Internal Revenue Service P. O. Box 2508 Cincinnati, OH 45201 Department of the Treasury

Date: October 15, 2015

Person to Contact: Mr. Simon 2825181

Toll Free Telephone Number: 877-829-5500

Dear Sir or Madam:

Robert Shireman

This is in response to your letter of September 25, 2015 requesting copies for Zenith Education Group.

Enclosed are the copies you requested.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

1/1/-

Jeffrey I. Cooper Director, Exempt Organizations Rulings and Agreements

INTERNAL REVENUE SERVICE P. O. BOX 2508 CINCINNATI, OH 45201

Date: JAN 07 2015

ZENITH EDUCATION GROUP INC C/O JAMES P JOSEPH 555 TWELFTH ST NW WASHINGTON, DC 20004

 $(\hat{\mathbf{x}}_{i})_{i \in \{1, 2, 3\}}$

Employer Identification Number: 47-2237488 DLN: 17053330389004 Contact Person: ID# 31077 JOSEPH LAUX Contact Telephone Number: (877) 829-5500 Accounting Period Ending: December 31 Public Charity Status: 170(b)(1)(A)(ii) Form 990 Required: Yes Effective Date of Exemption: September 27, 2014 Contribution Deductibility: Yes Addendum Applies: No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-PC" in the search bar to view Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, which describes your recordkeeping, reporting, and disclosure requirements. ZENITH EDUCATION GROUP INC

41 A. S. & K.S.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

amera Rippenda

Director, Exempt Organizations

Letter 947

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n ower of Attorney

OMB No. 1545-0150

Telephone	-	87.710
Function		
Date	1	1

Form 284 (Rev. March 2012) Department of the Treat Internal Reviews Serve	enior the Treasury Trues or print See the separate Instructions						For IRS Us Received by Name	e Only
Part I Po	Part I Power of Attorney Caution: A separate Form 2848 should be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS. 1 Taxpayer Information. Taxpayer must sign and date this form on page 2, line 7.							
1 Taxpaye	r information. Ta	payer must sign and date this form	on page 2, lin	ne 7.				
Taxpaver name a	and address			Taxpayer identification	on number(s)			
Zenith Edu	ication Grou	ip, Inc.		47-2237488				
l Imation Oakdale, M	Place Build N 55128	ling 2		Daytime telephone	number	Plan nu	imber (if appli	cable)
nereby appoints 2 Represe	the following repre- entative(s) must s	sentative(s) as attorney(s)-in-fact: gn and date this form on page 2, Pa	ort II					
Name and addre	155			CAF No. 2605-				
James P. J	Joseph, Esq	₩) ₩7	E F	PTIN (101495)	452			
555 Twelft	h Street,	AM		Telephone No. 2	02-942-5	355		
Washington	, DC 20004			Fax No. 202-9	42-5999			
Check if to be se	ent notices and co	mmunications	Chec	k if new: Address 📋	Telephone		Fax No	
Name and addre	355			CAF No. 0306				
Andras Kos	saras, Esq.			PTIN P01502				
555 Twelft	th Street,	NW		Telephone No. 2	and the state of t			
Washington	n, DC 20004			Fax No. 202-9			······	1-1
Check if to be se	ent notices and co	mmunications	Cher	ck if new Address 🗌			Fax N	
Name and addr	ess			CAF No				
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			1925	Fax No.		•••••••		а П
			The second se	ck if new: Address 🗌	Telephon	e No L	J Fax N	0
		he Internal Revenue Service for the	following mat	ters:				
3 Matters				Tax Form Number		earlester	Period(s) (if a	oplicable
Description of M Practitioner	latter (Income, Employ Discipline, PLR, FOIA,	ment, Payroll, Excise, Estate, Gifl, Whistleblo Civil Penalty, etc.) (see instructions for line 3)	(104) (104)	0, 941, 720, etc.) (if ap)		(598 1	nstructions for	line 3)
Applicati	on for <u>Exe</u> r	ption	1023	i	2	014-2	017	
		naie'e						
check (this box. See the in	ed on Centralized Authorization Instructions for Line 4. Specific Uses	s Not Record	ed on GAP	(rentsele) (1.111.111		
informa sign ai amoun unless or retu	ation and to perfor ny agreements, o its paid to the clie	is otherwise provided below, the is many and all acts that I can perfor onsents, or other documents. The nt in connection with this represent ox(es) below are checked, the repre- third party, substitute another repre- rties:	representat tation (includi sentative(s) i sentative or a	ive(s), however, is (a) ing refunds by either e s (are) not authorized I idd additional represent	e) not autho lectronic me o execute a r tatives, or sig	rized to ans of p equest h	receive of ne aper checks) or disclosure of	agotiate an Additionally
0	er acts authorized			(see instructions for more informati				
An en 230). / return on tax supen	Exceptions. An unenrolled return preparer cannot sign any document for a taxpayer and may only represent taxpayers in An enrolled actuary may only represent taxpayers to the extent provided in section 10.3(d) of Treasury Department Circula 230). An enrolled retirement plan agent may only represent taxpayers to the extent provided in section 10.3(e) of Circular 23 return preparer may only represent taxpayers to the extent provided in section 10.3(f) of Circular 230. See the line 5 instruction on tax matters partners. In most cases, the student practitioner's (level k) authority is limited (for example, they may only supervision of another practitioner). List any specific deletions to the acts otherwise authorized in this power of attorney:						oayers in limite Circular No. 2 cular 230. A n instructions fo ay only practin	ed situation 230 (Circula egistered ta r restriction ce under th

Form 2	848 (Rov. 3-2012)		Page 2
6	Retention/revocation of prior power(s) of atto attorney on file with the Internal Revenue Servic want to revoke a prior power of attorney, check her YOU MUST ATTACH A COPY OF ANY POW	e for the same matters and e	ver of attorney automatically revokes all carlier power(s) of a years or periods covered by this document. If you do not J WANT TO REMAIN IN EFFECT.
7	of attorney even if the same representative(s) is i	(are) being appointed. If sign	was filed, the husband and wife must each file a separate power ned by a corporate officer, partner, guardian, tax matters partner fy that I have the authority to execute this form on behalf of the
	► IF NOT SHONED AND DATED, THIS POW	ER OF ATTORNEY WIL	L BE RETURNED TO THE TAXPAYER. President
-	C C T C	Date	Title (if applicable)
	Signature	Date	Title (il applicable)
	David Hawn		
1200		1	Zenith Education Group, Inc.
1504447			1
0.45	Print Name	PIN Number	Print name of faxpayer from line 1 if other than individual
	til Declaration of Representative		
Unde	er penalties of perjury, I declare that:		
	n not currently under suspension or disbarment from	Contract and the state of the second s	
• I an	n aware of regulations contained in Circular 230 (31 (CFR, Parl 10), as amended,	concorning practice before the Internal Revenue Service;
• I an	n authorized to represent the taxpayer identified in Pa	art I for the matter(s) specific	d lhere; and
	n one of the following:		
	Attorney—a member in good standing of the bar of th		
b	Certified Public Accountant-duly qualified to practic	e as a certified public accour	ntant in the jurisdiction shown below.
c	Enrolled Agent—enrolled as an agent under the requ	irements of Circular 230,	
d	Officer-a bone fide officer of the taxpayer's organization	ation.	
ə	Full-Time Employee—a full-time employee of the tax	payer.	
	Family Member—a member of the taxpayer's immed child, brother, or sister).	Nate family (for example, spo	use, parent, child, grandparent, grandchild, step-parent, step-
	Enrolled Actuary—enrolled as an actuary by the Join the Internal Revenue Service is limited by section 10		Actuaries under 29 U.S.C. 1242 (the authority to practice before
h	Unenrolled Return Preparer—Your authority to pract return under examination and have signed the return return preparers in the instructions.	ice before the Internal Rever 1, See Notice 2011-8 and Sp	nue Service is limited. You must have been slightle to sign the pecial rules for registered tax return preparers and unonrotifed
	practice before the Internal Revenue Service is limit.	ed. You must have been eligi	equirements of section 10.4 of Circular 230. Your authority to ible to sign the return under axamination and have signed the its and unenrolled return preparers in the instructions.
k	Student Attorney or CPA—receives permission to pr working in LITC or STCP under section 10,7(d) of C	actice before the IRS by virtu incular 230. See instructions	ue of his/her status as a law, business, or accounting student for Part II for additional information and requirements.
00	Enrolled Retirement Plan Agent-enrolled as a retire Internal Revenue Service is limited by section 10.3(e	ement plan agent under the r	requirements of Circular 230 (the authority to practice before the

► IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN LINE 2 ABOVE. See the Instructions for Part II.

Note: For designations d-f, enter your title, position, or relationship to the taxpayer in the "Licensing jurisdiction" column. See the instructions for Part II for more information.

Designation—Insert above letter (a-r)	Licensing jurisdiction (state) or other licensing authority (if applicable)	Bar, license, certification registration, or enrollment number (if applicable). See instructions for Part II for more information.	Signature	Data
a	DC	421231	2-Proch	11/24/14
а	DC; MA	C:500230;NA:650911	Adias forcel	1/24/14
		· · · · · · · · · · · · · · · · · · ·	1	

Form 2848 (Rev. 3-2012)

Form **1023** (Rev. December 2013)

17053330389004

Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

OMB No 1545-0056 Note, if exempt status is approved, this application will be open for public inspection

(Rev. December 2013) Department of the Treasury Internal Revenue Service (Use with the June 2006 revision of the Instructions for Form 1023 and the current Notice 1362)

Use the instructions to complete this application and for a definition of all **bold** items. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500 Visit our website at www.irs.gov for forms and publications. If the required information and documents are not submitted with payment of the appropriate user fee, the application may be returned to you.

Attach additional sheets to this application if you need more space to answer fully. Put your name and EIN on each sheet and identify each answer by Part and line number. Complete Parts I - XI of Form 1023 and submit only those Schedules (A through H) that apply to you.

Part					
1	Full name of organization (exactly as it appears in your organizing	document)	2 c/o Name (il	applicable)	
Zenit	h Education Group, inc.	1 Transmission			(This
3	Mailing address (Number and street) (see instructions)	Room/Suite	4 Employer ide	entification Number	(EIN)
1 Ima	tion Place Building 2		47-2237488		
	City or town, state or country, and ZIP + 4			al accounting period en	ds (01 - 12)
Oakda	le, MN 55128		12		
	Primary contact (officer, director, trustee, or authorized repres a Name: James P. Joseph, Esc.	sentative)	b Phone 202	-942-5356 al) 202-942-599	9
7	Are you represented by an authorized representative, such provide the authorized representative's name, and the representative's firm. Include a completed Form 2848, <i>I</i> <i>Representative</i> , with your application if you would like us to co	name and add Power of Atton	ress of the auth ney and Declarati	onized ion of	No No
8	Was a person who is not one of your officers, directors, representative listed in line 7, paid, or promised payment, to the structure or activities of your organization, or about your the person's name, the name and address of the person's fipaid, and describe that person's role	help plan, mana financial or tax n	ige, or advise you natters? If "Yes," p	about provide	No No
9a					
10	Organization's email: (optional) n/a Certain organizations are not required to file an information of are granted tax-exemption, are you claiming to be excused "Yes," explain. See the instructions for a description of organ Form 990-EZ.	from filing Form	990 or Form 990	-EZ / II	🛛 No
11	Date incorporated if a corporation, or formed, if other than a c	orporation	MM/DD/YYYY) (9/27/2914	
12	Were you formed under the laws of a foreign country? If "Yes," state the country.			Ves 🗌	🔣 No
For Pa	aperwork Reduction Act Notice, see page 24 of the instructions.	433000	1	Form 1023	(Rev 12-201)
		8	POSTMARK	RECEIVED	
		1	1 2 4 2014	1125201	4
			CINCI	NNATI CENTER	

orm 102	23 (Rev 12-2013) Name Zenith Education	Group, Inc.	EIN: 47-223748	8	Page 2
Part	Organizational Structure				
íou m	ust be a corporation (including a limited liability comp	bany), an unincorporated a	association, or a trust to be ta	x exempt	
See in	structions.) DO NOT file this form unless you can o			Vec	No
1	Are you a corporation? If "Yes," attach a copy of y filing with the appropriate state agency. Include co they also show state filing certification.	pies of any amendments	to your articles and be sure	ш (es	La) la
2	Are you a limited liability company (LLC)? If "Yes," certification of filing with the appropriate state agenc a copy include copies of any amendments to your a Refer to the instructions for circumstances when an L	y Also, if you adopted an articles and be sure they :	show state filing certification	C Yes	No No
3	Are you an unincorporated association? If "Ye constitution, or other similar organizing document include signed and dated copies of any amendment	that is dated and inclui	our articles of association, les al least two signatures.	☐ Yes	🖾 No
	Are you a trust? If "Yes," attach a signed and dat dated copies of any amendments.	ed copy of your trust ag		Ves 🗌	🛛 No
b	Have you been funded? If "No," explain how you an	e formed without anything	of value placed in trust.	🗌 Yes	🗌 No
5	Have you adopted bylaws? If "Yes," attach a cur how your officers, directors, or trustees are selected	rent copy showing date	of adoption. If "No," explain	X Yes	□ No
Part		g Document			
arigina 1	The organizational test once to be the organizational test on our most of the organizational test DO NOT file this appli- al and amended organizing documents (showing state file Section 501(c)(3) requires that your organizing religious, educational, and/or scientific purposes this requirement. Describe specifically where your of to a particular article or section in your organizing of	document state your ex Check the box to confirm prognizing document mee	empt purpose(s), such as that your organizing docum ts this requirement, such as a	chantable, ient meets a reference	<u>x</u>
	Location of Purpose Clause (Page, Article, and Para				
	Section 501(c)(3) requires that upon dissolution of y for exempt purposes, such as charitable, religious, e confirm that your organizing document meets this re dissolution. If you rely on state law for your dissolution	your organization, your rei educational, and/or scienti equirement by express pro on provision, do not check	naining assets must be used fic purposes. Check the box o vision for the distribution of a the box on line 2a and go to	ssets upon line 2c	E
b	If you checked the box on line 2a, specify the local Do not complete line 2c if you checked box 2a. Pa	on of your dissolution cla ge 3, Article NIN	use (Page, Article, and Parag TH	raph).	_
C	See the instructions for information about the oper rely on operation of state law for your dissolution p	rovision and indicate the	particular state. Check this bo state:	x if you	1,1
Part	IV Narrative Description of Your Activitie	5		A 1000	1
this in applie	an altachment, describe your past, present, and planne nformation in response to other parts of this application, cation for supporting details. You may also attach repres is to this narrative. Remember that if this application is a ription of activities should be thorough and accurate. Re Compensation and Other Financial Ar Employees, and Independent Contract	you may summarize that in sentative copies of newslett pproved, it will be open for fer to the instructions for in rangements With You	formation here and terer to the ers, brochures, or similar docur public inspection. Therefore, yo formation that must be included	nents for su our narrative I in your de	ipporting I
	List the names, titles, and mailing addresses of a total annual compensation, or proposed compen- other position. Use actual figures, if available. Ent attach a separate sheet. Refer to the instructions f	Il of your officers, directo sation, for all services to t er "none" if no compensa	he organization, whether as a tion is or will be paid. If addit	n omcer, e	mpioyee, u
Name	Title	Mailing	address	Compensatio (annual actua	in amount al or estimated

See attachment.	
	1000

Part V	and Independent Co	ntractors (Continued)		th Your Officers, Directors, Tru	
	ist the names, titles, and ma	ailing addresses of each of ye \$50,000 per year. Use the a	ctual figur	ghest compensated employees who e, if available. Refer to the instruction or to the last listed in line 1a	receive or will receive ons for information on
v	hat to include as compensa	tion. Do not include officers,	directors,	of trustees instea in title to	
		Tate		Mailing address	(annual actual or estimated)
ame		1146			
ee al	tachment.				
			12		
	ist the names names of hu	sinesses, and mailing addres	ses of yo	ur five highest compensated indepe	ndent contractors that
* 3	receive or will receive compl	ensation of more than \$50,00	0 per yea	. Use the actual figure, if available.	Refer to the instruction
915	for information on what to in	clude as compensation.			
					Compensation amount
ame		Title		Mailing address	(annual actual of estimated
			- T		-
iee a	ttachment.	10-	-		
			1		0
				Luisettine treasations of paragram	ents with your officers
The fol	lowing "Yes" or "No" question	ons relate to past, present, or	planned n	elationships, transactions, or agreem sated independent contractors listed	in lines 1a 1b, and 1c.
directo	rs, trustees, highest comper	saleo employees, and rights	ad to lea	ch other through family or busin	ess 🖾 Yes 🗔 No
2a	Are any of your officers,	ntify the individuals and explanation	ain the rela	ationship.	1979 - 19 99 - 1977 - 1977 - 1977 - 1977 - 1977 - 1977 - 1977 - 1977 - 1977 - 1977 - 1977 - 1977 - 1977 - 1977
2	De la barra businnes se	lationship with any of your (ficers d	rectors, or trustees other than through	ugh 🗌 Yes 🖾 No
b	Do you have a business re their position as an officer	director, or trustee? If "Yes,"	identify th	e individuals and describe the busin	ess
	relationship with each of vo	ut officers, directors, or trust	ees.		
C	Are new of your officers, dir	ectors or trustees related to	your high	est compensated employees or high	nest 🗌 Yes 🖾 No
	compensated independent	contractors listed on lines 10	of ic tur	ough family or business relationship	5? If
	"Yes," identify the individua	is and explain the relationshi	p.		
3a	For each of your offic	ers, directors, trustees, hi	ighest co	impensated employees, and high	nest
	compensated independent	contractors listed on lines	12, 10, 0	r 1c, attach a list showing their na	ande,
	qualifications, average hou	rs worked, and duties.		employees and highest compensi	sted 🗌 Yes 🛛 No
b	Do any of your officers, di	rectors, trustees, highest con	ceive com	employees, and highest compension pensation from any other organization from any other organization from any other organization from any second secon	ons,
	whether toy event or tax	able that are related to you	through	common control / If tes, identity	une
	individuals, explain the	relationship between you i	and the	other organization, and describe	the
	compensation arrangemen	6			
4	le establishing the compa	esation for your officers, dire	ctors. In:	stees, highest compensated employ	ees.
	highest companyated	independent contractors list	ed on line	s 1a, 10, and 1c, the following pract	ices
	are recommended, although	ah they are not required to of	btain exer	nption. Answer "Yes" to all the pract	lices

	you use.	082005	22:02:040
	for the second s	X Yes	No
a	Do you or will the individuals that approve compensation arrangements follow a conflict of interest policy?	X Yes	
1.0	Do you or will you approve compensation arrangements in advance of paying compensation?	D tes	LINO
Ð	Do you or will you approve compendation and general and a set of a	X Yes	LINO
121	Development and the second sec	V les	L 140

c Do you or will you document in writing the date and terms of approved compensation arrangements?

Form 1023 (Rev. 12-2013)

m 102	3 (Rev 12-2013) Name Zenith Education Group, Inc. EN 47-2237488	3	Page 4
art	Compensation and Other Financial Arrangements With Your Officers, Directors, Truste and Independent Contractors (Continued)		
	Do you or will you record in writing the decision made by each individual who decided or voted on compensation arrangements?	X] Yes	No No
e	Do you or will you approve compensation arrangements based on information about compensation paid by similarly situated taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation	X Yes	🖾 No
	Do you or will you record in writing both the information on which you relied to base your decision and its source?	🛛 Yes	🗌 No
	If you answered "No" to any item on lines 4a through 4f, describe how you set compensation that is reasonable for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c.		
5a	Have you adopted a conflict of interest policy consistent with the sample conflict of interest policy in Appendix A to the instructions? If "Yes," provide a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," answer lines 5b and 5c.	🛛 Yes	🗌 No
b	What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you for setting their own compensation?		
c	What procedures will you follow to assure that persons who influence over you regarding business deals with themselves? Note, A conflict of interest policy is recommended though it is not required to obtain exemption. Hospitals, see Schedule C, Section I, line 14.		
6a	Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, or 1c through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.	C Yes	No No
b	Do you or will you compensate any of your employees, other than your officers, directors, trustees, or your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year, through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are or will be determined, who is or will be eligible for such arrangements, whether you place or will place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.	[] Yes	Ι Νο
7a	the second s	🗌 Yes	X No
b	Do you or will you sell any goods, services, or assets to any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such sales that you made or intend to make, to whom you make or will make such sales, how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you are or will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such sales.		
8a	Do you or will you have any leases, contracts, loans, or other agreements with your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 8b through 8f.	TYes Yes	X No
b c	Describe any written or oral arrangements that you made or intend to make. Identify with whom you have or will have such arrangements. Explain how the terms are or will be negotiated at arm's length.		
e	the second s		
92	Do you or will you have any leases, contracts, loans, or other agreements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest? If "Yes," provide the information requested in lines 9b through 9f.	8	X N
-	in the second	orm 1023	(Rev. 12-2

