter, please contact Tiffany Hill, Financial Analyst, at 202-377-4225. In addition, please be aware that the Department has not received any information in response to its April 22, 2014 letter to Mr. Massimino and needs to receive the materials discussed therein by May 22, 2014.

Sincerely,

A handwritten signature in blue ink that reads "Michael Frola". The signature is written in a cursive style with a large initial "M".

Michael Frola
Director, Program Compliance

Courtesy copy sent in PDF format by electronic mail to:

Linda Buchanan, Financial Statement Contact: (LiBuchan@cci.edu)