Form 10	23 (Rev.	12-2013)	Name Zenit	h Educatio	on Group,	lnc.	EIN 47-2	23748	8	Page 5
Par		Compensi		r Financial A	rrangement	s With You	r Officers, Director	s, Trusl	tees,	
b c d e	ldenti Expla Expla	ify with whom in how the ter		have such arra	ngements. arm's length.		et value or that you ar	re paid		
f				contracts, loai	ns, or other ag	reements rela	ating to such arrangen	nents		
Par	t VI	Your Men	bers and Oth	er Individuals	s and Organ	izations Th	at Receive Benefits	s From	You	art of your
The fo	ies. Yo	g "Yes" or "No our answers sl	o" questions rela hould pertain to p	te to goods, se bast, present, a	nd planned a	tivities (See	de to individuals and (instructions.)	urgonica		
1a	In ca desci	riving out you	ir exempt purposi gram that provide	ses, do you pro es goods, servi	ovide goods, : ces, or funds	services, or fu to individuals	inds to individuals? If		Yes Yes	No No
b	in ca "Yes,	rying out yo	ur exempt purp ich program that	oses, do you i provides good	provide good s, services, or	s, services, o funds to orga	r lunds to organizati inizations.	ons? If	Ves	No No
2	Do a of sp	ny of your pro becific individu	ograms limit the uals? For examp al. your member	provision of go le, answer "Ye s, individuals	ods, services s," if goods, who work for	or funds to a services, or fi a particular	a specific individual or unds are provided on employer, or graduate ted for each program.	es of a	☐ Yes	No No
3	busin	ness relation: lovees or hig	ship with any o	fficer, director ed independen	, trustee, or it contractors	with any of listed in Par	programs have a fa your highest compet t V, lines 1a, 1b, and or funds.	ensated	☐ Yes	🕅 No
Par	t VII	Your Hist	lory							
The f	Are activ anot	you a succe vities of anoth ther organizat	er organization:	organization? you took over 2 established u	Answer "Yes 25% or more of pon the conver-	if you have of the fair mai	e taken or will take o ket value of the net a organization from for-	ssets of	🛛 Yes	🗌 No
2	Are	you submittin		n more than 2		r the end of	the month in which y	ou were	Yes 🗌	X No
Par	t VIII	Your Spe	cific Activities	5				100	200	
The	followin	ng "Yes" or "N	No" questions rel resent, and plann	ate to specific	activities that See instruction	you may cond ns.)	duct. Check the appro	priate bo	ox. Your a	nswers
1	Do	you support o	r oppose candid	ates in politica	I campaigns	in any way? It	"Yes," explain		🗌 Yes	No No
2:	a Do com	you attempt I nplete line 2b.	o influence legi If "No." go to lin	slation? II "Ye e 3a.	s," explain ho	w you attem	pt to influence législa			No 🛛
9	exp atta atte	enditures by ich a completemets to influ	filing Form 5768 ted Form 5768 t	3? If "Yes," att hat you are fill are a substan	ach a copy o ing with this a tial part of yo	f the Form 5 application. If our activities	ative activities meas 768 that was already "No," describe whet include the time and tivities.	her your		□ No
3	reve the	enue received	t or expected to	be received a	and expenses	paid or exp	who conducts them, and ected to be paid in o a periods specified in	operating	0	X) No
	b Do bin ma neg ma agr	you or will yo go or gaming ke, identify w gotiated at an inket value or reements relat	for you? If "Yes ith whom you ha m's length, and you will be paid a ling to such arran	," describe any ive or will have explain how yo at least fair mai ngements.	written or on such arrange ou determine o rket value. Att	al arrangemen ments, expla or will determ ach copies of	is or organizations to hts that you made or in how the terms are ine you pay no more any written contracts ch you conduct or will	intend to or will be than fail s or othe	ν * Γ	🕅 No
		t the states ar ming or bingo		ons, including	ingian Reselv		on you conduct of whit			

rm 102	3 (Rev 12-2013)	Name Zenith Education	Group,	Inc.	EIN 47-223748	8	Page 6
art \	M Your Specifie	c Activities (Continued)					
la	Do you or will you un conduct. (See instruct	dertake fundraising? If *Yes	," check al	I the fundraising proc	grams you do or will	🗌 Yes	🛛 No
	mail solicitations		🗌 ph	one solicitations			
	email solicitations			cept donations on yo			
	personal solicitatio	ns l	🔲 re	ceive donations from	another organization's	website	
		e, or similar donations		vernment grant solici	tations		
	foundation grant s	olicitations	□ or				
		f each fundraising program					
b	you? If "Yes," describ who conducts them.	we written or oral contracts we be these activities. Include all Revenue and expenses should attach a copy of any contracts	revenue an be provide	d expenses from thes ed for the time period	e activities and state	C Yes	X No
	arrangements. Includ all contracts or agree	engage in fundraising activiti e a description of the organiz ments.	ations for w	which you raise funds	and attach copies of	🗌 Yes	No 🛛
	List all states and loc listed, specify whether another organization	al jurisdictions in which you c er you fundraise for your own o fundraises for you.	organization	, you fundraise for an	other organization, or		
e	Do you or will you m right to advise on the types of investments contribution account	aintain separate accounts for use or distribution of funds? distributions from the types of "Yes," describe this progra any written materials provided	Answer Y s of investri am, includir	es" if the donor may nents, or the distribution the type of advice	tion from the donor's	☐ Yes	X No
5	Are you affiliated with	h a governmental unit? If "Yes	, explain.			Yes	X No
6a b	Do you or will you en Describe in full who exempt purposes.	gage in economic developme benefits from your economic	ent? If "Yes developme	nt activities and how	the activities promote		X No
7a	Do or will persons d	ther than your employees or of the developer, and any bu ectors, or trustees.	volunteers usiness or f	develop your facilitie amily relationship(s) b	es? If "Yes," describe retween the developer	🗋 Yes	🕅 No
b	Do or will persons of describe each activity	ther than your employees or v ty and facility, the role of the er and your officers, directors,	e manager,	and any business o	s or facilities? If "Yes," r family relationship(s)	🗌 Yes	🛛 No
C	If there is a busine directors, or trustee negotiated at arm's contracts or other ag	ess or family relationship be es, identify the individuals, i length so that you pay no π greements.	tween any explain the tore than fa	manager or develop relationship, describ air market value, and	submit a copy of any		
8	treated as partnersh proanizations? If *Ye	enter into joint ventures, i lips, in which you share profit es," describe the activities of th	s and losse hese joint v	entures in which you p	anticipate.	1(
9a	Are you applying fo 9b through 9d, If "N	r exemption as a childcare or a." do to line 10.	ganization	under section 501(k)?	' If "Yes," answer lines		
b	Do you provide ch employed (see inst section 501(k)	ild care so that parents or ructions)? If "No," explain ho	w you quai	lify as a childcare org	ganization described in		
c	their parents or care a childcare organiza	whom you provide child care stakers to be gainfully employe tion described in section 501(ed (see insti k)	ructions)? If "No," exp	lain now you quality as	à	
Q	 Are your services an your activities are organization descrit 	vailable to the general public? available. Also, see the inst bed in section 501(k).	If "No," de ructions ar	nd explain how you	quality as a childcare	3) 	
10	scientific discoverie any copyrights, pi	a publish, own, or have right es, or other intellectual prop- atents, or trademarks, whet w any items are or will be pro-	erty? If "Ye her fees a	es," explain Describe re or will be charg	ed, how the fees an	n	

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	23 (Rev. 12-2013) Name Zenith Education Group, Inc. EN 47-223748	8	Page 7
art	/III Your Specific Activities (Continued)		(C) 11
1	securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses, royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If "Yes," describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution.] Yes	No 🛛
	Do you or will you operate in a foreign country or countries? If "Yes," answer lines 12b through 12d. If "No," go to line 13a.	🗌 Yes	X No
þ	Name the foreign countries and regions within the countries in which you operate		
C	Describe your operations in each country and region in which you operate.		
đ	Describe how your operations in each country and region further your exempt purposes.	TIV-	X No
3a	Do you or will you make grants, loans, or other distributions to organization(s)? If "Yes," answer lines 13b through 13g. If "No," go to line 14a	L Tes	(V) NO
b	Describe how your grants, loans, or other distributions to organizations further your exempt purposes.	Vec	
C.	Do you have written contracts with each of these organizations? If "Yes," attach a copy of each contract.	Lites	Cino
d	Identify each recipient organization and any relationship between you and the recipient organization.		
e	Describe the records you keep with respect to the grants, loans, or other distributions you make.		
t	Describe your selection process, including whether you do any of the following: (i) Do you require an application form? If "Yes," attach a copy of the form.	□ Yes	No
	(ii) Do you require a grant proposal? If "Yes," describe whether the grant proposal specifies your	100 100	No
	responsibilities and those of the grantee, obligates the grantee to use the grant funds only for the purposes for which the grant was made, provides for periodic written reports concerning the use of grant funds, requires a final written report and an accounting of how grant funds were used, and acknowledges your authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.		
9	Describe your procedures for oversight of distributions that assure you the resources are used to further your exempt purposes, including whether you require periodic and final reports on the use of resources.		
14a	Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," answer lines 14b through 14f. If "No," go to line 15.		X No
b	Provide the name of each foreign organization, the country and regions within a country in which each foreign organization operates, and describe any relationship you have with each foreign organization.		e
c	specific organization? If "Yes," list all earmarked organizations or countries	[_] Yes	L No
1	the use states where without a use contributions made to you at your		
	Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors	🗌 Yes	🗌 No
	discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors. Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information.	🗆 Yes	□ No
	discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors. Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided,	🗆 Yes	

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Form 1	023 (Rev. 12-2013) Name Zenith Education Group, Inc. EN: 47-223/4	88	Page 8
Part			
15	Do you have a close connection with any organizations? If 'Yes," explain	X Yes	🗋 No
16	Are you applying for exemption as a cooperative hospital service organization under section 501(e)? If "Yes," explain.	Ves	X No
17	Are you applying for exemption as a cooperative service organization of operating educational organizations under section 501(f)? If "Yes," explain.	Yes	X No
18	Are you applying for exemption as a charitable risk pool under section 501(n)? If "Yes," explain.	Yes	No 🛛
19	Do you or will you operate a school? If "Yes," complete Schedule B. Answer "Yes," whether you operate a school as your main function or as a secondary activity.	X Yes	No No
20	Is your main function to provide hospital or medical care? If "Yes," complete Schedule C.	Ves	X No
21	Do you or will you provide low-income housing or housing for the elderly or handicapped? If "Yes," complete Schedule F.	Yes	X No
22	Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? If "Yes," complete Schedule H. Note. Private foundations may use Schedule H to request advance approval of individual grant procedures		No

Form 1023 (Rev. 12-2013)

Part IX Financial Data

For purposes of this schedule, years in existence refer to completed tax years. If in existence 4 or more years, complete the schedule for the most recent 4 tax years. If in existence more than 1 year but less than 4 years, complete the statements for each year in existence and provide projections of your likely revenues and expenses based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. If in existence less than 1 year, provide projections of your likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. (See instructions)

Type of revenue or expense			Current tax year		3 prior tax	years or 2 s	ucceeding	tax ye	ars	
F	-	Type of Tevenes of expense	(a) From 09/2014	Int From O						(e) Provide Total for
			To 12/2014		2/2015	To 12	/2016	ſo	12/2017	(a) through (d)
	~ 3	Gifts, grants, and contributions received (do not include unusual grants) See	e attachment							0.0
	2 1	Membership fees received						_		0.0
	3	Gross investment income		1				_		0.0
	· · · · · · · · · · · · · · · · · · ·	Net unrelated business income								9.0
	5	Taxes levied for your benefit						_		0.0
000		Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)								0.0
		Any revenue not otherwise listed above or in lines 9–12 below (attach an itemized list)								0.0
H		Total of lines 1 through 7	0.00)	0.00)	C.00			0.0
		Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)								0.0
ł	10	Total of lines 8 and 9	0.00		0.00	i l	0.00		5.V	0.0
- 11			0.0		1 0.00	1		-		
	11	Net gain or loss on sale of capital assets (attach schedule and see instructions)								0.0
Ţ	12	Unusual grants			1	6		-		5.0
	13	Total Revenue Add lines 10 through 12	010	2	0.0	0	C.00			0.0
	14	Fundraising expenses						-	_	
	15	Contributions, gifts, grants, and similar amounts paid out (attach an itemized list)								
	16	Disbursements to or for the benefit of members (attach an itemized list)								
Expenses	17	Compensation of officers, directors, and trustees								
E a	18	Other salaries and wages		_						
X	19	the second se		-		_		-		
ω.	20			-		1		-		
	21	Depreciation and depletion						-		-
ť.	22	Professional fees			-	-		-		
	23	Any expense not otherwise classified, such as program services (attach itemized list)								
	24	Total Expenses Add lines 14 through 23	0.0	00	0.0	0	0.0	0		m 1023 (Rev 12-2

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Name Zenith Education Group, Inc.

EIN 47-2237489 Page 10

		_	Year End:	and the second
	B. Balance Sheet (for your most recently completed tax year) Assets		(Whole	dollars)
4	Cash:	1		
2	Accounts receivable, net	2		
3	Inventories	3	0124	
4	Bonds and notes receivable (attach an itemized list)	4	-	
5	Corporate stocks (attach an itemized list)	5		
6	Loans receivable (attach an itemized list)	6		
° 7	Other investments (attach an itemized list)	7	1	
8	Depreciable and depletable assets (attach an itemized list)	8		12/3/2
9	Land	9		
0	Other assets (attach an itemized list)	10		
1	Total Assets (add lines 1 through 10)	11		
2	Liabilities	1		
2	Accounts payable	12		
3	Contributions, gifts, grants, etc. payable	13		
4	Mortgages and notes payable (attach an itemized list)	14		
5	Other liabilities (attach an itemized list)	15		
6	Total Liabilities (add lines 12 through 15)	16		
0	Fund Balances or Net Assets			
7	Total fund balances or net assets	17		
18	Total Liabilities and Fund Balances or Net Assels (add lines 16 and 17)	18		
9	Have there been any substantial changes in your assets or liabilities since the end of the period shown above? If "Yes," explain.	ļ] Yes	X No
art				
heth	favorable tax status than private foundation status. If you are a private foundation, Part X is designed to her you are a private operating foundation. (See instructions.) Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If			ine -
heth 1 a	Are you are a private operating foundation. (See instructions.) Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If are unsure, see the instructions. As a private foundation, section 508(e) requires special provisions in your organizing document	you t in	Determ	No No
heth 1 a	Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If are unsure, see the instructions. As a private foundation, section 508(e) requires special provisions in your organizing document addition to those that apply to all organizations described in section 501(c)(3). Check the box to cont that your organizing document meets this requirement, whether by express provision or by reliance operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, including Appendix B, for information about the specifically.	you firm form tent	Determ	ine -
heth 1 a	Are you a private operating foundation. (See instructions.) Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If are unsure, see the instructions. As a private foundation, section 508(e) requires special provisions in your organizing document addition to those that apply to all organizations described in section 501(c)(3). Check the box to cont that your organizing document meets this requirement, whether by express provision or by reliance operation of state law. Attach a statement that describes specifically where your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the spectrovisions that need to be contained in your organizing document. Go to line 2. Are you a private operating foundation? To be a private operating foundation you must engage directly the active conduct of charitable, religious, educational, and similar activities, as opposed to indire carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line if "No," go to the signature section of Part XI.	you firm irm iron nent icial ly in ictly ie 3.	Yes	
heth 1a b	Are you a private operating foundation. (See instructions.) Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If are unsure, see the instructions. As a private foundation, section 508(e) requires special provisions in your organizing document addition to those that apply to all organizations described in section 501(c)(3). Check the box to continue that your organizing document meets this requirement, whether by express provision or by reliance operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the spe provisions that need to be contained in your organizing document. Go to line 2. Are you a private operating foundation? To be a private operating foundation you must engage directly the active conduct of charitable, religious, educational, and similar activities, as opposed to indire carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line If "No," go to the signature section of Part XI. Have you existed for one or more years? If "Yes," attach financial information showing that you a private operating foundation, go to the signature section of Part XI. If "No," continue to line 4	you firm firm e on tent ecial ly in ectly ie 3. re a	Yes	
tore heth 1a b	her you are a private operating foundation. (See instructions.) Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If are unsure, see the instructions. As a private foundation, section 508(e) requires special provisions in your organizing document addition to those that apply to all organizations described in section 501(c)(3). Check the box to continue that your organizing document meets this requirement, whether by express provision or by reliance operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, whether by express provision or by reliance operation of state law. Attach a statement that describes specifically where your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the spe provisions that need to be contained in your organizing document. Go to line 2. Are you a private operating foundation? To be a private operating foundation you must engage directly the active conduct of charitable, religious, educational, and similar activities, as opposed to indire carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line If "No," go to the signature section of Part XI. Have you existed for one or more years? If "Yes," attach financial information showing that you a private operating foundation, go to the signature section of Part XI. If "No," continue to line 4. Have you attached either (1) an affidavit or opinion of counsel. (including a written affidavit or opinion of a certified public accountant or accounting firm with expertise regarding this tax law matter), sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy requirements to be classified as a private operating foundation; or (2) a statement describing proposed operations as a private operating foundation?	you firm firm nent nent ecial ly in ectly ne 3, re a nion that r the your	Yes Yes Yes	
aore heth 1a b	her you are a private operating foundation. (See instructions.) Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If are unsure, see the instructions. As a private foundation, section 508(e) requires special provisions in your organizing document addition to those that apply to all organizations described in section 501(c)(3). Check the box to conditivat your organizing document meets this requirement, whether by express provision or by reliance operation of state law. Attach a statement that describes specifically where your organizing docum meets this requirement, whether by express provision or by reliance operation of state law. See the instructions, including Appendix B, for information about the spe provisions that need to be contained in your organizing document. Go to line 2. Are you a private operating foundation? To be a private operating foundation you must engage directly the active conduct of charitable, religious, educational, and similar activities, as opposed to indire carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line If "No," go to the signature section of Part XI. Have you existed for one or more years? If "Yes," attach financial information showing that you a private operating foundation, go to the signature section of Part XI. If "No," continue to line 4. Have you attached either (1) an affidavit or opinion of counsel. (including a written affidavit or opin from a certified public accountant or accounting firm with expertise regarding this tax law matter), sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy requirements to be classified as a private operating foundation; or (2) a statement describing proposed operations and support to demonstrate that you are likely to satisfy requirements to be classified as a private operating foundation; or (2) a statement describing proposed operations and support to demonstrate that you	you firm firm nent nent ecial ly in ectly ne 3, re a nion that r the your	Yes Yes Yes	
a presentation de la constante	 her you are a private operating foundation. (See instructions.) Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If are unsure, see the instructions. As a private foundation, section 508(e) requires special provisions in your organizing document addition to those that apply to all organizations described in section 501(c)(3). Check the box to cont that your organizing document meets this requirement, whether by express provision or by reliance operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, whether by express provision or by reliance operation of state law. Attach a statement that describes specifically where your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the spe provisions that need to be contained in your organizing document. Go to line 2. Are you a private operating foundation? To be a private operating foundation you must engage directline active conduct of charitable, religious, educational, and similar activities, as opposed to indire carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line If "No," go to the signature section of Part XI. Have you attached either (1) an affidavit or opinion of counsel, (including a written affidavit or opini from a certified public accountant or accounting firm with expertise regarding this tax law matter), sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy requirements to be classified as a private operating foundation? If you answered "No" to line 1a, indicate the type of public charity status you are requesting by chebelow. You may check only one box. The organization is not a private operating foundation because it is: 	you firm firm ent ectal ly in ectly ie 3. re a nion that r the your ecking	Yes Yes Yes Yes	
aore hetr 1a b 2 3 4	 her you are a private operating foundation. (See instructions.) Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If are unsure, see the instructions. As a private foundation, section 508(e) requires special provisions in your organizing document addition to those that apply to all organizations described in section 501(c)(3). Check the box to cont that your organizing document meets this requirement, whether by express provision or by reliance operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, whether by express provision or by reliance operation of state law. Attach a statement that describes specifically where your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the spe provisions that need to be contained in your organizing document. Go to line 2. Are you a private operating foundation? To be a private operating foundation you must engage directline active conduct of charitable, religious, educational, and similar activities, as opposed to indire carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line If "No," go to the signature section of Part XI. Have you attached either (1) an affidavit or opinion of counsel, (including a written affidavit or opini from a certified public accountant or accounting firm with expertise regarding this tax law matter), sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy requirements to be classified as a private operating foundation? If you answered "No" to line 1a, indicate the type of public charity status you are requesting by chebelow. You may check only one box. The organization is not a private operating foundation because it is: 	you firm firm ent ectal ly in ectly ie 3. re a nion that r the your ecking	Yes Yes Yes Yes	
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ore hethethethethethethethethethethethetheth	 her you are a private operating foundation. (See instructions.) Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If are unsure, see the instructions. As a private foundation, section 508(e) requires special provisions in your organizing document addition to those that apply to all organizations described in section 501(c)(3). Check the box to cont that your organizing document meets this requirement, whether by express provision or by reliance operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, whether by express provision or by reliance operation of state law. Attach a statement that describes specifically where your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the spe provisions that need to be contained in your organizing document. Go to line 2. Are you a private operating foundation? To be a private operating foundation you must engage directline active conduct of charitable, religious, educational, and similar activities, as opposed to indire carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line If "No," go to the signature section of Part XI. Have you attached either (1) an affidavit or opinion of counsel, (including a written affidavit or opini from a certified public accountant or accounting firm with expertise regarding this tax law matter), sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy requirements to be classified as a private operating foundation? If you answered "No" to line 1a, indicate the type of public charity status you are requesting by chebelow. You may check only one box. The organization is not a private operating foundation because it is: 	you firm firm rent rent rent rent rent rent rent rent	Yes Yes Yes Yes I one of t nedule A.	

orm 10	23 (Rev 12-2013)	Name Zenit	n Educati	or Group,	Inc.	EIN 47-2237488	Page 1
Part	X Public Ch	arity Status (Con	inued)		5		
e f	509(a)(4)	anization organized D(b)(1)(A)(iv)-an org	and operated	d exclusively for erated for the	benefit of a c	blic safety. ollege or university that is owned or	D
9	509(a)(1) and 17)(b)(1)(A)(vi)-an org	anization tha I organization	t receives a s ns, from a gov	ubstantial part ernmental unit.	of its financial support in the form of or from the general public.	
h	509(a)(2)—an or investment inco and gross receip	ganization that norm me and receives m ts from activities reli	mally receive ore than one ated to its exe	es not more - third of its fin empt function	than one-third nancial support s (subject to cer	of its financial support from gross from contributions, membership fees, tain exceptions)	۵
Ē	decide the corre	ct status.				he organization would like the IRS to	
6	selecting one of	box g, h, or i in qui he boxes below. Re	estion 5 abover 10 abover	ve, you must ructions to det	request either a ermine which ty	an advance or a definitive ruling by pe of ruling you are eligible to receive	
				and a second second	a la construction de la construc	CONTRACTOR - Labor	1
a	Code you reque under section 4 the 5-year adva 4 months, and mutually agreed more detailed Publication 103 this consent will	vance Ruling: By c st an advance ruling 940 of the Code. Th nce ruling period. Th 15 days beyond the upon period of time explanation of your i free of charge from	hecking this and agree to e tax will app e assessmen end of the or issue(s). I rights and the IRS web any appeal re	box and signi o extend the s ply only if you at period will b first year. You Publication 10 the conseque o site at www. ghts to which	ng the consent, statute of limital do not establis e extended for a have the right 35, Extending t ences of the o rs gov or by cal you would othe	pursuant to section 6601(c)(4) of the ions on the assessment of excise tax h public support status at the end of the 5 advance ruling years to 8 years, to refuse or limit the extension to a he Tax Assessment Period, provides a choices you make. You may obtain ling toll-free 1-800-829-3676. Signing envise be entitled. If you decide not to	
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r IRS Use Only
into out only

IRS Director, Exempt Organizations (Date)

- b Request for Definitive Ruling: Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box I in line 5 above, answer both lines 6b(i) and (ii)
 - (i) (a) Enter 2% of line 8, column (e) on Part IX-A. Statement of Revenues and Expenses.
 - (b) Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box.
 - (ii) (a) For each year amounts are included on lines 1, 2, and 9 of Part IX-A. Statement of Revenues and Expenses. attach a list showing the name of and amount received from each disqualified person. If the answer is "None," check this box.
 - (b) For each year amounts are included on line 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A. Statement of Revenues and Expenses, or (2) \$5,000. If the answer is "None," check this box.
- 7 Did you receive any unusual grants during any of the years shown on Part IX-A. Statement of Revenues Yes IN No and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual.

								BCM	n	ale.
orm 1023	i (Rev.	12-2013)	Name Zenith	Education	Group,	Inc.	EN: 4	7-2237488	3	Page 12
art X		User Fee In	formation							
ceipts structi e Unit	have lons f	or Part XI, for ates Treasury	ded or will exceed 5 d or will not exceed a definition of gros r. User fees are sub pount Services at 1-6	\$10,000 annua a receipte over lect to change. (lly over a a 4-year Check our	4-year period, the period. Your cher website at www	e required user ok or money or	der must be	nade pa	yable to
1	f'Yes	s," check the	ross receipts avera box on line 2 and e box on line 3 and er	nclose a user fee	e payment	of \$400 (Subject	to change-si	ee above).	Ves Yes	X No
2 (Check	the box if yo	ou have enclosed th	e reduced user	fee payme	ent of \$400 (Sub)	ect to change)			
3 1	Checi	k the box if yo	ou have enclosed th	e user fee paym	nent of \$8	50 (Subject to ch	ange).			X
declare ciuding	the ac	the penalties of companying ac	period that I am autho	dzed to sign this ap ts, and to the best o	of my knowl Presid	edge II is true, corre	organization and oct, and complete.	s .	mined this 11/21/14	application
lign	²⁰ (1	(Signature o	Officer, Director, Truster	a, or other		dint name of signer)		(C	ato)	
lere	1	authorized o	(ficial)		David (Type or p	Hawn nnt little or authority o	f signer)	044 0.0000	325	
temli	nder	: Send the	completed For	m 1023 Chec	klist wit	h your filled-ir	i-application	l. For	⊤ 1023	(Rev. 12-201

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n 10;	23 (Rev 12-2013) Name Zenith Education Group, Inc. EN 47-2237488		Page 14
	Schedule B. Schools, Colleges, and Universities		
	If you operate a school as an activity, complete Schedule B	_	
ect	on I Operational Information	I Vee	No
а	Do you normally have a regularly scheduled curriculum, a regular faculty of qualified teachers, a regularly is enrolled student body, and facilities where your educational activities are regularly carried on? If "No," do not complete the remainder of Schedule B.	7 163	L.1 NO
þ	Is the primary function of your school the presentation of formal instruction? If "Yes," describe your school in terms of whether it is an elementary, secondary, college, technical, or other type of school. If "No," do not complete the remainder of Schedule B.	☑ Yes	🗋 No
	Are you a public school because you are operated by a state or subdivision of a state? If "Yes," explain [how you are operated by a state or subdivision of a state. Do not complete the remainder of Schedule B		X No
b	Are you a public school because you are operated wholly or predominantly from government funds or property? If "Yes," explain how you are operated wholly or predominantly from government funds or property. Submit a copy of your funding agreement regarding government funding. Do not complete the remainder of Schedule B.] Yes	X No
3	In what public school district, county, and state are you located?		3
4	Were you formed or substantially expanded at the time of public school desegregation in the above [school district or county?	_ Yes	X No
5	Has a state or federal administrative agency or judicial body ever determined that you are racially [discriminatory? If "Yes," explain.] Yes	X No
6] Yes	X No
7	Do you or will you contract with another organization to develop, build, market, or finance your facilities? If "Yes," explain how that entity is selected, explain how the terms of any contracts or other agreements are negotiated at arm's length, and explain how you determine that you will pay no more than fair market value for services.	🗌 Yes	No 🛛
_	Note. Make sure your answer is consistent with the information provided in Part VIII, line 7a.	X Yes	No
8	Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated and explain how you determine you will pay no more than fair market value for services. Note. Answer "Yes" if you manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent line 7b.		
Sec	Establishment of Racially Nondiscriminatory Policy		
	Information required by Revenue Procedure 75-50.	(A) V.	- T- N
1	Have you adopted a racially nondiscriminatory policy as to students in your organizing document, bylaws, or by resolution of your governing body? If "Yes," state where the policy can be found or supply a copy of the policy. If "No," you must adopt a nondiscriminatory policy as to students before submitting this application. See Publication 557.	X Yes	
2	Do your brochures, application forms, advertisements, and catalogues dealing with student admissions, programs, and scholarships contain a statement of your racially nondiscriminatory policy?	X Yes	
ł	 If "Yes," attach a representative sample of each document. If "No," by checking the box to the right you agree that all future printed materials, including website content, will contain the required nondiscriminatory policy statement. 	•	
3	Have you published a notice of your nondiscriminatory policy in a newspaper of general circulation that serves all racial segments of the community? (See the instructions for specific requirements.) If "No." explain.	10	X No
4	Does or will the organization (or any department or division within it) discriminate in any way on the basis of race with respect to admissions, use of facilities or exercise of student privileges; faculty or administrative staff, or scholarship or loan programs? If "Yes," for any of the above, explain fully.	🗌 Yes	X N

Schedule B. Schools, Colleges, and Universities (Continued)

5 Complete the table below to show the racial composition for the current academic year and projected for the next academic year, of: (a) the student body, (b) the faculty, and (c) the administrative staff. Provide actual numbers rather than percentages for each racial category.

If you are not operational, submit an estimate based on the best information available (such as the racial composition of the community served).

Racial Category	(a) Stude	nt Body	(b) Fa	culty	(c) Administrative Staff		
	Current Year	Next Year	Current Year	Next Year	Current Year	Next Year	
See attachmen	t						
	S						
Total							

8 In the table below, provide the number and amount of loans and scholarships awarded to students enrolled by racial categories.

Racial Category	Number of Loans		Amount of Loans		Number of S	cholarships	Amount of Scholarships	
(interior serie gery	Current Year	a state of the second	and the second se		Current Year	Next Year	Current Year	Next Year
See attachme	ht				1.200 - 0			
				-				
Total								

7a Attach a list of your incorporators, founders, board members, and donors of land or buildings, whether individuals or organizations.

- b Do any of these individuals or organizations have an objective to maintain segregated public or private Yes No school education? If "Yes," explain
- 8 Will you maintain records according to the non-discrimination provisions contained in Revenue 🖾 Yes 🗌 No Procedure 75-50? If "No," explain. (See instructions.)

Form 1023 (Rev 12-7013)

n 103	23 (Rev 12-2013) Name Zenith	Education Group,	Inc.	EN 47-2237488		Page	
-	Sched	ule G. Successors to	Other Organizat	ions		_	
a	Are you a successor to a for-pro	ofit organization? If "	res," explain the	relationship with the	X Yes	□ No	
	predecessor organization that resulted	in your creation and con	nplete line 1b.	a a succession			
b	Explain why you took over the activitie	is or assets of a for-proti	t organization or co	nverted from tor-prom			
	to nonprofit status. Are you a successor to an organization	a ether than a for profil	organization? Ans	wer "Yes" if you have	Yes	No.	
2a	taken or will take over the activities of	another organization; or	you have taken or	will take over 25% or			
	more of the fair market value of the net assets of another organization. If "Yes," explain the relationship						
	with the other organization that resulte	d in your creation.	1				
b	Provide the tax status of the predecess	sor organization.	16 8 N. 8	r iou overentien under	Vac	X No	
C	Did you or did an organization to whi section 501(c)(3) or any other section of	ch you are a successor	previously apply to	tion was resolved.	res	DA NO	
2	Was your prior tax exemption or the	tax exemption of an or	nanization to which	vou are a successor	Ves	X No	
d	revoked or suspended? if "Yes," explain	in Include a description	of the corrections yo	ou made to			
	re-establish tax exemption						
e	Explain why you took over the activitie	s or assets of another org	anization				
3	Provide the name, last address, and E	IN of the predecessor org	anization and desc	ribe its activities.			
	Name: See attachment.			EIN:			
	Address:						
-	List the owners, partners, principal sto	ekholders officers and r	overning board me	mbers of the predecesso	r organiza	tion.	
4	Attach a separate sheet if additional si	pace is needed.					
	Name		Address	Share	Interest (If a	for-pro	
			1				
	See attachment.	LOS NON DEMOCRACIÓN DE					
	Entertaine and an						
						-	
_	The second lated in	line 4 maintain a workir	no relationship with	you? If "Yes," describe	T Yes		
5	Do or will any of the persons listed in line 4, maintain a working relationship with you? If "Yes," describe [] Yes [X] No the relationship in detail and include copies of any agreements with any of these persons or with any						
	for-profit organizations in which these persons own more than a 35% interest.						
6a	Were any assets transferred, whether	r by gift or sale, from the	predecessor organ	ization to you? If "Yes,"	X Yes		
20	provide a list of assets indicate the	Were any assets transferred, whether by gift or sale, from the predecessor organization to you? If "Yes," [] Yes [] No provide a list of assets, indicate the value of each asset, explain how the value was determined, and					
	attach an appraisal, if available. For each asset listed, also explain if the transfer was by gift, sale, or						
	combination thereof.		Harris analoin the	ractivitions	☐ Yes	XIN	
b	Were any restrictions placed on the u	ise or sale of the assets?	if Yes, explain the	e resulctions.	11100	1	
2	Provide a copy of the agreement(s) o	f sale or transfer.					
7	Were any debts or liabilities transferm	ed from the predecessor	for-profit organizati	on to you?	X Yes		
	If "Yes," provide a list of the debts or liabilities that were transferred to you, indicating the amount of						
	each, how the amount was determined, and the name of the person to whom the debt or liability is						
	owed.			a modorana la noti	X Yes		
8	Will you lease or rent any property or equipment previously owned or used by the predecessor for-profit in Yest organization, or from persons listed in line 4, or from for-profit organizations in which these persons own					L.J.	
	more than a 35% interest? If "Yes," submit a copy of the lease or rental agreement(s). Indicate how the						
	lease or rental value of the property of	or equipment was determ	hinied.				
9	Will you lease or rept property or equipment to persons listed in line 4, or to for-profit organizations in . Yes						
9	which these persons own more than a 35% interest? If "Yes," attach a list of the property or equipment, provide a copy of the lease or rental agreement(s), and indicate how the lease or rental value of the						
	would a serve of the lance or rea	tal agreement(s), and inc	dicate how the lease	se or rental value of the	¢.		
	property or equipment was determin						

EN 47-2237488

Page 25

iecti	on I Names of individual recipients are not required to be listed in Schedule H.	
	Public charities and private foundations complete lines 1a through 7 of this section. See the instructions to Part X if you are not sure whether you are a public charity or a private founda	tion.
b	Describe the types of educational grants you provide to individuals, such as scholarships, fellowships, loans, etc. Describe the purpose and amount of your scholarships, fellowships, and other educational grants and loans that you award.	
d	If you award educational loans, explain the terms of the loans (interest rate, length, forgiveness, etc.). Specify how your program is publicized	
t	Provide copies of any solicitation or announcement materials Provide a sample copy of the application used.	
	Do you maintain case histories showing recipients of your scholarships, fellowships, educational loans, or X Yes other educational grants, including names, addresses, purposes of awards, amount of each grant, manner of selection, and relationship (if any) to officers, trustees, or donors of funds to you? If "No," refer to the instructions.	. No
3	Describe the specific criteria you use to determine who is eligible for your program. (For example, eligibility selection criteria could consist of graduating high school students from a particular high school who will attend college, writers of scholarly works about American history, etc.)	
	Describe the specific criteria you use to select recipients. (For example, specific selection criteria could consist of prior academic performance, financial need, etc.)	
b c	Describe how you determine the number of grants that will be made annually. Describe how you determine the amount of each of your grants	
d	Describe any requirement or condition that you impose on recipients to obtain, maintain, or qualify for renewal of a grant. (For example, specific requirements or conditions could consist of attendance at a four-year college, maintaining a certain grade point average, teaching in public school after graduation from college, etc.)	
5	Describe your procedures for supervising the scholarships, fellowships, educational loans, or other educational grants. Describe whether you obtain reports and grade transcripts from recipients, or you pay grants directly to a school under an arrangement whereby the school will apply the grant funds only for enrolled students who are in good standing. Also, describe your procedures for taking action if the terms of the award are violated.	
6	Who is on the selection committee for the awards made under your program, including names of current committee members, criteria for committee membership, and the method of replacing committee members?	
7	Are relatives of members of the selection committee, or of your officers, directors, or substantial Yes contributors eligible for awards made under your program? If Yes," what measures are taken to ensure unbiased selections?	🛛 No
	Note. If you are a private foundation, you are not permitted to provide educational grants to disqualified persons. Disqualified persons include your substantial contributors and foundation managers and certain family members of disqualified persons.	
	ion II Private foundations complete lines 1a through 4f of this section. Public charities do not con this section.	
	If we determine that you are a private foundation, do you want this application to be Yes No considered as a request for advance approval of grant making procedures?	
b	 For which section(s) do you wish to be considered? 4945(g)(1)—Scholarship or fellowship grant to an individual for study at an educational institution 4945(g)(3)—Other grants, including loans, to an individual for travel, study, or other similar purposes, to enhance a particular skill of the grantee or to produce a specific product 	
2	Do you represent that you will (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversions of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring?	
3	Do you represent that you will maintain all records relating to individual grants, including Yes No information obtained to evaluate grantees, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants described in line 2?	

ecti	on II	this section. (Continued)				
	educatio employe	or will you award scholarships, fellowships, and educational loans to attend an onal institution based on the status of an individual being an employee of a particular er? If "Yes," complete lines 4b through 4f		🗌 No		
þ	circums education 1980-2 objective	a comply with the seven conditions and either the percentage tests or facts and tances test for scholarships, fellowships, and educational loans to attend an onal institution as set forth in Revenue Procedures 76-47, 1976-2 C.B. 670, and 80-39, C.B. 772, which apply to inducement, selection committee, eligibility requirements, e basis of selection, employment, course of study, and other objectives? (See lines 4c, 4e, regarding the percentage tests.)	🗌 Yes	□No		
C	Do you educatio	or will you provide scholarships, fellowships, or educational loans to attend an onal institution to employees of a particular employer?	Ves 1	🗌 No		
	conside	will you award grants to 10% or fewer of the eligible applicants who were actually ared by the selection committee in selecting recipients of grants in that year as provided anue Procedures 76-47 and 80-39?	Yes	□ No		
d	Do you	provide scholarships, fellowships, or educational loans to attend an educational on to children of employees of a particular employer?	🗆 Yes	🗌 No	□ N/A	
	If "Yes. conside	" will you award grants to 25% or fewer of the eligible applicants who were actually ared by the selection committee in selecting recipients of grants in that year as provided enue Procedures 76-47 and 80-39? If "No," go to line 4e	🗌 Yes	🗋 No	557 (J. 1944)	
e	If you instituti fewer o (whethe	provide scholarships, fellowships, or educational loans to attend an educational on to children of employees of a particular employer, will you award grants to 10% or of the number of employees' children who can be shown to be eligible for grants er or not they submitted an application) in that year, as provided by Revenue ures 76-47 and 80-39?	🗌 Yes	No No	□ N//	
	submit the exp 4f	" describe how you will determine who can be shown to be eligible for grants without ting an application, such as by obtaining written statements or other information about pectations of employees' children to attend an educational institution. If "No," go to line				
×	85-51,	Statistical or sampling techniques are not acceptable. See Revenue Procedure 1985-2 C.B. 717, for additional information				
ſ	institut limitati based compe the pa demor emplo	provide scholarships, fellowships, or educational loans to attend an educational ion to children of employees of a particular employer without regard to either the 25% on described in line 4d, or the 10% limitation described in line 4e, will you award grants on facts and circumstances that demonstrate that the grants will not be considered insation for past, present, or future services or otherwise provide a significant benefit to rticular employer? If "Yes," describe the facts and circumstances that you believe will instrate that the grants are neither compensatory nor a significant benefit to the particular yer. In your explanation, describe why you cannot satisfy either the 25% test described 4d or the 10% test described in line 4e.		□ No		

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ARNOLD & PORTER LLP

James P Joseph

+1 202 942 5355 +1 202 942 5999 Fax

555 Twelfth Street, NW Washington DC 20004-1206

November 24, 2014

VIA EXPRESS MAIL

Internal Revenue Service 201 West Rivercenter Blvd. Attn: Extracting Stop 312 Covington, KY 41011

RE: EXPEDITE REQUEST AND EXEMPTION APPLICATION FOR ZENITH EDUCATION GROUP, INC. EIN #: 47-2237488

Dear Sir or Madam:

Enclosed on behalf of Zenith Education Group, Inc. (the "Organization"), a nonstock corporation incorporated in Delaware, is an application for recognition of exemption under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, as a school under sections 509(a)(1) and 170(b)(1)(A)(ii).

The Organization respectfully requests an expedited determination that it is a described in section 501(c)(3) and qualified under sections 509(a)(1) and 170(b)(1)(A)(ii). It is critical that the Organization's application be <u>approved by December 31, 2014</u>. As described in the Organization's exemption application, on November 19, 2014, the Organization entered into an agreement with Corinthian Colleges, Inc. ("Corinthian), an organization that operates for-profit schools, to purchase certain assets used in the operation of two for-profit schools operated by Corinthian. Pursuant to an agreement entered into by Corinthian and the U.S. Department of Education on July 2014, Corinthian must sell and/or shut-down all of its for-profit schools and campuses by December 31, 2014. The Organization will convert the two schools purchased from Corinthian into nonprofit schools. However, the Organization cannot complete the purchase until its application for tax-exempt status is approved.

ARNOLD & PORTER LLP

Internal Revenue Service November 24, 2014 Page 2

Enclosed is a letter from the U.S. Department of Education to support the Organization's request for expedited review and approval of its exemption application by December 31, 2014. If the purchase of the schools does not occur by December 31, 2014, the schools will be closed and the students enrolled at those schools are likely to face challenges finding and enrolling at comparable programs in other schools. In addition, if the purchase is not completed by December 31, 2014, the federal student loans obtained by tens of thousands of students enrolled at these schools are subject to administrative discharge upon request of the student, at a very significant cost to the federal treasury.

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In conjunction with its application, the Organization has enclosed the materials as indicated on the Form 1023 Checklist. In addition, I have attached to this letter a copy of the first page of Form 1023 to be date-stamped and returned to me in the enclosed self-addressed, stamped envelope.

Please feel free to contact me at (202) 942-5355, if you have any questions or require additional information.

Sincerely, James P. Joseph

Enclosures



UNITED STATES DEPARTMENT OF EDUCATION

November 21, 2014

David Hawn President Zenith Education Group, Inc. I Imation Place Building 2 Oakdale, MN 55128

> Re: Zenith Education Group, Inc. IRS Application for Tax Exemption

Dear Mr. Hawn:

This letter is provided to support the request by Zenith Education Group, Inc. (EIN# 47-2237488) ("Zenith") for an expedited review of Zenith's application for tax-exempt status.

As you know, in July 2014, the U.S. Department of Education ("ED") signed an Operating Agreement ("the Agreement") with Corinthian Colleges, Inc. ("Corinthian") that contemplated, among other things, that Corinthian would execute a controlled sale or shut-down of all for-profit schools and campuses owned and operated by Corinthian. ED had put Corinthian on "heightened cash monitoring status" in June 2014 and had raised concerns about some of Corinthian's practices, including allegations of faulty job placement data used in marketing claims to prospective students and allegations of altered grades and attendance. Under the Agreement, the Department identified an independent monitor to help oversee Corinthian's actions as the company began to sell or wind down its campuses over the coming months. ED has been working hard to avoid an abrupt closure of the entire Corinthian and mitigate the impact of planned closures of some of the schools on the approximately 72,000 students attending Corinthian schools at the time the Agreement was signed and the potential impact that such a closure will have on federal student aid funding. Under the agreement, Corinthian was to make a "diligent" and "good faith effort" to sell or teach out the identified schools and campuses within six months from the effective date of the Agreement.

400 MARYLAND AVE , SW, WASHINGTON, DC 20202

The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access. Mr. David Hawn November 21, 2014 Page 2 of 3

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We understand that Zenith was successful in an open bidding process and is in negotiations with Corinthian to purchase the majority of schools in two of the for-profit school groups being closed by Corinthian: Everest and WyoTech. We understand that Zenith was established to purchase the schools and convert them into non-profit schools. We further understand that, for this reason, Zenith has applied with the IRS to be recognized as a section 501(c)(3) tax-exempt organization. We also understand that Zenith will complete the proposed purchase only if the IRS approves Zenith's application for tax-exempt status.

Consistent with its statutory role and the Agreement, and based on available information, ED has preliminarily supported Zenith's purchase of these Everest and WyoTech schools. ED favors the acquisition of these schools by an entity that has been recognized as tax-exempt under IRC § 501(c)(3) for a number of reasons. First, if Everest and WyoTech are not purchased and all of those schools are closed, the federal student loans obtained by tens of thousands of students enrolled at these schools are subject to administrative discharge upon request of the student, at a very significant cost to the federal treasury. See 34 C.F.R. § 685.212(d). Specifically, as of June, Corinthian enrolled approximately 72,000 students nationwide, who received approximately \$1.4 billion in federal financial aid annually to support their education and prepare them for careers. If the schools are abruptly closed, the federal government may have to discharge significant amounts of federal student loans, possibly in the hundreds of millions of dollars, with no meaningful prospect of recovering those losses from Corinthian itself. Second, under the Term Sheet executed by Corinthian, Zenith, and ED, Zenith has committed to improve program quality and job placements, to reduce tuition, to provide scholarships, and take other consumer-protective actions, for the students enrolled in the schools it acquires. Given the apparent challenges of Corinthian's financial situation, ED also wishes to see this transaction occur expeditiously and consistent with all applicable laws and responsibilities. If the schools are closed prior to the purchase by Zenith, the students enrolled at those schools are likely to face challenges finding and enrolling at comparable programs at other schools. The dislocation of students would be very unfortunate.

It is therefore very important that Zenith's application for tax-exempt status be reviewed expeditiously and a determination be made no later than December 31, 2014, if at all possible. As noted above, we understand that Zenith will not complete the purchase of the Everest and WyoTech schools without the IRS's approval of its application for tax-exempt status.

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To be clear, by providing this letter, ED is not asking that the IRS do anything other than discharge its normal responsibilities in a diligent and appropriate manner. We intend simply to offer an explanation of the context in which Zenith seeks this approval. We hope that this explanation will be helpful in securing an expedited review by the IRS of Zenith's application for 501(c)(3) status. We would be available to help answer any questions from the IRS concerning the Department's faithful exercise of its roles and responsibilities related to this matter.

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Mr. David Hawn November 21, 2014 Page 3 of 3

Please feel free to contact me at (202) 401-0264 if you have any questions or require any additional information.

Sincerely,

Ted Martile

Ted Mitchell Under Secretary United States Department of Education

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Part IV. Narrative Description of Activities.

Zenith Education Group, Inc. (the "Organization" or "we") was incorporated on September 17, 2014 as a nonprofit corporation in the State of Delaware (Certificate of Incorporation enclosed in Exhibit A). We are organized solely for educational purposes to provide students with post-secondary career education instruction and services. Specifically, the Organization was established to purchase the assets and operations of two for-profit colleges, Everest College and WyoTech (together, the "Colleges"), and operate them as nonprofit schools owned and operated by the Organization.¹ Both Colleges are owned and operated by Corinthian Colleges, Inc., one of the largest for-profit, post-secondary education companies in North America. The United States Department of Education actively supports the creation of the Organization for this purpose and has expressed that the Organization's purchase of the Colleges' assets, and operation of the schools as nonprofits, is in the best interest of the students.

A. Exempt Purposes

An organization is considered a section 501(c)(3) organization if it is organized and operated for "educational" purposes. Treasury Regulation section 1.501(c)(3)-1(d)(3) provides that the term "educational," as used in section 501(c)(3) of the Code, includes the instruction of the public on subjects useful to the individual and beneficial to the community. This section also provides that an organization may be educational through advocating a particular viewpoint, so long as it presents a sufficiently full and fair exposition of the facts as to permit an individual or

¹ Everest College has operations in both the United States and Canada. The Organization will only purchase the assets and operations in the United States.

the public to form an independent opinion or conclusion.² Organizations that provide these types of educational services to the public include: educational organizations that organize public discussions, forums, lectures, panels, and other similar programs³ and organizations that publish educational materials in manners distinguishable from ordinary commercial publishing practices.⁴

B. Background

1. Conversion of For-Profit Colleges to Nonprofit

In recent years, some for-profit colleges have struggled to remain in business due to declining enrollment, campus closures and increased regulatory scrutiny regarding their operations and management.⁵ One of several reasons that the public and regulators have increased their scrutiny of for-profit colleges is research findings that a higher rate of students attending such colleges default on their loans.⁶ For-profit schools are often criticized for practices that exploit vulnerable individuals, including low-income and disadvantaged populations.

² The IRS stated in Revenue Ruling 74-615, 1974-2 C.B. 165 that "[i]t has been historically recognized that the conduct of factual inquiries on subjects of benefit to the public and the dissemination of the information so developed is educational in the charitable sense."

³ Treas. Reg. 1.501(c)(3)-1(d)(3)(ii), Example (2); see also Rev. Rul. 66-256, 1966-2 C.B. 210 (organization that conducted public forums, lectures and debates on controversial social, political and international questions held to be educational where adopted an unbiased position).

⁴ See Rev. Rul. 67-4, 1967-1 C.B. 121 (publishing held to be educational if content and preparation of materials is "educational" in character, distribution of materials necessary or valuable to achieving the organization's educational purpose and manner of distribution distinguishable from ordinary commercial publishing practices).

⁵ Goldie Blumenstyk, For-Profit Colleges Take a Step Back to Regroup (The Chronicle of Higher Education, February 3, 2013).

⁶ College Inc. (PBS, Frontline) (May 4, 2010), available at http://www.pbs.org/wgbh/pages/frontline/collegeinc/etc/synopsis.html.

As a result of the changing business and regulatory environment, some for-profit colleges have shut down completely or converted into nonprofit schools. For those that convert to nonprofits, the schools are able to focus on putting students first without facing pressure from shareholders to maximize profits. Remington College, College America and Keiser University are examples of colleges that converted from for-profit to nonprofit schools.⁷ But the creation of the Organization as independent and completely unrelated to the for-profit school is unique and provides a strong financial foundation for the Organization.

2. Everest College and WyoTech

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Corinthian Colleges was established in 1995 and offers career-oriented diploma and degree programs in a variety of fields, including health care, business, criminal justice, transportation technology and maintenance and information technology. In addition, Corinthian Colleges is the nation's leading provider in allied health programs (e.g., medical assistant diplomas). Corinthian Colleges had over 70,000 students and over 15,000 employees, including over 6,000 full-time and part-time faculty members.

As described above, Corinthian Colleges owns and operates a number of for-profit colleges in the United States, including Everest College and WyoTech. The Colleges offer diploma and associate's degree programs in a variety of fields, including health care, business and computer technology, as well as,⁸ trade-focused programs that offer career-oriented training

⁷ Goldie Blumenstyk, Another College Takes the Path From For-Profit to Nonprofit (Chronicle of Higher Education, January 20, 2011), available at http://chronicle.com/article/Remington-College-Also-Took/126007/.

⁸ Additional information about Everest College's programs is available on the school's website at http://www.everest.edu/programs.

for mechanical and technical occupations in the automotive, diesel, motorcycle, watercraft, HVAC (heating, ventilation and air conditioning), electrician and plumbing fields.⁹

In the past ten years, Corinthian Colleges has been the subject of state and regulatory investigations, as well as private suits brought by students, alleging, among others, false advertising and deceptive recruitment practices concerning costs of attendance and the value of the degree granted by Corinthian Colleges. For example, the federal government has made allegations that Corinthian Colleges has inflated grades, attendance numbers and job placement statistics. In addition, according to a report issued in 2012 by the U.S. Senate Committee on Health, Education, Labor, and Pensions (HELP), Corinthian Colleges charges some of the highest tuition prices of any of the 30 for-profit educational companies the committee analyzed.¹⁰ In September 2014, the Consumer Financial Protection Bureau sued Corinthian Colleges for allegedly illegal and predatory lending practices that allegedly lured students to take out private loans to cover expensive tuition costs by advertising inflated job prospects and career services.¹¹

3. ECMC Group

ECMC Group, Inc. has established the Organization to take over the assets and operations of Everest College and WyoTech as part of the wind down of Corinthian Colleges. ECMC Group, organized in 1994, is a section 501(c)(3) charitable organization, headquartered in

¹⁰ Available at www.help.senate.gov/imo/media/for_profit_report/Contents.pdf; www.help.senate.gov/imo/media/for_profit_report/PartII/Corinthian.pdf (pg. 400).

¹¹ Press Release, CFPB Sues For-Profit Corinthian Colleges for Predatory Lending Scheme (Consumer Financial Protection Bureau, September 16, 2014), available at

⁹ Additional information about WyoTech's programs is available on the school's website at http://www.wyotech.edu/.

http://www.consumerfinance.gov/newsroom/cfpb-sues-for-profit-corinthian-colleges-for-predatorylending-scheme/.

Oakdale, Minnesota, with a mission to help students recognize and realize their potential by investing in, creating and providing innovative education solutions that support schools and improve student educational outcomes.

C. Description of Activities

We expect to continue to maintain the curriculum and faculty in substantially the same way as provided and managed by the Colleges, while guarding against past deceptive or predatory practices and misdeeds. The most critical changes we plans to implement in the near future are installing a new board of directors, a new president and a new chief financial officer for the schools, lowering the cost of attendance for students, limiting enrollment in poorly performing educational programs, and providing institutional grants to needy students to nearly eliminate the need for private student loans. These key governance and management changes will lead the schools to focus on meeting the goals and needs of students in obtaining a great education that will lead to satisfying employment and careers.

Part V. Compensation. Question 1a.

Board of Directors and Officers

Name	Title	Address	Compensation
John DePodesta	Director, Board Chair	1 Imation Place Building 2 Oakdale, MN 55128	None
James McKeon	Director	1 Imation Place Building 2 Oakdale, MN 55128	None
Gary Cook	Director	1 Imation Place Building 2 Oakdale, MN 55128	None
David Hawn	President	1 Imation Place Building 2 Oakdale, MN 55128	None
Dan Fisher	Secretary	1 Imation Place Building 2 Oakdale, MN 55128	None
Gregory Van Guilder	Treasurer	1 Imation Place Building 2 Oakdale, MN 55128	None

Part V. Compensation. Question 1b. Highest Compensated Employees.

The Organization currently has no employees, but will hire employees in the future. The Organization will pay such employees reasonable compensation and no more than amounts that would ordinarily be paid for like services by like organizations under like circumstances as of the date the compensation arrangement is made.

Currently, the Organization is relying on employees who have been donated in-kind by ECMC Group, Inc.

Part V. Compensation. Question 1c. Highest Compensated Independent Contractors.

The Organization currently has no independent contractors. As the Organization becomes operational, it may hire independent contractors to carry out its activities. For example, the Organization expects to hire an independent accounting firm to assist with its accounting functions and an independent audit firm to review student financial aid awards processes and the reporting of placement data to governmental and educational regulators. The Organization will pay such independent contractors reasonable compensation and no more than amounts that

would ordinarily be paid for like services by like organizations under like circumstances as of the date the compensation arrangement is made.

Part V. Compensation. Question 2a, c. Business Relationships.

The current directors and officers have a business relationship with each other solely by

the fact that they are employees, officers or directors of ECMC Group. Inc.

Part V. Compensation. Question 3a.

1. John DePodesta

a.) Qualifications: Mr. DePodesta serves as the Board Chair of ECMC Group. As an entrepreneur, lawyer, business executive and fiduciary, Mr. DePodesta's career has spanned a variety of industries, including telecommunications, transportation, healthcare and education. Throughout his career, he has successfully created, grown and restructured several enterprises, and has served on boards and in governance roles in both the public and private sectors.

Mr. DePodesta is a graduate of Harvard College and the University of Pennsylvania Law School.

- b.) Average hours worked: Various hours per week.
- c.) Duties: Mr. DePodesta serves as a director and Chair of the Board of Directors, and assumes appropriate responsibilities to his role as a Board member, including policy-setting, financial oversight, fundraising and outreach to other nonprofit organizations.

2. James McKeon

a.) Qualifications: Mr. McKeon serves as a director of ECMC Group. As a consultant specializing in strategic planning, finance, performance improvement and merger and acquisition issues, Mr. McKeon brings to bear experiences from executive positions, including CFO, of health care facilities and services companies for more than 20 years. Mr. McKeon has been active in advocacy causes through his seat on the board of directors of The Tug McGraw Foundation, which is focused on quality of life for brain tumor patients and their families. Mr. McKeon is currently on the

Finance Committee of Bancroft, a non-profit organization that assists children and young adults with developmental challenges.

Mr. McKeon holds a B.S. in accountancy from Villanova University.

- b.) Average hours worked: Various hours per week.
- c.) Duties: Mr. McKeon serves as a director of the Board of Directors, and assumes appropriate responsibilities to his role as a Board member, including policy-setting, financial oversight, fundraising and outreach to other nonprofit organizations.

3. Gary Cook

a.) Qualifications: Mr. Cook serves as a Director of ECMC Group. As a senior consultant, manager and executive coach, Mr. Cook's unique perspective on leadership comes from being a CEO of organizations energy, process engineering, education, exploration technology and information technology industries. He was also previously a management consultant with McKinsey & Company and a deputy assistant secretary within the Department of Health, Education and Welfare and the Department of Commerce in Washington, D.C. He has been an adjunct professor and is on the board of the Social Sciences Foundation at the University of Denver. He is also a member of the Council on Foreign Relations.

He is a graduate of Wesleyan University and Harvard University Law School.

- b.) Average hours worked: Various hours per week.
- c.) Duties: Mr. Cook serves as a director of the Board of Directors, and assumes appropriate responsibilities to his role as a Board member, including policy-setting, financial oversight, fundraising and outreach to other nonprofit organizations.

4. David Hawn

 Qualifications: Mr. Hawn is the President and CEO of ECMC Group. Mr. Hawn joined ECMC Group in 2008 and, most recently, served as ECMC Group's Chief Operating Officer.

Before joining ECMC, Mr. Hawn was Chief Operating Officer of College Loan Corporation and the senior vice president of operations and information technology for Wells Fargo Education Financial Services. He

has also held executive positions at Great Lakes Higher Education Corporation and Northstar Guarantee, Inc.

- b.) Average hours worked: Various hours per week.
- c.) Duties: Mr. Hawn serves as the President of the Organization, and assumes appropriate responsibilities to his role as the President, including carrying out the activities and policies of the Organization.

5. Dan Fisher

a.) Qualifications: Mr. Fisher is the General Counsel of ECMC Group. Mr. Fisher is the primary legal advisor to ECMC Group, including its executive management team and board of directors. Mr. Fisher also provides executive oversight to the legal department, compliance department, and several shared services departments.

Prior to joining ECMC in 2000, Mr. Fisher served on active duty in the U.S. Army as a Judge Advocate for six years in Georgia and the Washington, D.C. area, where his primary focus was court-martial litigation.

- b.) Average hours worked: Various hours per week.
- c.) Duties: Mr. Fisher serves as the Secretary of the Organization, and assumes appropriate responsibilities to his role as Secretary, including maintaining the books and records of the Organization.

6. Gregory Van Guilder

- a.) Qualifications: Mr. Van Guilder is the chief financial officer of ECMC Group. A 25-year veteran of higher education finance, Mr. Van Guilder has comprehensive expertise in student loan regulatory issues, federal reporting and student loan financial modeling.
- b.) Average hours worked: Various hours per week.
- c.) Duties: Mr. Van Guilder serves as the Treasurer of the Organization, and assumes appropriate responsibilities to his role as the Treasurer, including overseeing the Organization's finances and budget.

Part V. Compensation. Question 5a.

The Organization has adopted a conflict of interest policy consistent with the sample conflict of interest policy in Appendix A to the Instructions for Form 1023. This policy was adopted by resolution of the Organization's Board of Directors. A copy of such policy is attached as part of <u>Exhibit B</u>. By resolution of the Board, the Organization has also adopted a document retention policy and whistleblower policy (copy attached as part of <u>Exhibit B</u>).

Part V. Compensation. Question 9.

Since the Organization is not yet operational, the Organization is relying on the in-kind administrative and support services of ECMC Group, Inc. to carry out its initial activities.

As the Organization becomes operational, the Organization expects to use an unrelated third-party to provide administrative and support services to the Organization. Payments for administrative or support services (if any), if using an unrelated third-party, will be no more than the amounts that would ordinarily be paid for like services by like organizations under like circumstances as of the date the compensation arrangement is made.

Part VI. Activities. Question 1a-b.

See activities described in Part IV above.

Part VIII. Specific Activities. Question 4a.

The Organization does not currently anticipate conducting fundraising activities, such as solicitations in person, written proposal via mail or email, phone solicitations, solicitations on the Organization's website, or solicitation of grants from other nonprofit organizations or the government.

The Organization does not currently anticipate using professional fundraisers. If the Organization ultimately chooses to retain professional fundraisers, it will pay reasonable compensation for the services provided by such fundraisers and comply with all income tax reporting requirements.

Part VIII. Specific Activities. Question 4d.

The Organization does not anticipate conducting fundraising on its own behalf in the United States and globally.

Part VIII. Specific Activities. Question 10.

The Organization does not currently possess any intellectual property, but may eventually seek copyright or trademark protection over its own logo or published materials.

Part VIII. Specific Activities. Question 11.

The Organization does not currently accept any contributions of real property, conservation easements, closely held securities, intellectual property, works of music or art, licenses, royalties, vehicles or collectibles. Should the Organization, acting through the Board of Directors, make a decision to accept any of these types of property, the Board of Directors will adopt appropriate policies in accordance with applicable law.

Part VIII. Specific Activities. Question 15.

The Organization has a "close connection" with ECMC Group, Inc. because ECMC Group is the Organization's sole Member. The Member has voting rights with respect to the election of Organization's Directors and the dissolution, liquidation, merger, or sale of the substantial assets of the Organization.

Part IX. Financial Data. A. Itemized Information for Statement of Revenue and Expenses

The information below provides itemized data as required for Line 23, Part IX, Section A of the Form 1023. The full budget for the Organization is reported in Part IX of the Form 1023. The following table summarizes the overall revenue and expenses of the Organization (the Organization has no expected operations in 2014):

ан — — — — — — — — — — — — — — — — — — —	FY 2015 ⁽¹⁾	FY 2016	FY 2017
(\$ in thousands)			
NET REVENUES	380,000	700,000	750,000
OPERATING EXPENSES	460,000	730,000	760,000
NET OPERATING DEFICIT	(80,000)	(30,000)	(10,000)

Line 23: Unclassified Expenses (itemized) ("Operating Expenses")

	FY 2015 ⁽¹⁾	FY 2016	FY 2017
(\$ in thousands)			
EDUCATION SERVICES	300,000	500,000	520,000
GENERAL ADMINISTRATION	90,000	110,000	110,000
ENROLLMENT	70,000	120,000	130,000

(1) Represents approximately one-half year of school operations from time of acquisition to end of FY 2015.

SCHEDULE B

Schedule B. Section I. Question 1a-b.

Everest College and WyoTech are accredited by Accrediting Commission of Career Schools and Colleges of Technology for each of the 32 schools of the Colleges, and also by Accrediting Council for Independent Colleges and Schools for the remaining 35 schools of the Colleges and separately accredited by the North Central Association of Colleges and Schools Higher Learning Commission for two schools of the Colleges. Curriculum quality and quality of instruction is reviewed by the accreditors.

The Colleges provide a variety of programs. A summary list by program type is below.

Program Type	Program Name
Business	Accounting
Business	Administrative Assistant
Business	Administrative Office Technology
Business	Applied Management
Business	Bookkeeping
Business	Business
Business	Business Accounting
Business	Business Administration
Business	Business Office Administration
Business	Business Operations
Business	Business Sales and Customer Service
Business	Higher Education Management
Business	Hospitality Management
Legal	Criminal Investigations
Legal	Criminal Justice
Legal	Legal Administrative Assistant
Legal	Paralegal
Skilled Building Trades	Auto Technician
Skilled Building Trades	Electrician
Skilled Building Trades	Carpentry

Skilled Building Trades	HVAC	_
Skilled Building Trades	Massage Therapy	
Skilled Building Trades	Plumbing Technology	

Program Type	Program Name
Healthcare	Administrative Medical Assistant
Healthcare	Administrative Office Technology
Healthcare	Dental Assistant
Healthcare	Health Care Administration
Healthcare	Information Processing Specialist
Healthcare	Medical Administrative Assistant
Healthcare	Medical Assistant
Healthcare	Medical Insurance Billing and Coding
Healthcare	Nursing
Healthcare	Patient Care Technician
Healthcare	Pharmacy Technician
Healthcare	Practical Nursing
Healthcare	Radiologic Technology
Healthcare	Surgical Technologist
Healthcare	Vocational Nursing
Technology	Computer Information Science
Technology	Computer Technology
Technology	Electronics and Computer Technology
Technology	Film and Video
Technology	IT Support Specialist
Technology	Network and Internet Security Specialist

The Colleges faculty qualifications are in compliance with the relevant educational accreditors and no major changes are expected. Please refer to the following links for additional information (www.everest.edu/), (www.wyotech.edu/), and (www.everestcollegephoenix.edu/).

Schedule B. Section I. Question 3.

Location Name	Address	City	State	Public School District	County
Orlando North	19421 Diplomar Circle	Oriando	I FL	Orange Cruarity School District	Quinte
Orlando Scuth	9200 South Park Center Loop	Orlando	1 11.	Orange County School District	0 anje
Meboure	2401 N. Harbor Cey Blvd	Melbuane	TEL.	Brevard County School District	Brevard
Тануя	3319 W. Hilshoro sh Avena	iemes.	I FL	Hidsborough Courcy School District	Approdal H
Brandón	3924 Cocona Pelm Drive	Tampe	FL.	Hilsborough Courry School District	Hilsborough
Orange Pack	805 Wells Road	Orange Park	FL	Clay County School District	Cay
Largo	1199 East Bay Drive	Largo	FL.	Prebs County School District	Pirelas
Lakebrid	995 East Memorial Bhd Suite 110	Lakeland	FL	Polk County School District	Pok
Jacksonvile	8726 Philips Hwy	Jacksonville	F1.	Daval County School District	Dunal
Pompano Besch	225 North Federal Hwy	Pomparo Brach	FL	Broward County Schoel District	Broward

ocation Name	Address	City		Public School District	County
demonette Park	11560 S. Kedat Avenue	Memorette Park	IL.	Atwood Heights School District 125	Cook
Cansas City	1740 W. 92nd Street	Kansas City		Center 58 School District	lackson
San Bernardeno	217 Chb Center Sunt A	San Bernardaxi	CA	Colon Jon: United School Gatrict	San Bernardest
Colorado Spring	1815 Jet Wing Drive	Colorado Sprinys	ico-	Harrison School District 2	E Paso
Son & Comer (McLean)	8620 Westwood Center Drive	Vena	VA.	Ferfex County Public Schools	Fattas
anta Ana	500 Santa Ana Bhd.	Santa Aria	CA	Santa Aria Unified School District	Onange
Fort Worth South	4700 S Freeway State 1940	Fort Worth	IX	Fort Worth Independent School District	Taman
Decron	9065 Grant St.	Thornto	CO	Adams 12 Five Star Schools	Adams
Autora	11280 E. Jewell Ave., Suse 100	Autora	CO	Aurora Joint District 28	Arapahoe
Rochester	1630 Ponhad Ave	Rachester	NY	East Irondeout Contral School District	Mompe
Dalles Mid Coirs	300 Sox Flass Drive, Suite 100	Admisson	TX	Artington Independent School District	Tanet
Patisburgh	100 Forbes Ave Suite 1200	Pauburgh	PA	Pinsburgh School Dates:	Allegheny
Frequent		Ficmon	CA	Fremort Unifed School District	Yeb
and a visit of the	420 Whitney Place 2215 W. Mission Road	Ahambra	CA	Aftender Under School Dente	Los Angeles
Albanbra	The second s	and the second se			Suffick
Chelsea	70 Everet Avenue	Chelsea	MA	Chrisea School District Burbank School District 111	Cock
Bedford Park	7414 S. Cicero Avenue	Bediford Park	IL		Mathamah
Pariland	600 SW 10th Avenue, Suite 400	Portiand	OR	Portland School Diamet 1	and a state of the
Vancouver	120 NE 136th Ave, State 130	Vancouver	WA.	Evergreen School District (Clark)	Clark
Dallas	6080 North Central Expressway	Dallas	TX	Dalas independent School District	Oalas.
Silver Spring	8757 Georga Ave	Silver Spring	1MD	Monigomery County Public Schools	Mongoitery
Lanunu	4373 North 3rd Street	Larenter	WE	Alberty County School District #1	Abany
Eibe inde	500 Jenovation Drive	Blarsvile	PA	Blanvele-Saluburg School District	Indiana
Newport News	803 Dilgence Dive	Newport News	VA	Newport News City Public School	Warwyck
Chesapeake	825 Greenbriet Circle	Chesapeake	VA	Chesepeake Public Schools	Chesapeake
Southing	21107 Labser Road	Southfield	M	Southfield Public School District	Oakland
Dearborn	23400 Michgan Avenue Supe 200	Dearthorn	Mi	Dearborn City School District	Wayne
Avstn	9100 US Hwy 290 East Bldg I Sune 100	Austn	TX	Manor Independent School District	Traves
Depoir	300 River Place Dr. Suite 1000	Detroit	MI	Deaps Public Schools	Wayne
Plandeld	S000 Hadey Road Sute 100	South Plainfield	NJ	South Panfeld School District	Maldlesex
	and the second	Cross Lanca	WV	Karswitz County Schools	Karpwha
Closs Lanes	5514 Big Tyler Road	and the state of t	MN	Rosemount-Apple Valley-Eagan School District Schools	Caketa
Ezgen	1000 Blue Gentian Road, Suite 230	Eagan			Orange
Arabem	\$11 North Breckhurst, State 300	Analesin	CA	Arabem City Schools	
Reseda	18040 Sherman Wey Sure 400	Reseds	CA	Los Angeles United School Dutrict	Los Angeles
Maretta	1600 Terrell Mill Road Sute G	Mariena	GA	Marietta City Schools	Cobb
Adarea West	2841 Greenbrias Parkway SW	Atlanta	GA	Alaria Public Schools	Futon
Gardena	1045 W. Redondo Beach Blvd. Sure 275	Gardena	CA	Los Argeles Unified School District	Los Angeles
Norcross	1750 Beever Ruis Road Suite 500	Nercross	GA	Gwirnen Courty Public Schools	Gwantt
Skoke	9811 Woods Drive 2nd Finan	Skoke	111	Skok e School District 69	Cook
Burr Ridge	6880 N Fromage Road State 409	Bart Ridge	10	Hilbide School Danks 93	Duf age
Metose Park	1101 W. North Avenue, State 1	Meboie Park	FILS .	Maywood-Melrose Park-Broadview 89 School District Schools	Cook
	2161 Technology Place	Long Beach	GA	Long Beach Unded School District	Los Arerks
Lorg Beach	3000 S. Robertson Blvd. Sure 300	Los Angeles	CA	Lus Argeles Unified School District	Las Angeles
West Los Angeles	and the second statement of th	and the second of the second sec	CA	Hackinda La Puerte United School District	Los Angeles
Cay of Industry	12801 Crossroads Piewy South	Cay of industry		Grand Rapids Public School datect	Kent
Grand Rapids	1750 Woodworth Avenue NE	Grand Rapids	Mt		Карладоо
Кашталоо	5177 West Main St	Kalimazoo	M	Kalamazoe Public School District	Lake
Memihnie	8585 Broadway, Suite 200	Merrilvile	IN	Memilyale Community Schools	
Henderson	1170 N Stephane Steel	lienderson	NV	Clark County School District	Cars
Sprengfeid	1010 West Surahme	Springfield	MO	Springfeld 8- No School Discrici	CCECTE
Ortario Metro	1819 S Excee Avenue	0.000	CA	Mountain View School District	San Bernardine
San Aidodei	6550 Fast Park Ten Bhd	San Antonio	JX.	San Amorio Independent School Ustrici	Bear
Houston Greensport	755 Northpoet Drive Sute 100	Houston	TX	Aldrie Independent School District	Harris
Houston Habby	7151 Office City Drive, Suge 100	Housen	TX	Housen Independent School District	Hams
Phoena	10400 N 25th Avenue Suite 190	Phoenix	AZ.	Glendale Umm High School District	Maricopa
Mesa	5416 E. Basche Rd	Mesa	AZ	Mesa Unified School District 4	Maricopa
Sal Lake City	3280 West 3500 South	West Valley City	UT	Grante Detrict	Sat Lake
and the second sec	5237 N. Roerside Drive Same 100	Fort Worth	118	Eagle Mount-Sagraw Independent School District	Tairest
Fon Wonh	the second se	Bramenoo		Brementian School District	Kesap
Brenerton	155 Weshington Avenue Suite 200	And the second se		Everet School Ostruct	Snohomish
Everet	906 SE Everett Mall Way State 600	Everen		Tacona School District	Perce
Tecorra	2156 Pacific Avenue	Tacoma		and the second se	St. Louis
St Louis (Earth City)	3420 Rider Trad South	Earth Cay		Panonvile R-is School District	and the second se
Daytona Beach	470 Destruction Daytona Late	Ormond Beach	FL	Veluxa Couray School District	Votan
Reacon	981 Powel Ase SW Suite 200	Renton	WA		Kra
Bissomet	9700 Bissouriet, Suite 1400	Houston	TX	Alef Independent School District	Harrs
Scanle	2111 North Northyate Way State 300	Seattle	WA	in a second s	Keg
Typad	9600 SW Oak Street State 400	Tuard	OR		Washington
Bensziem	3050 Tilman Drive	Bensalem	PA	Benaulem Township School District	Backs
Woodbridge	14555 Porpirac Mila Road State 26	Woodenidge	¥A.	and a construction of the second s	Prince William
Datario	1460 5 MEken Ave	Ontatio	CA		San Bernarde
Columbus (Gatarina)	825 Tech Comer Drive	Gabanca	OH	and the second se	Franklin
lonesborn	6431 Tara Bhd	lonestoro	GA		Clayton
100-250000	Parent care prov.	None second	CA		Las Argetes

Schedule B. Section II. Question 1.

A racially nondiscriminatory policy adopted by the Organization's Board of Directors is attached as Exhibit C.

Schedule B. Section II. Question 2.

The Organization will include a statement of its racially nondiscriminatory policy in its brochures, application forms, advertisements and catalogues dealing with student admissions, programs and scholarships.

The Organization is not yet operational and does not have any samples of the materials that will include the racially nondiscriminatory policy.

Schedule B. Section II. Question 3.

The Organization is not yet operational and has not published a notice of its racially nondiscriminatory policy in a newspaper of general circulation that serves all racial segments of the communities the Organization serves. Once the Organization is operational, the Organization will publish such a notice.

Schedule B. Section II. Question 5.

Student population at the Colleges is approximately 57% Africa-American and Hispanic, 29% Caucasian, and 14% Other/not provided per a voluntary survey by Corinthian Colleges. Racial composition of faculty at the Colleges is approximately 56% Caucasian, 22% African-American, 7% Hispanic, 3% Asian, 1% American Indian/Alaska Native, 11% Other/not provided per a voluntary survey by Corinthian Colleges. Racial composition of administrative

staff at the Colleges is approximately 42% Caucasian, 23% African-American, 16% Hispanic, 5% Asian, and 14% Other/not specified per a voluntary survey by Corinthian Colleges.

Schedule B. Section II. Question 6.

The awards of scholarships will be determined based on need as it is currently offered to students and will be similar in racial category mix to the student population as a whole.

Schedule B. Section II. Question 7.

As described above, the Organization's Board members are John DePodesta, James McKeon and Gary Cook. The Organization's incorporator is James P. Joseph, Esq., a partner with the law firm of Arnold & Porter LLP.

SCHEDULE G

Schedule G. Question 1a.

As described above, the Organization will take over the assets and operations of Everest College and WyoTech. Additional information about the purchase has been made available by Corinthian Colleges on its Form 8-K, filed on November 20, 2014 with the U.S. Securities and Exchange Commission (attached as Exhibit D).

Schedule G. Question 3.

Entity	EIN	Address
Corinthian Colleges, Inc.	33-0717312	6 Hutton Centre Drive Santa Ana, CA 92707
Corinthian Schools, Inc.	95-4520525	- same as above -
Grand Rapids Educational Center, Inc.	38-2442031	- same as above -
Ashmead Education, Inc.	91-1419120	- same as above -
Eton Education, Inc.	94-3343608	- same as above -
Rhodes Colleges, Inc.	33-0717311	- same as above -
Everest College Phoenix, Inc.	45-2216173	- same as above -
Rhodes Business Group, Inc.	33-0726709	- same as above -
Florida Metropolitan University, Inc.	33-0717605	- same as above -
Titan Schools, Inc.	52-2133201	- same as above -
MJB Acquisition Corporation	83-0301912	- same as above -
Pegasus Education, Inc.	33-0982336	- same as above -
Socle Education, Inc.	36-4743477	- same as above -
Sequoia Education, Inc.	94-3135739	- same as above -

Schedule G. Question 4.

Corinthian Colleges is the current owner of the entities whose assets include the Colleges. Corinthian Colleges is publicly-traded company and governed by a Board of Directors. The list of officers, directors and institutional ownership of Corinthian Colleges, Everest College,

WyoTech and entities described herein and other information made public to investors, is available on Corinthian Colleges' website at http://investors.cci.edu/governance.cfm (list of directors, officers and institutional ownership is attached as part of Exhibit D).

Schedule G. Question 6a-c.

Assets being transferred largely consist of contracts with vendors such as commercial/retail real property owners, accounts receivable principally from tuition, textbooks/instruction materials, and licenses to systems.

Schedule G. Question 7.

Assumed liabilities include all accounts payable including leases payable incurred in the ordinary course of business.

Schedule G. Question 8.

Leases of real property at each campus will be transferred in the transaction.

SCHEDULE H

Schedule H. Part I. Question 1a-f. Types of Educational Grants.

The Organization expects to award scholarships. The purpose of the scholarships is to attend the schools operated by the Organization. The amount of the scholarships will vary with the needs of the students, however, the Colleges' students currently receive approximately \$4-5 million per month in scholarship aid, which would continue to be supported by the Organization after a reduction in the cost of attendance.

The Organization has not yet developed and finalized its programs, and therefore has not yet created solicitation or promotional announcements of its scholarships. The Organization has not finalized its scholarships, and therefore has not yet finalized application forms for these programs.

Schedule H. Part I. Question 2. Case Histories.

As required for all grant programs where the recipient is an individual, the Organization will maintain case histories showing the following¹²:

- Name and address of each award recipient.
- Amount distributed to each.
- Purpose for which the award was made.
- · Manner in which the recipient was selected.

¹² See Revenue Ruling 56-304, 1956-2 C.B. 306.

Relationship, if any, between the recipient and (a) directors or officers of the
Organization, (b) a grantor or substantial contributor to the Organization or a member
of the family of either, and (c) a corporation controlled by a grantor or substantial
contributor.

Schedule H. Part I. Question 3. Program Eligibility.

The scholarships are expected to be offered to individuals based on financial need. Students must be enrolled or accepted for enrollment in a diploma or degree seeking program with an intention to complete for the purposes of career advancement.

Schedule H. Part I. Question 4a. Selection Criteria.

Students will be selected for scholarship based on need and whether sufficient aid is available for the student to enroll. Preference will be given to currently-enrolled students.

Schedule H. Part I. Question 4b. Number of Grants.

Approximately 20% of students will be expected to receive some grant aid.

Schedule H. Part I. Question 4c. Amount of Each Grant.

Grant aid will vary in size, however, we anticipate the average award to be in the \$3,000-\$13,000 range.

Schedule H. Part I. Question 4d. Requirements or Conditions for Maintaining Grant.

Requirements for maintaining aid will vary by program length and program graduation requirements. Generally, students will be required to maintain Satisfactory Academic Progress as defined by the Department of Education.

Schedule H. Part I. Question 5. Oversight and Supervision of Grants.

The Organization will establish a process for supervising grant awards that is consistent with the ECMC Foundation grants made through the ECMC Scholars program.¹³

Schedule H. Part I. Question 6. Selection Committee.

Recipients of scholarship awards will be nominated by a committee consisting of leaders at the Organization.

Schedule H. Part I. Question 7. Restrictions on Grants Awarded to Members of Selection Committee.

The recipients of scholarships and loans are permitted to be related to an officer, director or employee of the Organization or a member of the Organization's selection committee.

¹³ For more information about the ECMC Scholars program please visit: www.ecmcfoundation.org/overview/our_scholarship_program html.

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "ZENITH EDUCATION GROUP, INC.", FILED IN THIS OFFICE ON THE SEVENTEENTH DAY OF SEPTEMBER, A.D. 2014, AT 3:05 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



5596111 8100

141190364 You may verify this cartificate online at corp.delaware.gov/authver.shtml AUTHENTICATION: 1707874

DATE: 09-18-14

State of Delaware Secretary of State Division of Corporations Delivered 03:09 PM 09/17/2014 FILED 03:05 PM 09/17/2014 SRV 141190364 - 5596111 FILE

CERTIFICATE OF INCORPORATION

OF

ZENITH EDUCATION GROUP, INC.

I, the undersigned natural person of the age of eighteen years or more, acting as incorporator of the above-named corporation, adopt the following Certificate of Incorporation of such non-stock corporation pursuant to the Delaware General Corporation Law.

FIRST: The name of the corporation is Zenith Education Group, Inc. (the "Corporation").

SECOND: The period of the Corporation's duration is perpetual.

THIRD: The Corporation shall be a nonprofit corporation. The purposes for which the Corporation is organized are as follows:

A. The Corporation has been organized to operate exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, providing post-secondary career education instruction and services.

B. To exercise any powers conferred upon non-stock corporations formed under the Delaware General Corporation Law as may be necessary or appropriate in order to accomplish the above-described purposes, including, but not limited to, the power to accept donations of money, services, or property, whether real or personal, or any interest therein, wherever situated, or any other thing of value.

FOURTH: The Corporation shall not have the authority to issue capital stock.

FIFTH: The Corporation shall have members of such classes, and with such obligations and rights, including voting rights, as may be provided in the Bylaws.

SIXTH: The size of the initial Board of Directors shall be three (3). Except for the initial Board of Directors, whose names are set forth in this Certificate of Incorporation, the size, the manner of election or appointment, and the qualifications, if any, of the Board of Directors shall be chosen in the manner provided in the Bylaws.

SEVENTH: Except as provided in this Certificate of Incorporation, the internal affairs of the Corporation shall be regulated and determined as provided in the Bylaws.

EIGHTH: At all times, and notwithstanding merger, consolidation, reorganization, termination, dissolution or winding up of the Corporation (voluntary or involuntary or by operation of law), or any other provisions hereof:

A. The Corporation shall not possess or exercise any power or authority, whether expressly, by interpretation or by operation of law, that would pose a substantial risk of preventing it at any time from qualifying and continuing to qualify as an organization described in section 501(c)(3) of the Code, contributions to which are deductible for federal income tax purposes, nor shall the Corporation engage directly or indirectly in any activity that would pose a substantial risk of causing the loss of such qualification under section 501(c)(3) of the Code.

B. At no time shall the Corporation engage in any activities that are unlawful under the laws of the United States, the State of Delaware or any other jurisdiction where any of its activities are carried on.

C. No part of the assets or net earnings of the Corporation shall ever be used, nor shall the Corporation ever be organized or operated, for purposes that are not exclusively charitable or educational within the meaning of section 501(c)(3) of the Code.

D. The Corporation shall never be operated for the primary purpose of carrying on a trade or business for profit.

E. The Corporation shall not carry on propaganda or otherwise attempt to influence legislation to an extent that would disqualify it for tax exemption under section 501(c)(3) of the Code by reason of attempting to influence legislation. Nor shall the Corporation, directly or indirectly, participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

F. No solicitation of contributions to the Corporation shall be made, and no gift, bequest or devise to the Corporation shall be accepted, upon any condition or limitation that would pose a substantial risk of causing the Corporation to lose its federal income tax exemption.

G. Pursuant to the prohibition contained in section 501(c)(3) of the Code, no part of the net earnings, current or accumulated, of the Corporation shall ever inure to the benefit of any Director or other private individual, including, but not limited to, the provision of any excess benefit to any disqualified person pursuant to section 4958 of the Code.

H. Notwithstanding any other provision of this Certificate of Incorporation, if at any time or times the Corporation is a private foundation within the meaning of section 509 of the Code, then during such time or times: (1) The Corporation shall not engage in any act of self-dealing as defined in section 4941(d) of the Code;

(2) The Corporation shall distribute its income for each taxable year at such time and in such manner as not to subject the Corporation to tax under section 4942 of the Code;

(3) The Corporation shall not retain any excess business holdings as defined in section 4943(c) of the Code;

(4) The Corporation shall not make any investments in such a manner as to subject the Corporation to tax under section 4944 of the Code; and

(5) The Corporation shall not make any taxable expenditures as defined in section 4945(d) of the Code.

NINTH: Upon the termination, dissolution or winding up of the Corporation, or in the event that the Corporation no longer operates exclusively for charitable or educational purposes under section 501(c)(3) of the Code, in any manner or for any reason, voluntary or involuntary, its assets, if any, remaining after the payment or provision for payment of all liabilities of the Corporation shall be distributed to, and only to, one or more organizations operating exclusively for charitable, educational or scientific purposes and described in section 501(c)(3) of the Code.

TENTH: The private property of the officers and directors of the Corporation shall not be subject to payment of debts of the Corporation to any extent whatever.

ELEVENTH: The Corporation shall indemnify to the full extent permitted by law any person made or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person or such person's testator or intestate is or was a director, officer or employee of the Corporation or serves or served at the request of the Corporation any other enterprise as a director, officer or employee. Expenses, including attorneys' fees, incurred by any such person in defending any such action, suit or proceeding shall be paid or reimbursed by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt by the Corporation of an undertaking by or on behalf of such person to repay such expenses if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation. No payment shall be made under this Article ELEVENTH if such payment would result in any liability for tax under chapter 42 of the Code.

TWELFTH: All references contained in this Certificate of Incorporation to the Internal Revenue Code of 1986, or to the "Code," shall be deemed to refer to the Internal Revenue Code of 1986 and to the Regulations established pursuant thereto as they now exist or as they may hereafter be amended. Any reference contained in this Certificate of Incorporation to a specific section or chapter of the Code shall be deemed to refer to such section or chapter and the Regulations established pursuant thereto as they now exist or as they may hereafter be amended, and to any corresponding provision of any future United States Internal Revenue law and any Regulations established pursuant thereto.

THIRTEENTH: The address, including street number and zip code, of the initial registered office of the Corporation and the name of its initial registered agent at such address are:

The Corporation Trust Company Corporation Trust Center 1209 Orange Street Wilmington, DE 19801 New Castle County

FOURTEENTH: The number of directors constituting the initial Board of Directors of the Corporation is three (3). The name and address of each of the individuals who are to constitute the initial Board of Directors are:

Name:	Address:
John DePodesta	c/o 1 Imation Place Building 2 Oakdale, MN 55128
James McKeon	c/o 1 Imation Place Building 2 Oakdale, MN 55128
Gary Cook	c/o 1 Imation Place Building 2 Oakdale, MN 55128

FIFTEENTH: The name and address, including street number and zip code, of the incorporator is:

Name:

Address:

James P. Joseph, Esq.

555 12th Street, N.W. Washington, D.C. 20004

1, THE UNDERSIGNED, for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 17th day of September, 2014

Name: James P. Joseph

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Meeting minutes: Meeting of the Board of Directors of Zenith Educational Group

November 19, 2014

A meeting of the Board of Directors of Zenith Education Group, Inc., a Delaware nonprofit corporation, was held beginning at 1:00 p.m. in Washington, DC. The following Directors were in attendance at the meeting;

- John F. DePodesta, Chairman
- Gary M. Cook
- James V. McKeon (attended via teleconference)

Also participating in the meeting were the following:

Dan Fisher, Corporate Secretary.

With members of the Board being present sufficient to constitute a quorum, the meeting was called to order.

Discussion

The Board discussed and approved by unanimous vote the organizing resolutions below.

Board Action

All the members of the Board of Directors of Zenith Education Group, Inc., a Delaware nonstock corporation, do hereby approve, adopt and consent to the following Resolutions as the acts of the Board of Directors of the Corporation effective as of September 17, 2014:

RESOLVED, that John DePodesta is elected to serve as the Chairman of the Board of Directors of the Corporation to serve for a term of three (3) years or until his successor is appointed or elected and gualified.

RESOLVED, that the Bylaws attached hereto as <u>Annex A</u> are hereby approved and adopted as the Bylaws of the Corporation, and the Secretary of the Corporation is hereby directed to maintain the Bylaws of the Corporation as they may hereafter be amended current form in the minute book of the Corporation.

RESOLVED, that each of the individuals whose names appear below is elected to the office of the Corporation set forth opposite his name, to serve for a term of three (3) years or until his successor is appointed or elected and qualified: David Hawn Dan Fisher Gregory Van Guilder

President Secretary Treasurer

RESOLVED, that the President, or such other individual or individuals as may be designated by the President, shall designate a bank as depository of securities, funds and other assets of the Corporation, that the Officers of the Corporation (or any one of them) are authorized and directed to take such action as may be required to open one or more accounts for the Corporation with such bank; and that the President, Vice-President, Treasurer, and Secretary are each authorized to sign checks, drafts and other similar instruments on behalf of the Corporation, provided that the signature of two such Officers shall be necessary to validate a check, draft or similar instrument in an amount in excess of \$20,000.

RESOLVED, that the President, or such other individual or individuals as may be designated by the President, shall have authority over hiring, retention and termination of the Corporation's employees.

RESOLVED, that the Officers of the Corporation (or any one of them) and such other individuals as may be designated by the President may enter into and execute on behalf of the Corporation contracts, leases, debt obligations and all other forms of agreements or instruments, whether under seal or otherwise, permitted by law, the Articles of Incorporation and Bylaws if such action has not otherwise been delegated by the Board of Directors and if such action is deemed necessary or desirable to further the interests of the Corporation; provided that, unless otherwise provided by the Board of Directors, the signature of the President of the Corporation shall be necessary to enter into and execute on behalf of the Corporation a contract, lease, debt obligation or other form of agreement or instrument obligating the Corporation to pay an aggregate amount in excess of \$20,000.

RESOLVED, that the Officers of the Corporation (or any one of them) are authorized and directed to execute and file all necessary applications and do all other things deemed by such Officer or Officers to be necessary or desirable to secure for the Corporation appropriate exemptions from income, real property, sales, franchise, use and other taxes.

RESOLVED, that for the purpose of authorizing the Corporation to do business in any state or territory of the United States of America or any foreign country in which it is necessary or expedient for the Corporation to transact business and, so long as permissible under applicable laws and regulations, the Officers of the Corporation (or any one of them) are authorized and directed to appoint and substitute all necessary agents for service of process, to designate and change the location of all necessary statutory offices and, under the corporate seal, to execute and file all necessary certificates, reports and other instruments as may be required by the laws of such state, territory or country to authorize the Corporation to transact business therein, and whenever it is expedient for the Corporation to cease doing business therein and withdraw therefrom, to revoke any appointment of agent for service of process, and to file such certificates, reports, revocations of appointment, or surrender of authority as may be necessary to terminate the authority of the Corporation to do business in any such state, territory or country.

RESOLVED, that the Conflict of Interest Policy attached hereto as Annex B is approved and adopted as the Conflict of Interest Policy of the Corporation.

RESOLVED, that the Whistleblower Policy attached hereto as <u>Annex C</u> is approved and adopted as the Whistleblower Policy of the Corporation.

RESOLVED, that the Record Retention Policy attached hereto as <u>Annex</u> <u>D</u> is approved and adopted as the Record Retention Policy of the Corporation.

RESOLVED, that the Record Retention Policy attached hereto as <u>Annex</u> <u>E</u> is approved and adopted as the Nondiscrimination Policy of the Corporation.

RESOLVED, that the fiscal year of the Corporation shall be December 31.

RESOLVED, that the Secretary of the Corporation shall secure a minute book and seal for the Corporation.

RESOLVED, that the Secretary or other corporate officer of the Corporation is hereby authorized to certify the foregoing actions and resolutions for any purpose or purposes as the proper and official actions and resolutions of the Board.

The Board discussed the proposed transaction with Corinthian Colleges Inc., and reviewed the discussions at the previous meetings, at which all Directors were present. Upon motion duly made and seconded, the Board approved the Resolution attached hereto as Annex F.

No other actions were taken by the undersigned.

There being no further business to come before the Board, the meeting adjourned at 1:30 p.m.

Dated: November 19, 2014

ATTEST:

Daniel S. Fisher Secretary

BYLAWS

OF

ZENITH EDUCATION GROUP, INC.

ARTICLE I

NAME

The name of the corporation is Zenith Education Group, Inc. (the "Corporation").

ARTICLE II

PURPOSES OF THE CORPORATION

This Corporation shall be a nonprofit non-stock corporation. The Corporation has been organized to operate exclusively for charitable and educational purposes, including, but not limited to, providing post-secondary career education instruction and services.

ARTICLE III

OFFICES AND REGISTERED AGENT

Section 1. Offices. The Corporation shall maintain continuously in the State of Delaware a registered office at such place as may be designated by the Board of Directors or the President. The principal office of the Corporation and such other offices as it may establish shall be located at such place(s), either within or without the State of Delaware, as may be designated by the Board of Directors from time to time.

Section 2. Agent. The Corporation shall maintain continuously within the State of Delaware a registered agent, which agent shall be designated by the Board of Directors or the President.

Section 3. Changes. Any change in the registered office or registered agent of the Corporation shall be accomplished in compliance with the Delaware General Corporation Law and as provided in these Bylaws.

ARTICLE IV

MEMBERS

Section 1. The Corporation is a membership corporation. The Corporation's sole member is ECMC Group, Inc.

Section 2. The Member shall have voting rights with respect to the election of Directors, the dissolution, liquidation, merger, or sale of the substantial assets of the Corporation, and such other matters as may be provided in these Bylaws or as the Board of Directors may designate from time to time.

Section 3. An annual meeting of the Member in connection with the Member's role and obligations as a Member of the Corporation, and such other meetings of the Member as may be deemed desirable by the Board of Directors or the Member, shall be held, upon notice of at least ten days, at such times and places as are designated by the Board of Directors or the Member.

Section 4. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Member may be taken without a meeting if the Member consents thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Member meeting.

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ARTICLE V

BOARD OF DIRECTORS

Section 1. General Powers and Duties. The affairs and property of the Corporation shall be managed, controlled and directed by a Board of Directors. The Board of Directors shall have, and may exercise, any and all powers provided in the Certificate of Incorporation or the Delaware General Corporation Law which are necessary or appropriate to carry out the purposes of the Corporation.

Section 2. Composition of the Board of Directors.

A. The number of Directors constituting the Board of Directors shall be fixed by resolution of the Board of Directors from time to time, but shall not be less than three (3).

B. The term of a Director shall be three (3) years, or until a successor is elected or qualified. The term of a Director shall also expire by his or her death, resignation or removal in accordance with these Bylaws. A Director may serve multiple and/or consecutive terms on the Board of Directors.

C. Any vacancy in the Board of Directors, including a vacancy caused by the expiration of a Director's term or by an increase in the number of Directors comprising the Board of Directors, shall be filled by appointment by a majority vote of the remaining Directors in office, even though less than a quorum. The expiration of a Director's stated term of office shall be treated as a vacancy to be filled in accordance with this section.

D. A Director may resign at any time by giving notice thereof in writing to the Secretary of the Corporation. Such resignation shall take effect at the later of the time specified in such notice or the date of delivery. Unless otherwise specified in the notice of resignation, no acceptance of such resignation shall be necessary to make it effective.

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Section 3. <u>Removal of Directors</u>. A Director may be removed, with or without cause, by a majority vote of the other Directors in office or by the Member.

Section 4. Chair and Vice-Chair of the Board of Directors. The Board of Directors, at its first regular meeting, and from time to time thereafter, may elect one Director as Chair of the Board of Directors, and may elect one Director as Vice-Chair of the Board of Directors, each to serve at the pleasure of the Board of Directors. The Chair of the Board of Directors shall preside at all meetings of the Board of Directors at which he or she is present, and shall perform such other duties as may be required of him or her by the Board of Directors. The Vice-Chair of the Board of Directors shall preside, in the absence of the Chair of the Board of Directors, at meetings of the Board of Directors and shall perform such other duties as may be required of Directors and shall perform such other duties as may be been been done the Board of Directors and shall perform such other duties as may be required of Directors and shall perform such other duties as may be required of Directors and shall perform such other duties as may be been been done been done been duties as may be been duties as may be been done been duties as may be be

Section 5. Meetings of the Board of Directors.

A. Regular Meetings. Regular meetings of the Board of Directors shall be held at least once each year, upon notice of at least ten (10) days, at such times and places as are designated by the Chair of the Board of Directors.

B. Special Meetings. Special meetings shall be called at the discretion of the Chair of the Board of Directors, at the request of the majority of the Directors in office or at the request of the President. Such meetings shall be held upon notice of at least five (5) days, at such times and places as are designated by the Chair of the Board of Directors.

C. Notice. Notice of a meeting of the Board of Directors shall specify the date, time and place of the meeting, but need not specify the purpose for the meeting or the business to be conducted, except as otherwise provided in these Bylaws. Notice must be

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either delivered personally to each Director, mailed to his or her business address as it appears on the records of the Corporation, sent by facsimile to his or her facsimile number as it appears on the records of the Corporation, or sent to his or her email address as it appears on the records of the Corporation. If such notice is given by mail, it shall be deemed delivered when deposited in the United States mail properly addressed and with postage prepaid thereon. If such notice is given by facsimile or email, it shall be deemed delivered upon receipt of confirmation that the transmittal has been successful.

D. Quorum and Vote. A majority of the number of Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, all matters before the Board of Directors shall be decided by a majority vote of the Directors present, whether in person or by remote participation as explained in Paragraph E below, at a meeting at which a quorum exists.

E. Action by Directors Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or of such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee.

F. Remote Participation. Any or all Directors may participate in a meeting of the Board of Directors, or a committee of the Board of Directors, by means of conference telephone or by any means of communication by which all persons participating in the

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meeting are able to hear one another, and such participation shall constitute presence in person at the meeting.

G. Attendance by the President. Unless otherwise determined by the Board of Directors, the President is permitted to participate in meetings of the Board of Directors, but shall not be entitled to vote in his or her capacity as President.

ARTICLE VI

Section 1. Committees. The Board of Directors may designate one or more committees, each committee to consist of one of more of the directors of the Corporation and at least a majority of the members of each committee shall be officers, directors or employees of the Member and its affiliates. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disgualified member at any meeting of the committee. In the absence or disgualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors or in these Bylaws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting any action or matter expressly required by law, or by these Bylaws, to be submitted to the

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Member for approval, (ii) adopting, amending or repealing the Certificate of Incorporation or these Bylaws or (iii) removing or indemnifying directors.

Section 2. Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board may adopt, amend and repeal rules for the conduct of its business. In the absence of a provision by the Board or a provision in the rules of such committee to the contrary, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, the vote of a majority of the members present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee, and in other respects each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article V of these Bylaws.

ARTICLE VII

OFFICERS, AGENTS AND EMPLOYEES

Section 1. Officers of the Corporation. The Officers of the Corporation shall be a President, a Secretary, a Treasurer and such other Officers as may be deemed necessary or appropriate from time to time by the Board of Directors. Officers shall be chosen by the Board of Directors. Officers may, but need not, be Directors. Any two or more offices may be held by the same individual.

Section 2. Term. All of the Officers of the Corporation shall hold their offices for such terms, not in excess of three years, as shall be determined from time to time by the Board of Directors, and shall exercise such powers, perform such other duties and receive such compensation as shall be determined from time to time by the Board of Directors. The Officers of the Corporation shall hold office until their successors are chosen and qualified. An Officer may serve multiple and/or consecutive terms as an Officer.

.7.

Section 3. <u>Removal</u>. Any Officer of the Corporation may be removed, with or without cause, at any time by a majority vote of the Directors in office. Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors. Removal without cause shall be without prejudice to such Officer's contract rights, if any, and the appointment of such Officer shall not itself create contract rights.

Section 4. Duties and Powers. The duties and powers of the Officers of the Corporation shall be as provided in these Bylaws or as provided pursuant to these Bylaws, or (except to the extent they are inconsistent with these Bylaws or with any provision made pursuant hereto) shall be those customarily exercised by corporate officers holding such offices. The Board may require any officer, agent or employee to give security for the faithful performance of his or her duties.

Section 5. The President. The President shall be the chief executive officer of the Corporation and, subject to the control of the Board of Directors, shall perform all duties customary to that office and shall supervise and control all of the affairs of the Corporation in accordance with any policies and directives approved by the Board of Directors. The President shall have the power to change the registered agent and registered office of the Corporation.

Section 6. The Secretary. The Secretary shall be responsible for keeping an accurate record of the proceedings of all meetings of the Board of Directors, and such other actions of the Corporation as the Board of Directors shall direct. He or she shall give or cause to be given all notices in accordance with these Bylaws or as required by law and, in general, perform all duties customary to the office of secretary. The Secretary shall have custody of the corporate seal of the Corporation, and he or she, or an Assistant

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Secretary, shall have authority to affix the same to any instrument requiring it. When so affixed, it may be attested by his or her signature or by the signature of such Assistant Secretary. The Board of Directors may give authority to any Officer to affix the seal of the Corporation and to attest the affixing by his or her signature.

Section 7. The Treasurer.

A. The Treasurer shall perform all duties customary to that office, shall have the custody of and be responsible for all corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in the books of the Corporation. He or she shall deposit or cause to be deposited all monies or other valuable effects in the name of the Corporation in such depositories as shall be selected by the Board of Directors.

B. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors or its delegate, taking proper vouchers for such disbursements, and shall render an account of all his or her transactions as Treasurer and of the financial condition of the Corporation to the President and the Board of Directors at its regular meetings or when the Board of Directors so requires.

<u>Section 8.</u> Agents and Employees. The Board of Directors may appoint agents and employees who shall have such authority and perform such duties as may be prescribed by the Board. The Board may remove any agent or employee at any time with or without cause. The Board may delegate the power of appointment or removal to the President or such other duly authorized individual(s). Removal without cause shall be without prejudice to such person's contract rights, if any, and the appointment of such person shall not itself create contract rights.

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Section 9. Compensation of Agents and Employees. Salaries or other compensation of other employees and agents of the Corporation may be fixed from time to time by the Board of Directors, or this power may be delegated to the President or such other duly authorized Committee(s) or individual(s) as the Board may designate from time to time; provided, however that such salaries and compensation shall not be excessive in amount and shall be for services which are reasonable and necessary for performance of the Corporation's purposes.

ARTICLEVIII

INDEMNIFICATION

The Corporation shall indemnify to the full extent permitted by law any person made or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person or such person's testator or intestate is or was a director, officer or employce of the Corporation or serves or served at the request of the Corporation any other enterprise as a director, officer or employee. Expenses, including attorneys' fees, incurred by any such person in defending any such action, suit or proceeding shall be paid or reimbursed by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt by the Corporation of an undertaking by or on behalf of such person to repay such expenses if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation. No indemnification shall be made under this Article VIII if such indemnification would result in any liability for tax under chapter 42 of the Internal Revenue Code of 1986, as amended.

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ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 1. Seal. The Corporation may adopt a seal as determined by resolution of the Board of Directors.

Section 2. Checks. All checks, drafts or other orders for the payment of money shall be signed by such Officer or Officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be the calendar year unless otherwise determined by resolution of the Board of Directors.

Section 4. Waiver of Notice of Meetings of Member, Directors and Committees. Whenever notice is required to be given by law or under any provision of the Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Member, directors or members of a committee of directors need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or these Bylaws.

ARTICLE X

AMENDMENTS

Section 1. Amendment of Bylaws. These Bylaws may be altered, amended or repealed, or new Bylaws may be adopted, at any meeting of the Board of Directors, by a

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majority vote of the Directors in office and the approval of the Member, if at least ten days' written notice is given of the intention to take such action at such meeting.

Section 2. Amendment of Certificate of Incorporation. The Certificate of Incorporation may be altered or amended, or a new Certificate of Incorporation may be adopted, at any meeting of the Board of Directors and the approval of the Member, by a majority vote of the Directors in office, if at least ten days' written notice is given of the intention to take such action at such meeting.

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ZENITH EDUCATION GROUP, INC. CONFLICT OF INTEREST POLICY

Article I. Coverage

A. Purpose.

The purpose of this Conflict of Interest Policy is to ensure that the deliberations and decisions of Zenith Education Group, Inc. (the "Corporation") are made in the best interests of the Corporation and its overall mission and to protect the interests of the Corporation when it is contemplating entering into any transaction or arrangement that might benefit the private interest of a member of the Board of Directors ("Director"), an officer of the Corporation ("Officer") or a key employee (as designated by the Board or Executive Director of the Corporation) ("Key Employee") or that might result in a possible "excess benefit transaction," as defined in section 4958 of the Internal Revenue Code of 1986, as amended (the "Code"). This Policy is intended to supplement, but not replace, any applicable state or federal laws governing fiduciary duties or nonprofit and charitable organizations.

All information required to be reported or disclosed pursuant to this Policy shall be to the best knowledge of the Covered Person. All requirements of this Policy that are triggered by the knowledge of a Covered Person shall be triggered by such Covered Person's actual knowledge.

B. Definitions

1. "Board" or "Board of Directors" shall mean the Corporation's board of directors.

 "Board Designee" shall mean a member of Board, if any, who has been designated by the Board of Directors to be the Board's contact person on conflict of interest issues.

3. "Committee Member" shall mean a member of a committee to which the Board has delegated powers.

4. "Conflict of Interest" shall mean a Financial Interest that may influence a Covered Person to further his or her own Financial Interest as part of a Transaction or Arrangement and not act solely in the best interest of the Corporation. The Board of Directors, or a committee designated by the Board of Directors to consider potential conflicts of interests ("Committee"), may waive a Conflict of Interest if, after considering all relevant facts, the Board or Committee determines that the Corporation, including the Corporation's financial interests and its reputation, is not adversely affected by such Conflict. 5. "Covered Person" shall mean:

a Director;

b. an Officer;

c. a Key Employee;

d. a Committee Member;

e. a spouse or domestic partner of any individual listed above in Section B.5(a)-(d); or

f. a former Officer, Director, or Key Employee who served in such capacity within the last five years.

6. "Family" or "Family Member" shall mean (i) a Covered Person's ascendants, descendants and siblings, (ii) a spouse or domestic partner of a Covered Person's ascendant, descendant or sibling, or (iii) an entity in which a Family Member has an Ownership or Investment Interest.

 "Ownership or Investment Interest" shall mean a 5 percent or more ownership or investment interest in an organization or entity.

 Transaction or Arrangement" shall mean (i) a contract of sale, lease, license, (ii) performance of services, (iii) joint ventures, (iv) grants or assistance given to a Covered Person, and (v) any other similar transactions.

C. Financial Interest

 A Covered Person has a Financial Interest if the Covered Person directly, or indirectly through his or her Family, has:

a. an Ownership or Investment Interest in any entity with which the Corporation has a proposed or current Transaction or Arrangement that might benefit the interest of a Covered Person;

 a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a proposed or current Transaction or Arrangement that might benefit the interest of a Covered Person; or

c. a known potential Ownership or Investment Interest in, or a known potential compensation arrangement with, any entity or individual with which the Corporation has a proposed or current Transaction or Arrangement that might benefit the interest of a Covered Person. 2. A Covered Person also has a Financial Interest if the Covered Person or a Family Member is:

- an officer in an entity,
- b. a director in an entity,
- c. a trustee in an entity,
- d. a partner with any ownership interest in a partnership, or

e. a shareholder with any ownership interest in a professional corporation

with which the Corporation has a proposed or current Transaction or Arrangement.

E. Other Disclosable Relationships

1. In addition to the disclosures required as a result of a Financial Interest, a Covered Person must also disclose, on at least an annual basis, if:

a. a Family Member is, or is being considered, to be an employee or independent contractor of the Corporation;

 b. such Covered Person is a Family Member of any other Covered Person;

c. such Covered Person, and any other Covered Person, are employees of the same person or entity;

d. such Covered Person, either directly or indirectly through an entity in which he or she has an Ownership or Investment Interest, has a proposed or current Transaction or Arrangement with another Covered Person or;

e. such Covered Person, and any other Covered Person, are each a director, trustee, officer or greater-than-5% owner in the same entity.

Article II. Procedures

A. Duty to Disclose

1. In connection with any actual or possible Conflict of Interest, a Covered Person must immediately disclose to the Board, Committee or Board's Designee the existence and nature of his or her Financial Interest or any disclosable relationships. If a Covered Person is uncertain if his or her interest constitutes a Financial Interest or a disclosable relationship under this Policy, he or she shall disclose to the Board, Committee or Board's Designee such possible Financial Interest or disclosable relationship. All newly appointed or elected Board members or officers shall disclose all known Conflicts of Interest and disclosable relationships upon assumption of their duties, and should a Conflict of Interest or disclosable relationship develop, must immediately disclose to the Board, Committee or Board's Designee such actual or possible Conflict of Interest or disclosable relationship.

B. Determining Whether a Conflict of Interest Exists

After a Covered Person has disclosed the existence of a Financial Interest or a possible Financial Interest to the Board of Directors, Committee or Board's Designee, the Board or Committee shall determine if a Conflict of Interest exists because the Covered Person has an actual Financial Interest in the proposed Transaction or Arrangement and that he or she shall benefit from such proposed Transaction or Arrangement.

C. Procedures for Addressing a Conflict of Interest

1. If the Board of Directors or committee determines that a Covered Person has a Financial Interest, then:

 a. If appropriate to protect the interests of the Corporation, the Chairperson of the Board of Directors or a majority of the disinterested Directors shall appoint a disinterested person or committee to investigate alternatives to the proposed Transaction or Arrangement;

b. After exercising reasonable due diligence, the disinterested Directors or committee shall determine whether the Corporation could obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a Conflict of Interest; and

c. If a more advantageous transaction or arrangement is not reasonably attainable, the Board of Directors or committee shall determine by a majority vote of the disinterested members whether the Transaction or Arrangement is in the Corporation's best interests and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall decide as to whether to enter into the Transaction or Arrangement in conformity with such determination.

2. If the Chairperson of the Board or a majority of the disinterested Directors determine that it is not necessary to investigate alternatives to the proposed Transaction or Arrangement to protect the interests of the Corporation, the Board or committee of the Board shall determine the extent to which such Covered Person shall recuse himself or herself from further involvement in the proposed Transaction or Arrangement.

D. Violations of the Conflicts of Interest Policy

1 If the Board of Directors or Committee has reasonable cause to believe a Covered Person has failed to disclose a Financial Interest, it shall inform the Covered

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Person of the basis for such belief and afford the Covered Person an opportunity to explain the failure to disclose.

2. If, after hearing the response of the Covered Person and, after making such further investigation as it concludes is warranted by the circumstances, the Board of Directors or Committee determines the Covered Person has failed to disclose a Financial Interest, it shall take appropriate steps to protect the Corporation, including, but not limited to, termination of the Covered Person and repayment of appropriate funds to the Corporation by the Covered Person.

Article III. Records of Proceedings

A. The minutes of the meetings of the Board of Directors or Committee considering Conflicts of Interest shall contain:

1. The name of each Covered Person who disclosed a Financial Interest, possible Financial Interest, or otherwise was found to have a Financial Interest, the nature of the Financial Interest or relationship, any action taken to determine whether a Conflict of Interest was present, and the decision as to whether a Conflict of Interest in fact existed.

2. The names of the individuals who were present at discussions and votes relating to the Transaction or Arrangement, the content of the discussion, including consideration of any alternatives to the Transaction or Arrangement, and a record of any votes taken in connection with the proceedings.

Article IV. Compensation

A. Special procedures shall be in effect with respect to compensation issues. Except as provided in this Policy, a voting member of the Board or any committee whose . jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

B. A Director, or a member of a committee whose jurisdiction includes compensation matters, who receives compensation, directly or indirectly, from the Corporation, is not prohibited from providing information to the Board of Directors or to any committee regarding compensation.

Article V. Annual Statements

A. Each Covered Person shall annually sign a statement that affirms that such person:

1. has received a copy of this Policy,

- 2. has read and understands the Policy,
- 3. has agreed to comply with the Policy, and

4. understands that the Corporation is a charitable organization and that in order to maintain its federal tax exemption and the trust of the public it must diligently avoid conflicts of interest or the appearance of any conflict and engage primarily in activities that accomplish one or more of its tax-exempt purposes.

B. This Policy shall be reviewed annually for the information and guidance of Covered Persons, and any new Covered Person shall be advised of the Policy upon becoming a Covered Person and shall file an annual statement with the Corporation.

C. To further the purpose of the disclosure provisions of this Policy, the Corporation shall provide the Board with a full list of proposed or current Transactions or Arrangements on no less than a yearly basis to ensure that no conflicts exist, or have developed, in the preceding year.

ZENITH EDUCATION GROUP, INC.

ANNUAL CONFLICT OF INTEREST DISCLOSURE STATEMENT

ATTENTION:	READ CAREFULLY AND COMPLETE ALL FIVE PLEASE DO NOT LEAVE ANY SECTION BLANK	
NAME:		
CAPACITY: EMPLOYER(S)	Director Officer Key Employee ¹ Committee Member Former Officer Former Director Other, Specify: (other than the Corporation):	
	SHIPS ON FOR-PROFIT AND NON-PROFIT BOARDS (her than the Corporation):	DF

¹ Any defined terms not defined in this Disclosure Statement are defined in the Corporation's Conflict of Interest Policy.

In accordance with the Conflict of Interest Policy adopted by the Board of Directors of Zenith Education Group, Inc. (the "Corporation"), during the period in which I am a Covered Person, I will:

1. Fiduciary Duty

Observe my fiduciary duties to the Corporation and act in good faith and in the best interests of the Corporation at all times.

2. Protection of Confidential Information

Not disclose to any person information about the Corporation that is confidential, proprietary or not generally known to the public, pertaining to the business and affairs of the Corporation or any of its subsidiaries, affiliates, suppliers or consultants whether related to a specific transaction or to matters pertaining to the Corporation's interests and/or operations, for any purpose including to gain advantage for one's self or to permit any other person to use that information for their benefit or the benefit of any other organization, except when specifically approved by the Corporation's Board of Directors.

3. Duty to Notify

Notify the Board of Directors, Committee or Board's Designee immediately of any circumstances that are or may appear to others to be an actual or potential Conflict of Interest.

4. My Activities and Activities of Family Members

As required by the Conflict of Interest Policy, notify the Board, Committee or Board's Designee of any circumstances in which I have, or may reasonably appear to others to have, a Financial Interest or further where there may appear to others to be a Conflict of Interest involving me or my Family.

5. Non-Participation in Board Action When a Conflict Situation Exists

As provided in the Conflict of Interest Policy, to recuse myself from the meeting and therefore take no part in discussions and decisions on any transaction or arrangement before the Board or Committee in which I, or any Family Member has or may be perceived to have a Conflict of Interest.

6. Continuing Obligation to Report

Report promptly to the Board of Directors or the Board's Designee in writing or, if precluded due to the lack of time, orally, that I, or a Family Member, has a possible Conflict of Interest.

I have answered the following questions as they pertain to (a) me; (b) my spouse or domestic partner, (c) my ascendants, descendants and siblings, as well as a spouse or domestic partner of any ascendant, descendant or sibling ("Family"); and (d) any organization, institution or other entity in which I (my spouse or domestic partner or a Family Member) have more than a 5% ownership/investment interest (each an "affiliated entity"), to the best of my knowledge.

 Do you, your Family or affiliated entities have a Financial Interest in any transactions or arrangements or proposed transactions or arrangements of the Corporation in the past year (other than your compensation as an employee or member of the Board or a Committee of the Corporation)?

If yes, please describe the Financial Interest:

2. Are you, or is any member of your Family, an officer, director, trustee, key employee, or partner in an entity, or shareholder in a professional corporation, with which the Corporation has a current or proposed transaction or arrangement?

YES ____NO

YES NO

NO

If yes, please describe the transaction or arrangement:

3. Have you, your Family or affiliated entities received compensation for services to the Corporation in the past year (other than your compensation as an employee or a member of the Board or a Committee of the Corporation)?

If yes, please describe the purchased services

4. Have you, your Family or affiliated entities received compensation for property provided to the Corporation in the past year?

If yes, please describe the transaction:

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YES

5. Have you, your Family or affiliated entities purchased services or property from the Corporation in the past year?

_YES ___NO

If yes, please describe the purchased services or property:

6. Please indicate whether you, your Family or affiliated entities had, have, or will have any direct or indirect interest in any business transaction(s) in the past year to which the Corporation was or is a party?

YES NO

If yes, please describe the business transaction(s):

7. Were you, your Family or affiliated entities indebted to pay money to the Corporation at any time in the past year (other than pledged charitable contributions to the Corporation, travel advances or the like)?

If yes, please describe the indebtedness:

8. In the past year, did you, your Family or affiliated entities receive, or become entitled to receive, directly or indirectly, from the Corporation any personal benefits other than compensation or reimbursements directly related to your duties to the Corporation as a Covered Person?

YES ____NO

If yes, please describe the benefits:

9.	Are you a Family Member of an	y other Covered Person?	
lf	yes, please describe:	YES	NO
			2.2
10.	Are you and another Covered P	erson employees of the same	person or entity?
16	yes, please describe:	YES	NO

Did you or an affiliated entity engage in a transaction or arrangement in the past 11. year with any other Covered Person, or affiliated entity of such Covered Person?

	YES	NO
If yes, please describe:		

12. Are you and any other Covered Person a director, trustee, officer or greater-than-5% owner in the same entity?

	YES	NO
If yes, please describe:		
	Ī	

Are you, any Family Member or any affiliated entities a party to, or have an 13. interest in, any pending legal proceeding involving the Corporation?

If yes, please describe the proceedings:	YES	NO

14 Are you aware of any other events, transactions, arrangements, or other situations that you believe should be examined by the Corporation's Board of Directors in accordance with the terms and intent of the Corporation's Conflict of Interest Policy?

YES ____NO

If yes, please describe the situation(s):

I hereby certify that I have read, understand and agree to comply with the Corporation's Conflict of Interest Policy, and that my responses contained in the Conflict of Interest Disclosure Statement are complete and correct to the best of my knowledge and belief. I further confirm that I understand that the Corporation is a charitable organization and that in order to maintain its federal tax exemption and the trust of the public it must diligently avoid conflicts of interest or the appearance of any conflict and engage primarily in activities that accomplish one or more of its tax-exempt purposes. To the best of my knowledge and belief, neither I nor any Family Member is now, or has been since the date of the last Disclosure Statement filed by me, engaged in any activity which would violate the Conflict of Interest Policy or might otherwise create a Conflict of Interest with the Corporation, except as explained above.

Signature

Date

Title

ZENITH EDUCATION GROUP, INC. DOCUMENT RETENTION POLICY

I. Purpose

It is the purpose of this policy to establish a consistent record retention policy for Zenith Education Group, Inc. (the "Corporation").

II. Policy

The Corporation shall retain records for the period of their immediate or current use, unless longer retention is necessary for historical reference or to comply with contractual or legal requirements. Records and documents outlined in this policy includes paper, electronic files (including e-mail) and voicemail records regardless of where the document is stored, including network servers, desktop or laptop computers and handheld computers and other wireless devices with text messaging capabilities.

It is the policy of the Corporation to preserve official records as provided in the Record Retention Schedule of this policy. Records that have exceeded the retention period provided in the Schedule are authorized to be discarded consistent with the policy provisions that follow. The Schedule's retention periods have been established consistent with Federal and legal regulations.

However, if an official investigation is underway or even suspected, document purging must stop in order to avoid criminal obstruction. Thus, records pertaining to programs under litigation or audit are to be retained until such issues are resolved.

III. Procedure

A. General Records

The President (also known as the Chief Executive Officer) may appoint and maintain a Records Deputy who is to work on all matters of document retention. Such Record Deputy will audit and inventory, as needed, section records and take timely steps to insure section compliance with the following record retention schedule.

Accounting and Audit	
Accounts payable/receivable ledger reports	7 years
Audited yearly reports	Permanently
Bank statements and reconciliation	3 years
Budget analysis and reports for sections	3 years
Cancelled checks	7 years
Cost rate proposals/work papers	Permanently
Depreciation schedules	Permanently

Record Retention Schedule

Financial transfers documentation (see definitions)	3 years
Fixed asset schedules	7 years
Internal audit reports	3 years
Monthly closing ledgers	7 years
Monthly financial statements	7 years
Monthly general ledger documents	Review after 7 years
Monthly travel reports	3 years
Supporting documents for grant monitoring/auditing	Closeout of grant + 3 years
Tax records/supporting documentation for tax purposes	Permanently
Vendor invoices	7 years

Applicant resumes	3 years
Audit responses	Review after 3 years
Benefit and compensation studies	7 years
Board minutes and books, bylaws, charter, founding	Permanently
documents	
Budget & Audit reports	Review after 7 years
EEO Charges/Investigation	10 years
Payroll files and timesheets	7 years
Personnel and Consultant Files (see definitions)	Service of employee + 7 years
Operational administration documentation (see definitions)	Permanently
Retirement and pension records	Permanently
Risk reports	7 years
Contracts, notes and leases (expired)	7 years
Contracts (in effect)	Permanently
Insurance policies (expired)	3 years
Insurance records, current accident reports, claims, current policies	Permanently
Inventories of products, materials and supplies	7 years
Trademark registrations and copyrights	Permanently
Correspondence	
General business correspondence	2 years

General business correspondence Legal and tax correspondence	Permanently
Official Chief Executive Officer's Correspondence (see definitions) Email correspondence	Permanently See III.B
Grants Records	
General grants records and supporting materials (see	3 years after filing final

General grants records and supporting materials (see	3 years after filing final
definitions)	financial report/tax return
Personnel workload analysis	3 years
Trip reports	3 years

Policy and Procedural	
Employee guidelines manuals Employee procedures materials	Review after 7 years Review after 7 years
Corporation training manuals	Review after 7 years
Publications and Events	
Corporation publications	Permanently
Supporting documents for publications (see definitions)	Review after 3 years
Official event-related documents (see definitions)	Permanently
Preparation documents for events (see definitions)	Review after 3 years

Retention Schedule - DEFINITIONS

Financial transfers documentation - Accounting and Audit; Records such as wire confirmations, wire transfers, and cash receipts which document official financial transfers

General grants records and supporting materials – **Grants Records**; Records which document the grant-making process (as either grant maker or grantee), such as: Grant proposals and budgets, accounting questionnaires and payment forms, grant applications to funding agencies, private foundations and other donors, email correspondence, monthly grants payable reports, financial reports, narrative reports, evaluation reports, preliminary grant files, grant closeout forms, independent assessments and evaluations, grant review tracking sheets

Official event-related documents – **Publications and Events**; Applies *only* to official documents relating to an event, such as the invitation, transcript, program, other handout

Official Chief Executive Officer's correspondence - Correspondence; only applies to correspondence stored in the Chief Executive Officer's Chron File

Operational administrative documentation – Administration and Organization Resources; Any record which is necessary to ensure the normal functioning of the Corporation, such as: Corporation tax exemption papers, insurance policies, office leases and management succession plans

Personnel and consultant files – Administration and Organization Resources; Records such as benefit forms, W2 tax forms, I-9 forms, that provide basic documentation of Corporation personnel and consultants

Supporting/preparation documents for events – Publications and Events; Any documents created in preparation for an event, or for administrative support of an event, such as: RSVP lists, draft programs, invoices

Supporting documents for grant monitoring/auditing – Accounting and Audit; Any records which support or document audits of Corporation grants, such as: accounting questionnaires, risk assessments, core on-site reviews, audit logs

Supporting documents for publications - Publications and Events; any documents created while preparing a finalized Corporation publication

B. E-mail Records

For the purposes of this retention policy, "Email" (or "E-mail", "e-mail", "email") is defined as "Electronic mail that is:

- · destined for a specific user or set of users internal or external to the Corporation
- · from a specific, identifiable email address (real or virtual)
- · received by our internal electronic mail system

The following items are expressly not considered electronic mail:

- items from an unidentified source (i.e. no entry in the "From" field)
- notifications from systems indicating system status, backup success/failure, hard drive space warnings, or any similar types of notification
- notifications from the SPAM (or associated) filter (although items released as a result of authorization from the SPAM filter is considered electronic mail)
- any items not allowed through by the SPAM (or associated) filter (except as noted above)
- · a notification from an automated process or system
- trapped, quarantined or otherwise impeded by the external filtering system or internal anti-virus/anti-SPAM systems"

All email received and stored by the internal mail system, regardless of whether it is sent by an external source or an internal source will be maintained by the system for a period of 6 months (approximately 180 days) from the date of receipt by the mail system. Even if a user deletes an email, the system will maintain an accessible copy for a period of 6 months. For the purposes of consistency and enforceability, all data will reside solely on the email server.

The various additional functions provided by the current electronic mail system, to include, but not limited to, task lists entries, journal entries and notes (or e-notes) are also subject to the same **6 month** time frame.

Meetings will be automatically deleted from public calendars and individual calendars 3 months (90 days) after the meeting date.

Items placed within folders other than the Sent Items folder, either by human intervention or by a rule which is initiated by the user will be retained until the user's electronic mail account is deleted. Individual contact information will be kept as long as the account is active.

The deleted items folder will be set to "empty" upon closing of the mail application on the user's computer.

A user's electronic mail account and associated contacts and personal folders will be automatically deleted 30 days after the user is no longer employed or contracted by the Corporation.

C. Legal Holds

From time to time, the Chief Executive Officer may issue a notice, known as a Legal Hold, suspending the destruction of records due to pending, threatened or otherwise reasonably foreseeable litigation, audits, government investigations or similar proceedings. No records specified in any Legal Hold may be destroyed, even if the scheduled destruction date has passed, until the hold is withdrawn in writing by the Chief Executive Officer.

IV. Record Deputy - Appointment and Reporting

The Chief Executive Officer may appoint a Records Deputy who is to work on all matters of document retention. The name of the Record Deputy is to be communicated to Corporation staff. Such appointees serve at the pleasure of the Chief Executive Officer and shall be changed from time to time as operational needs warrant.

V. Responsibility

It is the responsibility of each Department of the Corporation to adhere to the Record Retention Schedule. The President is responsible for resolving questions of interpretation about this policy and to develop and present organization-wide training to facilitate sound administration of this policy. Matters requiring further resolution are to be referred to legal counsel.

ZENITH EDUCATION GROUP, INC. WHISTLEBLOWER POLICY

Zenith Education Group, Inc. (the "Corporation") requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Corporation, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations. Any employee who is requested to engage in any activity that the employee believes may be illegal, could result in harm to the Corporation or be contrary to the Corporation's policies, or who otherwise becomes aware of such activity, should report such information to his or her Department Director immediately. If the employee does not feel comfortable reporting the information to his or her Department Director, or if the Department Director may be engaged in such conduct, then the employee should report the behavior immediately to the Chair of the Board of Directors.

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

The Corporation prohibits any kind of retaliatory act, including harassment, intimidation, adverse employment actions, or any other form of retaliation, against an individual reporting such information in good faith. Any complainant who believes that he or she has been subjected to any form of retaliation as a result of reporting a suspected violation under this policy should immediately report the retaliation to one of the individuals set forth in the preceding paragraph.

ANNEX F

Asset Purchase Agreement

WHEREAS, the Board deems it to be advisable and in the best interests of the Company to enter into that certain Asset Purchase Agreement by and among the Company; ECMC Group, Inc., a Delaware nonprofit corporation and the sole member of the Company ("ECMC"); Corinthian Colleges, Inc., a Delaware corporation ("Parent"); Corinthian Schools, Inc., a Delaware corporation ("CSI"); Everest College Phoenix, Inc., an Arizona corporation ("ECP"); Rhodes Colleges, Inc., a Delaware corporation ("Rhodes"); Titan Schools, Inc., a Delaware corporation ("Titan"); MJB Acquisition Corporation, a Wyoming corporation ("MJB"); Florida Metropolitan University, Inc., a Florida corporation ("FMU"); Eton Education, Inc., a Washington corporation ("Eton"); Ashmead Education, Inc., a Washington corporation ("Ashmead"); Grand Rapids Educational Center, Inc., a Michigan corporation ("GREC"); Rhodes Business Group, Inc., a Delaware corporation ("RBG"); Pegasus Education, Inc., a Delaware corporation ("Pegasus"); and Socle Education, Inc., a Delaware corporation ("Socle" and, together with Parent, CSI, ECP, Rhodes, Titan, MJB, FMU, Eton, Ashmead, GREC, RBG and Pegasus, the "Sellers"); and ECMC, in its capacity as the guarantor of the obligations of the Company under this Agreement, substantially in the form presented to the Board (the "Asset Purchase Agreement"; all capitalized terms used in these resolutions and not otherwise defined herein shall have the meanings given to them in the Asset Purchase Agreement);

WHEREAS, among other things, the Company desires to purchase and assume from the Sellers, and the Sellers desire to sell and assign to the Company, certain assets of the Sellers underlying and related to certain postsecondary educational institutions as well as the assets underlying the administrative, central office support and services necessary to operate such institutions, free and clear of all Encumbrances (other than Permitted Encumbrances) except solely with respect to Assumed Liabilities, and in connection therewith, the Company desires to assume the Assumed Liabilities, all on the terms and subject to the conditions set forth in the Asset Purchase Agreement and in the other Transaction Documents (as defined below) (the "Sale Transactions");

WHEREAS, in connection with the Sale Transactions, the Company intends to enter into one or more Transition Services Agreement with the Sellers at the Initial Closing (together, the "Transition Services Agreement"), under which the Company will provide certain support services to the Sellers for a limited period of time after the Initial Closing to allow them to continue to operate certain post-secondary educational institutions not being purchased by the Company under the Asset Purchase Agreement; and

WHEREAS, the Board has considered the economic and legal terms of the Asset Purchase Agreement, the Transition Services Agreement and the other documents, instruments, and agreements referenced in the Asset Purchase Agreement, or to be executed in connection therewith (collectively, the "Transaction Documents").

NOW, THEREFORE, BE IT RESOLVED, that the form, terms and provisions of the Transaction Documents, including all exhibits and schedules attached thereto, be, and hereby are, determined to be fair, advisable, in the best interests of the Company, and consistent with and in furtherance of the Company's mission; and that the Transaction Documents be, and hereby are, adopted and approved;

RESOLVED, that the President, Treasurer, Secretary (each such person, an "Authorized Officer") be, and each of them hereby is, authorized and empowered to execute and deliver the Transaction Documents, including all exhibits and schedules attached thereto, in the name and on behalf of the Company with such additions, deletions or changes therein (including, without limitation, any additions, deletions or changes to any schedules or exhibits thereto) as the Authorized Officer executing the same shall approve (the execution and delivery thereof by any such Authorized Officer to be conclusive evidence of his or her approval of any such additions, deletions or changes); and

RESOLVED, that the Company be, and hereby is, authorized and empowered to perform all of its obligations under the Transaction Documents, including but not limited to, the Sale Transactions.

Omnibus Resolutions

NOW, THEREFORE, BE IT RESOLVED, that in connection with the transactions contemplated in each of the preceding resolutions, each of the Authorized Officers be, and each of them hereby is, authorized and empowered to take all such further action and to execute and deliver all such further agreements, certificates, instruments and documents, in the name and on behalf of the Company, and if requested or required, under its corporate seal duly attested by the Secretary or Assistant Secretary; to pay or cause to be paid all expenses; to take all such other actions as they or any one of them shall deem necessary, desirable, advisable or appropriate to consummate, effectuate, carry out or further the transactions contemplated by and the intent and purposes of the foregoing resolutions;

RESOLVED, that in connection with the transactions contemplated in each of the preceding resolutions, the Secretary or the Assistant Secretary of the Company be, and hereby is, authorized in the name and on behalf of the Company, to certify any more formal or detailed resolutions as such officer may deem necessary, desirable, advisable or appropriate to consummate, effectuate, carry out or further the transactions contemplated by and the intent and purposes of the foregoing resolutions; and that thereupon, such resolutions shall be deemed adopted as and for the resolutions of the Board as if set forth at length herein;

RESOLVED, that the omission from these resolutions of any agreement or other arrangement contemplated by any of the agreements or instruments described in the foregoing resolutions or any action to be taken in accordance with any requirements of any of the agreements or instruments described in the foregoing resolutions shall in no manner derogate from the authority of the Authorized Officers to take all actions necessary, desirable, advisable or appropriate to consummate, effectuate, carry out or further the transactions contemplated by and the intent and purposes of the foregoing resolutions; and

RESOLVED, that any actions taken by the Authorized Officers in connection with the transactions contemplated in each of the preceding resolutions prior to the date of the foregoing resolutions adopted hereby that are within the authority conferred thereby are hereby ratified, confirmed, approved and adopted as actions of the Company.

ZENITH EDUCATION GROUP, INC.

NONDISCRIMINATION POLICY

Zenith Education Group, Inc. (the "Corporation") is committed to establishing and maintaining a safe and nondiscriminatory educational environment for all school community members. It is committed to a policy of nondiscrimination in matters of admission, employment, and housing, and in access to and participation in its education programs, services, and activities. The Corporation does not discriminate on the basis of race, color, ethnicity, national origin, age, sex, gender, sexual orientation, gender identity or expression, marital status, veteran status, religion, disability, creed or any other protected class. Discrimination and sexual harassment on any of the bases covered by state or federal antidiscrimination statutes is unlawful and a violation of this Policy.

This Policy prohibits sexual harassment, sexual violence, sexual assault, and intimate partner violence against school community members of any gender, gender identity, gender expression, or sexual orientation. This Policy also prohibits gender-based harassment that does not involve conduct of a sexual nature.

The College has grievance procedures for any individual who has experienced harassment or discrimination and wishes to pursue resolution.

CORINTHIAN COLLEGES INC

FORM 8-K (Current report filing)

Filed 11/20/14 for the Period Ending 11/19/14

Address 6

6 HUTTON CENTRE DR SUITE 400

SANTA ANA, CA 92707

Telephone 7144273000

CIK 0001066134

Symbol COCO

SIC Code 8200 - Services-Educational Services

Industry Schools

Sector Services

Fiscal Year 06/30

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): November 19, 2014

Corinthian Colleges, Inc.

(Exact name of registrant as specified in its charter)

Detawarc

(State or other jurisdiction of incorporation) 0-25283 (Commission File Number) 33-0717312 (I.R.S. Employer Identification No.)

6 Hutton Centre Drive, Suite 400, Santa Ana, California (Address of principal executive offices)

92707 (Zip Code)

Registrant's telephone number, including area code: (714) 427-3000

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230 425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240 13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

As previously disclosed in a Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on July 7, 2014, Corinthian Colleges, Inc. (the "Company") entered into an Operating Agreement (the "Operating Agreement") with the U.S. Department of Education ("ED") that became effective on July 8, 2014, and that, among other things, required the Company to teach out and close 12 of its schools and pursue selling the remainder of its Title IV-eligible schools.

On November 19, 2014, the Company and various of the Company's direct and indirect subsidiaries (together with the Company, the "Sellers") entered into an Asset Purchase Agreement (the "Purchase Agreement") with Zenith Education Group, Inc., a nonprofit Delaware corporation ("Purchaser"), whose sole member is ECMC Group, Inc., a nonprofit Delaware corporation ("ECMC"), and ECMC, as a guaranter of Purchaser's obligations under the Purchase Agreement.

Pursuant to the terms of the Purchase Agreement, Purchaser has agreed to purchase certain assets (the "Purchased Assets") used in the Everest Plus Business (as defined below) and assume certain liabilities (the "Assumed Liabilities") for total cash consideration of \$24 million, subject to certain closing adjustments, including for working capital and deferred revenue. At the closing of the acquisition and after the closing adjustments relating to working capital and deferred revenue, the purchase price will be distributed as follows: (1) \$8 million will be placed in escrow in order to secure potential indemnification obligations of the Sellers to Purchaser, (2) \$0.5 million will be placed in escrow in order to secure potential working capital adjustment obligations of the Sellers to Purchaser, (3) a total of \$12 million will be paid to ED, and (4) any remainder will be paid to the Company.

The Purchased Assets include, subject to certain limitations, all of the Sellers' right, title and interest in and to all of the assets, properties, and rights of the Sellers that are used in the operation of 56 of the Sellers' Everest and WyoTech campuses as well as Everest online programs. In addition, Purchaser has agreed to continue and conclude the teach-out process at the 12 schools that are in the process of being taught our and closed pursuant to the Operating Agreement. Collectively, the 56 schools and the 12 teach-out schools (collectively, the "Everest Plus Business") constitute all of the Sellers' U.S.-based Everest and WyoTech campuses located outside of California and serve more than 39,000 students. Excluded from the Purchased Assets, among other things, are the Everest and WyoTech schools operated by the Sellers in the state of California.

The Assumed Liabilities include, subject to certain limitations, the ordinary course operating liabilities of the Sellers that relate to the operation of the Everest Plus Business. Excluded from the Assumed Liabilities, among other things, are the Sellers' liabilities relating to private student loans, litigation, and indebtedness.



The Purchase Agreement includes customary representations and warranties of the Sellers and Purchaser. The Purchase Agreement also includes certain covenants of the Sellers and Purchaser, including: (1) that the Sellers operate the Everest Plus Business in the ordinary course of business as presently conducted until the closing of the acquisition; (2) that the Sellers and Purchaser cooperate and use their respective commercially reasonable best efforts to negotiate with the lessors under the Assumed Leases and counterparties to the Assumed Contracts the terms by which Purchaser would assume those Assumed Leases and Assumed Contracts (and permitting Purchaser to exclude contracts from the transaction if so requested by Purchaser, subject to certain limitations); (3) that, at Purchaser's request, the Sellers change the name of any Seller entity (other than the Company); (4) that Purchaser replace certain letters of credit and surety bonds held by the Sellers in connection with the Sellers' operation of the Everest Plus Business and the Purchased Assets; (5) that the Company provide Purchaser with cash flow projections on a weekly basis between signing and closing of the Purchase Agreement; (6) that the Sellers terminate the employment of, and Purchaser offer employment to, the Sellers' employees who work in or provide services with respect to the Everest Plus Business (subject to a limited right of Purchaser to exclude certain employees), for substantially equivalent positions and on substantially equivalent base compensation; and (7) that Purchaser provide a repository for the books and records of certain current and former institutions of the Sellers.

The closing of the acquisition is conditioned upon certain closing conditions, including; (1) confirmation that stockholder approval is not required to consummate the acquisition, or the occurrence of a foreclosure on the Purchased Assets by the Sellers' lenders that allows Purchaser to acquire the Purchased Assets without impairing Title IV eligibility; (2) the receipt of specified educational regulatory approvals and consents, including receipt of pre-acquisition review notices from ED; (3) that the IRS has approved Purchaser's request for tax-exempt status; (4) that Purchaser receive assurances satisfactory to it from each of ED, the United States Department of Justice, the Consumer Financial Protection Bureau ("CFPB"), and the Office of the Attorney General for the State of Iowa that Purchaser will not be held responsible for or be made subject to any claims or liabilities for any pre-closing obligations of the Company or its subsidiaries with respect to Purchaser's proposed post-closing operation of the Everest Plus Business; (5) that the Sellers withdraw accreditation by the Accrediting Council for Independent Colleges and Schools with respect to any schools operated by the Sellers outside of the United States that are accredited as branch campuses or additional campuses of any school to be acquired by Purchaser, (6) in the case of Purchaser, the absence of any change or event that would reasonably he expected to result in a material adverse effect with respect to the Everest Plus Business, including any change or proposed change in any educational law (including Title IV); (7) in the case of Purchaser, the receipt of certain third-party consents; (8) in the case of Purchaser, that there be no actions that allege a violation of any educational law, any law for the protection of consumers, or the federal False Claims Act that would increase the Assumed Liabilities by \$5 million or more or that otherwise could reasonably be expected to materially increase the potential liability of Purchaser from the consummation of the acquisition; (9) in the case of Purchaser, that the Sellers have completed, and each applicable educational agency shall have approved, a reorganization of the designations of certain of the schools to be acquired by Purchaser as main campuses, branch campuses or additional locations (including revised OPEID

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numbers from ED); (10) in the case of Purchaser, in the event that the purchase price calculation, after adjustments for working capital and deferred revenue, results in a negative amount, that the Sellers have taken steps to assure that the Sellers will pay such amount to Purchaser at closing; and (11) in the case of the Sellers, that the Sellers have received any required consent of the lenders under its credit agreement.

The Purchase Agreement provides for the option of Purchaser to consummate the acquisition by means of multiple closings to the extent applicable pre-closing educational consents have not been obtained for 10 or fewer of the schools to be acquired by Purchaser. In the event this option is exercised, the full purchase price would be paid at the initial closing, and, subject to continued satisfaction of the closing conditions, subsequent closings would occur for any additional schools for which applicable pre-closing educational consents are obtained within 90 days after the initial closing.

Subject to certain exceptions and other provisions, each party has agreed to indemnify the other for breaches of representations and warranties, breaches of covenants and certain other matters. The indemnification period for representations and warranties is 18 months following the closing, with the exception of certain specified representations and warranties that survive for longer periods or indefinitely. With certain exceptions, the Sellers' aggregate liability for claims relating to representations and warranties is capped at \$8 million.

Concurrent with the closing of the acquisition, Purchaser and the Sellers will enter into certain ancillary agreements, including an escrow agreement, a transition services agreement pursuant to which Purchaser will provide certain services to the Sellers, and license agreements relating to the Sellers' continued use for a period of time of the Everest and WyoTech names and related trademarks and the curriculum owned by the Sellers and included in the Purchased Assets.

The Purchase Agreement contains certain termination rights of the Sellers and Purchaser, including: (1) by mutual written consent of Purchaser and the Sellers; (2) by the Sellers or Purchaser if the acquisition is not consummated by January 5, 2015, if the terminating party is not in material breach of the Purchase Agreement; (3) by the Sellers or, in certain instances, Purchaser, if one or more of the closing conditions will not be satisfied or waived prior to January 5, 2015; (4) by the Sellers, if the Company's board of directors determines in good faith after consultation with counsel that an insolvency proceeding of one or more of the Sellers is advisable and in the best interests of the Company; (5) by the Sellers and Purchaser, if the Higher Education Act is amended on or before December 31, 2014 such that the Sellers may file for Chapter 11 bankruptey without resulting in the schools operated by the Company or its subsidiaries losing eligibility for Title 1V program participation (in which event, subject to the Sellers' and Purchaser's respective fiduciary obligations to their entities, the Sellers and Purchaser would seek expedited consummation of a transaction in form and substance substantially similar (and no less economically beneficial to the Sellers) to that contained in the Purchase Agreement for the Sellers to sell the Purchaser on or before December 8, 2014 with a written plan that is reasonably achievable by the Sellers pursuant to which the Sellers will be able to continue to operate the Everest Plus Business outside of Chapter 11 bankruptey until January 5, 2015 and pay to Purchaser any amounts payable by the Sellers at the closing, or (7) by Purchaser, upon entry of an order for relief in any Chapter 11 bankruptey of any Seller (other than in the event described in item (5) of this sentence).

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The foregoing description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Purchase Agreement.

Safe Harbor

Certain statements in this Current Report on Form 8-K may be deemed to be forward-looking statements under the Private Securities Litigation Reform Act of 1995. The Company intends that all such statements be subject to the "safe-harbor" provisions of that Act. Such statements include, but are not limited to, those regarding the closing of the transactions contemplated by the Purchase Agreement. Many factors may cause the Company's actual results to differ materially from those discussed in any such forward-looking statements or elsewhere, including delays in or failure to satisfy required closing conditions in the Purchase Agreement, including the receipt of required regulatory approvals, failure to consummate or delay in consummating the transactions contemplated by the Purchase Agreement for other reasons, including the failure by the Company to obtain and maintain the necessary liquidity to operate its business until the closing of the transactions contemplated by the Purchase Agreement; the potential for further action by ED to limit the Company's ability to receive regular disbursements of Title IV to fund its operations; the Company's possible inability to comply with the terms of the Operating Agreement, the Company's effectiveness in its regulatory and accreditation compliance efforts; the outcome of ongoing reviews and inquiries by accrediting, state and federal agencies, including ED, various attorneys general, and the CFPB; the outcome of pending litigation against the Company, including the civil complaints filed by the CFPB and by certain state attorneys general; the uncertainty of counterparty decisions in the waiver of events of default in the Company's credit agreement; and the other risks and uncertainties described in the Company's filings with the U.S. Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 8.01. Other Events.

On November 20, 2014, the Company issued a press release announcing its entry into the Purchase Agreement A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01, Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release of Corinthian Colleges, Inc. dated November 20, 2014.
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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CORINTHIAN COLLEGES, INC.

Date: November 20, 2014

By /s/ Stan A Mortensen

Stan A Mortensen Executive Vice President and General Counsel

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Contacts:

- Investors: Anna Marie Dunlap SVP, Corporate Communications/Investor Relations 714-424-2678
- Media: Kent Jenkins Jr. Vice President, Public Affairs Communications 202-682-9494

Corinthian Colleges Enters into Agreement to Sell 56 Everest and WyoTech Campuses to Nonprofit ECMC Group

SANTA ANA, Calif., November 20, 2014 (Globe Newswire) — Corinthian Colleges Inc. (Nasdaq: COCO) today announced that it has signed a definitive agreement with Zenith Education Group, Inc. (Zenith), an affiliate of ECMC Group, Inc. (ECMC Group) under which Zenith will acquire 56 Everest and WyoTech campuses in 17 states as well as online programs. Under the agreement Zenith will also acquire 12 schools that are currently being taught out and closed, and will continue the teach-out process until complete. In total, the schools being purchased represent all of Corinthian's U.S.-based Everest and WyoTech campuses located outside of California, serving more than 39,000 students.

The acquisition is expected to close in January 2015, subject to regulatory approvals and other conditions. For more detail about the agreement, please refer to the Company's 8-K filed today with the Securities and Exchange Commission. [http://investors.cci.cdu/sec.cfm]

ECMC Group is a nonprofit corporation with a mission to help students succeed. All ECMC Group companies work to fulfill this mission through product and service support and through the philanthropic activities of the ECMC Foundation. Educational Credit Management Corporation, a nonprofit affiliate of ECMC Group, is one of the largest student loan guaranty agencies in the United States. With Zenith's purchase of Everest and WyoTech schools, ECMC Group plans to create the largest system of nonprofit career schools in the country.

"Everest and WyoTech students will benefit greatly from ECMC Group's commitment to students and its goal of making a positive difference in career education," said Jack Massimino, Chairman and CEO of Corinthian Colleges. "ECMC will focus significant resources on student programs and services and enhance the future prospects of Everest and WyoTech."

Corinthian entered into an Operating Agreement with the Department effective on July 8, 2014, under which Corinthian agreed to wind down and close 12 schools and offered to sell the test of its U.S. schools, including online programs.

Corinthian also owns Heald College, which has 12 campuses in three Western states; 13 Everest and WyoTech campuses in California, and 14 Everest campuses in Ontario, Canada. Collectively, these 39 schools serve approximately 20,000 students. Corinthian expects to continue to operate these schools until it finds suitable buyers for them.

"We are grateful to the thousands of Corinthian employees who in recent months have done remarkable work during extremely challenging circumstances," Massimino said. "Their committeent to our students has been nothing short of inspiring."

About Corinthian

Corinthian offers post-secondary education through its Everest, Heald College and WyoTech campuses, as well as online. Program areas include healthcare, business, criminal justice, transportation technology and maintenance, construction trades and information technology.

Safe Harbor

Certain statements in this press release may be deemed to be forward-looking statements under the Private Securities Litigation Reform Act of 1995. Corinthian intends that all such statements be subject to the "safe-harbor" provisions of that Act. Such statements include, but are not limited to, those regarding the closing of the transactions contemplated by the purchase agreement entered into with Zenith. Many factors may cause Corinthian's actual results to differ materially from those discussed in any such forward-looking statements or elsewhere, including: delays in or failure to satisfy required closing conditions in the purchase agreement, including the receipt of required regulatory approvals; failure to consummate or delay in consummating the transactions contemplated by the purchase agreement for other reasons, including the failure by Corinthian to obtain and maintain the necessary liquidity to operate its business until the closing of the transactions contemplated by the purchase agreement; Corinthian's contemplated by the purchase agreement; Corinthian's contemplated by the purchase agreement; the potential for further action by the Department to limit Corinthian's ability to receive regular disbursements of Title IV to fund its operations; Corinthian's possible inability to comply with the terms of the Operating Agreement; Corinthian's effectiveness in its regulatory and accreditation compliance efforts; the outcome of ongoing reviews and inquiries by accrediting, state and federal agencies, including the Department, various attorneys general, and the Consumer Financial Protection Bureau (CFPB); the outcome of pending litigation against Corinthian, including the civil complaints filed by the CFPB and by certain state attorneys general; the uncertainty of counterparty decisions in the waiver of events of default in Corinthian's credit agreement; and the other risks and uncertainties described in Corinthian's filings with the U.S. Securities and Exchange Commission. Corinthian undertakes no obligatio

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LIST OF CAMPUSES BEING SOLD TO ECMC

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State	Campuses	Teach-out Campuses
Arizona	Mesa	
	Phoenix	
Colorado	Aurora	
	Colorado Springs Thornton	
Florida	Brandon	
	Daytona	
	Jacksonville	
	Lakeland	
	Melbourne	
	Orlando N	
	Orlando S	
	Orange Park	
	Pinellas (Largo)	
	Pompano Beach	
	Tampa	
Georgia Illinois	Atianta Greenbriar	
	Jonesboro	
	Marietta	
	Norcross	
	Burr Ridge	
	Bedford Park	
	Melrose Park	
	Merrionette Park	
	Skokie	
Indiana	SKONC	Memilville
Maryland		Silver Spring
Massachusetts		Cheisea
Michigan	Dearborn	Grand Rapids
	Detroit	Kalamazoo
	Southfield	(Calumator)
Minnesota	aounicia	Eagan
	Kansas City	St. Louis
Missouri	Springfield	
Nevada	Henderson	
	South Plainfield	
New Jersey New York	Rochester	
	Columbus	
Ohio	Portland	
Oregon		
	Tigard	

Blairsville		Bensalem
Pittsburgh		
Arlington (Mid Cities)		Fort Worth North
Austin	8	
Bissonnet		
Dallas		
Fort Worth South		
Greenspoint		
Houston Hobby		
San Antonio		
		Salt Lake City
Chesapeake		Tysons Corner
Newport News		
Woodbridge		
Bremerton		
Everett		
Renton		
Seattle		
Tacoma		
Vancouver		
		Cross Lanes
Laramie		
	Pittsburgh Arlington (Mid Cittes) Austin Bissonnet Dallas Fort Worth South Greenspoint Houston Hobby San Antonio Chesapeake Newport News Woodbridge Bremerton Everett Renton Seattle Tacoma Vancouver	Pittsburgh Arlington (Mid Cities) Austin Bissonnet Dallas Fort Worth South Greenspoint Houston Hobby San Antonio Chesapeake Newport News Woodbridge Bremerton Everett Renton Seattle Tacoma Vancouver



Board of Directors

Jack D. Massimino Chairman and Chief Executive Officer

Jack D. Massimino is the Chairman of the Board and Chief Executive Officer.

Mr. Massimino served as Chairman of the Board from August 2008 through June 2009. He previously served as CEO of the company from November 2004 until July 2009, when he was named Executive Chairman of the Board. The board reappointed him CEO in November 2010. He has served on the board since 1999 and during his tenure, he has been the Chair of the Audit Committee and a member of the Compensation Committee.

Before joining Corinthian, Mr. Massimino served as Chief Executive Officer and President of Talbert Medical Management Corporation, a publicly traded physician practice management company, from 1995 through 1997. Prior to his association with Talbert, Mr. Massimino held various senior executive positions with FHP International Corporation, a multi-state, publicly traded HMO, with revenues of more than \$4 billion. Mr. Massimino has a Bachelor of Arts degree in Psychology from California Western University and a Master's Degree in Management from the American Graduate School for International Management. He currently serves on the board of the Association of Private Sector Colleges and Universities.

In the past, Mr. Massimino has served on several boards, including Talbert Medical Management Corporation, FHP, Inc., Texas Health Plans, Great States Insurance Company, Art Institute of Southern California, Thunderbird World Business Advisory Council and the Orange County Business Committee for the Arts.

He currently serves on the board of the Association of Private Sector Colleges and Universities and on the board of the Jobs for America's Graduates.

Terry O. Hartshorn Lead Independent Director Former Chief Executive Officer UniHealth Founding Chief Executive Officer PacifiCare Health System

Terry O. Hartshorn has served on Corinthian's Board of Directors since September 2005, and was Chairman from December 2006 until August 2008. Mr. Hartshorn currently serves as Lead Independent Director and is a member of the Audit Committee. Currently, Mr. Hartshorn is an investor, advisor and personal coach for start-up and early stage companies in a variety of industries. He has 30 years of senior executive experience across a broad range of healthcare organizations, Including start-up, growth and mature public and private companies. In 1976, Mr. Hartshorn founded PacifiCare Health Systems, Inc. and served as its Chief Executive Officer until 1993, growing the company into one of the largest consumer healthcare providers in the U.S. He continues to serve on PacifiCare's Board of Directors. He began his career as an officer with the U.S. Public Health Service. Mr. Hartshorn received his Bachelor's degree in Business Administration and his Master's degree in Hospital Administration from the University of California Los Angeles (UCLA).

Member of the Audit Committee

Chair of the Nominating and Corporate Governance Committee

Paul St. Pierre

Founder & Vice Chairman of the Board

Paul R. St. Pierre has served on Corinthian's Board of Directors since the Company's inception In July 1995 and was elected Vice Chairman of the Board in January 2003. As one of the original founders of Corinthian, Mr. St. Pierre served as the Company's Executive Vice President, Marketing & Admissions until his retirement in June 2003. Before founding Corinthian, Mr. St. Pierre was employed by a subsidiary of National Education Corporation ("NEC"), where his first assignment was as school President for its San Bernardino, California campus. Subsequently, he held various corporate assignments including Director of Special Projects, Vice President of Operations for the Learning Institutes Group (the largest colleges owned by NEC) and Vice President, Marketing & Admissions. Mr. St. Pierre received his Bachelor's degree in Philosophy from Stonehill College and his Master's degree in Philosophy from Villanova University

Member of the Compliance Committee

Linda Arey Skladany Esq. Former Senior Associate Commissioner The Office for External Relations U.S. Food and Drug Administration

Linda Arey Skladany has served on Corinthian's Board of Directors since its initial public offering in February 1999. She is a member of the Board's Compensation and Nominating and Corporate Governance Committees. Ms. Skladany served as Senior Associate Commissioner for External Relations at the U.S. Food and Drug Administration (FDA) from June 2002 until her retirement in May 2003. Prior to that, she was an attorney in the legislative advocacy and regulatory practice of Holland & Hart, a major law firm based in the Western United States, and served as Vice President for Congressional Relations at Parry, Romani, DeConcini & Symms, a Washington D.C. lobbying firm. She has also served on a variety of Presidential committees and held staff positions in several U.S. executive departments, including the Department of Education. Ms. Skladany served a four-year term on the Board of Visitors of the College of William and Mary. She received her Bachelor's degree in Education from the College of William and Mary, her Master's degree in Education from Wake Forest University and her Juris Doctorate degree from the University of Richmond.

Hank Adler

Former Client Service and Tax Partner, Deloitte & Touche Assistant Professor of Accounting at Chapman University

Hank Adler has served on Corinthian's Board of Directors since August 2004 and is a member of its Audit and Nominating and Corporate Governance Committees. Currently, Mr. Adler is an assistant professor of accounting at Chapman University, a liberal arts college in Southern California. He spent three decades with Deloitte & Touche, LLP until his retirement in 2003. While at Deloitte & Touche he specialized in tax accounting and served as a client service and tax partner for a variety of public and private companies. Mr. Adler serves on the Board of Directors of Hoag Hospital Memorial Presbyterian and KBS Real Estate Investment Trust. In the 1990s, he served on the Board of Trustees and was the President of the Irvine, California Unified School District. Mr. Adler received his Bachelor's degree in Accounting and his Master's of Business Administration degree from the University of California Los Angeles (UCLA).

Chair of the Audit Committee

Member of the Nominating and Corporate Governance Committee

Alice T. Kane Esq. Partner, Duane Morris LLP Former Partner, Insurance & Regulatory Practice, Dewey & LeBoeuf LLP

Dewey & LeBoeuf LLP Elected 2011 Allce T. Kane has served on Corinthian's Board of Directors since July 2005, and is a member of its Audit and Compensation Committees. With more than 30 years of financial services experience, Ms. Kane is currently a Partner in the New York Office of Duane Morris LLP. Previously she was Partner, Insurance & Regulatory Practice for Dewey & LeBoeuf LLC from September 2011 to May 2012. Prior to Dewey and LeBoeuf, she was U.S. General Counsel at Zurich N.A., from December 2005 to September 2011. Prior to Zurich, Ms. Kane was Chair and Managing Director of Q-Cubed Alternative Advisor LLC, a hedge fund she founded in September 2004. She began her career at New York Life Insurance Company in 1972, serving there until 1998. During that time she was Executive Vice President of the company's \$40 billion asset management business, a member of its executive management committee and general counsel. Ms. Kane has also served as Chairman and President of three of American General Financial Group's mutual fund and variable annuity businesses with combined assets of over \$30 billion and as Chairman of Blaylock Asset Management, a minority- and women-owned institutional money manager. Ms. Kane serves on the Board of Directors of PENSCO. She received her Bachelor's degree in Political Science from Manhattanville College and a Juris Doctorate from New York University School of Law.

Chair of the Compensation Committee

Member of the Compliance Committee

Other Company Affiliations

Zurich Financial Services Group - General Counsel of North America

Robert (Bob) Lee

Former Corporate Executive Vice President and President of Business Communications Services, Pacific Bell

Robert "Bob" Lee has served on Corinthian's Board of Directors since November 2006. Mr. Lee, 58, joined Corinthian's board after a long and distinguished career with Pacific Bell (PacBell). At the time of his retirement in 1998, Lee was a corporate executive vice president and president of business communications services. In that role, he was responsible for an operation that generated \$3 billion in annual revenue, served one million customers and had 15,000 employees. During his 26-year career at PacBell, Mr. Lee served in a variety of senior marketing and general management positions. Mr. Lee currently serves as a director on the boards of Blue Shield of California, Broadvision, Inc., Netopia, Inc. and Web.com, Inc. He also serves on several community boards, including Committee of 100, Asian Pacific Fund and Youth Tennis Advantage. Mr. Lee earned an MBA degree from the University of California Berkeley and a bachelor's degree in electrical engineering from the University of Southern California.

Member of the Audit Committee

Chair of the Compliance Committee

Timothy J. Sullivan President Emeritus, The College of William and Mary

Timothy Jackson Sullivan joined Corinthian's board in January 2008. Mr. Sullivan, 63, is president emeritus of the College of William and Mary. His career at the College of William and Mary spans more than 35 years and includes serving for 12 years as its president and, earlier, as dean of its law school, the Marshall-Wythe School of Law. Sullivan served as the law school's executive director. Institute of Bill of Rights Law and the John Stewart Bryan professor of Jurisprudence. He joined the law school as an assistant professor of law and rose to become associate professor, then full professor.

Sullivan's career is marked by extensive public service. He was executive assistant for policy for former Virginia Governor Charles S. Robb and a member of numerous task forces and boards, including, among others, the Virginia Board of Education, Education Advisory Panel, Association of Governing Boards of Universities & Colleges Council of Presidents and Virginia Rhodes Scholarship Committee. Sullivan served in the U.S. Army Signal Corps in Vietnam, where he received the Army Commendation Medal, First Oak Leaf Cluster, and the Bronze Star Medal. Sullivan is a published author on a variety of legal issues. He earned a bachelor's degree from the College of William and Mary and a juris doctorate degree from Harvard University.

Member of the Compensation Committee

A Member of the Nominating and Corporate Governance Committee

John M. Dionisio

Executive Chairman of AECOM Technology Corporation

John M. Dionisio joined Corinthian's board in April 2008. Mr. Dionisio is Executive Chairman of AECOM Technology Corporation (NYSE: ACM), a global provider of professional technical and management support services for a broad range of markets. He has been with the company or its predecessor firms for more than 40 years.

Mr. Dionisio has held several leadership roles since joining AECOM in 1971. Prior to being appointed Executive Chairman, Mr. Dionisio served as Chairman and Chief Executive Officer since 2011. He served as President and Chief Executive Officer for AECOM commencing in 2005. Before this, he served as Executive Vice President and Chief Operating Officer, and earlier as President and Chief Executive Officer of AECOM legacy operating company DM3M Harris. AECOM has over \$8 billion in annual revenue and 45,000 employees, with clients in more than 150 countries.

Mr. Dionisio earned a Master of Science in Civil Engineering from Polytechnic Institute of New York and a Bachelor of Science in Civil Engineering from The City College of New York.

Member of the Audit Committee

Member of the Compensation Committee

Dr. Sharon P. Robinson

President and Chief Executive Officer of American Association of Colleges for Teacher Education

American Association of Colleges for Teacher Education Elected 2011

Dr. Robinson joined Corinthian's Board in January 2011. She is currently President and Chief Executive Officer of the American Association of Colleges for Teacher Education (AACTE.) Dr. Robinson was formerly president of the Educational Testing Service's Educational Policy Leadership Institute. While at ETS, she also served as senior vice president and chief operating officer, and as vice president for teaching and learning and for state and federal relations.

Before joining ETS, Dr. Robinson was assistant secretary of education with the U.S. Department of Education's Office of Educational Research and Improvement.

She serves on the board of trustees for Alfred Harcourt Foundation; on Columbia University's Supplemental Education Task Force, and on the board of directors for Jobs for America's Graduates. She is past chair of the Diversity Issues in Measurement Committee, National Council for Measurement in Education.

Robinson received her doctorate in educational administration and supervision from the University of Kentucky, where she also earned her bachelor's and master's degrees. In 2002, she completed the renowned Harvard Business School Advanced Management Program.

- Member of the Compensation Committee
- Member of the Nominating and Corporate Governance Committee

Marc Morial

President and Chief Executive Officer of National Urban League

Marc Morial joined Corinthian's board in April 2013. As President of the National Urban League since 2003 he has been the primary catalyst for an era of change -- a transformation for the 100 year old civil rights organization. His energetic and skilled leadership has expanded the League's work around an Empowerment agenda, which is redefining civil rights in the 21st century with a renewed emphasis on closing the economic gaps between Whites and Blacks as well as rich and poor Americans. In a distinguished professional career that has spanned 25 years. Marc Morial has performed all of these roles with excellence, and is one of the most accomplished servant-leaders in the nation. As a Louisiana State Senator, Morial was named Legislative Rookie of the Year, Education Senator of the Year, and Environmental Senator of the Year, while authoring laws on a wide range of important subjects. As Mayor of New Orleans. Morial was a popular chief executive with a broad multi-racial coalition who led New Orleans' 1990's renaissance, and left office with a 70% approval rating.

He serves as an Executive Committee member of the Leadership Conference on Civil Rights, the Black Leadership Forum, and Leadership 18, and is a Board Member of the Muhammad Ali Center, and the New Jersey Performing Arts Center

He has been recognized as one of the 100 most influential Black Americans by Ebony Magazine, as well as one of the Top 50 Nonprofit Executives by the Nonprofit Times.

A graduate of the prestigious University of Pennsylvania with a degree in Economics and African American Studies, he also holds a law degree from the Georgetown University Law Center in Washington, D.C., as well as honorary degrees from Xavier University. Wilberforce University, and the University of South Carolina Upstate.

Member of the Compliance Committee



Executive Management

Jack D. Massimino Chairman and Chief Executive Officer

Jack D. Massimino is the Chairman of the Board and Chief Executive Officer.

Mr. Massimino served as Chairman of the Board from August 2008 through June 2009. He previously served as CEO of the company from November 2004 until July 2009, when he was named Executive Chairman of the Board. The board reappointed him CEO in November 2010. He has served on the board since 1999 and during his tenure, he has been the Chair of the Audit Committee and a member of the Compensation Committee.

Before joining Corinthian, Mr. Massimino served as Chief Executive Officer and President of Talbert Medical Management Corporation, a publicly traded physician practice management company, from 1995 through 1997. Prior to his association with Talbert, Mr. Massimino held various senior executive positions with FHP International Corporation, a multi-state, publicly traded HMO, with revenues of more than \$4 billion. Mr. Massimino has a Bachelor of Arts degree in Psychology from California Western University and a Master's Degree in Management from the American Graduate School for International Management. He currently serves on the board of the Association of Private Sector Colleges and Universities.

In the past, Mr. Massimino has served on several boards, including Talbert Medical Management Corporation, FHP, Inc., Texas Health Plans, Great States Insurance Company, Art Institute of Southern California, Thunderbird World Business Advisory Council and the Orange County Business Committee for the Arts.

He currently serves on the board of the Association of Private Sector Colleges and Universities and on the board of the Jobs for America's Graduates.

Robert D. Bosic Chief Operating Officer

Robert Bosic became Corinthian's Chief Operating Officer in November of 2013.

Mr. Bosic joined Corinthian in 2003 and has held several positions of increasing responsibility. Prior being named COO, he served as Executive Vice President of Operations from January 2011 to November 2013, and as Group and Division President for the West Division from June 2009 to January 2011. Earlier in his career at the company, Mr. Bosic was General Manager of the Everest West Division, Regional Vice President of Operations for the Southwest Region of CSI, and campus president for Everest Houston Greenspoint.

Prior to joining Corinthian, Mr. Bosic spent 10 years in proprietary education. He has held campus-level and regional management positions at both publicly traded and non-profit organizations focused on at-risk youth.

Mr. Bosic holds a Bachelor of Science degree in Business Administration from Drexel University.

William B. Buchanan

Executive Vice President, Marketing and Admissions

Mr. Buchanan has served as Corinthian's Executive Vice President, Marketing and Admissions since joining the Company in July 2004.

Prior to joining Corinthian, Mr. Buchanan was employed by Greenpoint Mortgage where he directed all retail marketing with responsibility for direct marketing, internet marketing, advertising and branch marketing. Prior to Greenpoint, he

was with Providian Financial Corporation, a credit card issuer with approximately 10 million customer accounts, where he served as Senior Vice President of Platinum Marketing, Senior Vice President of New Account Business and Executive Vice President of New Channel & Product Development.

Mr. Buchanan holds a Bachelor of Arts degree in Political Science from the University of California Berkeley.

Stan A. Mortensen

Executive Vice President, General Counsel and Corporate Secretary

Stan A. Mortensen, Executive Vice President, General Counsel and Corporate Secretary

Stan A. Mortensen has served as Corinthian's General Counsel since January 2000. He has more than 15 years experience as a practicing attorney, both inside Corinthian and, prior to that time, at large law firms representing a variety of clients. Prior to joining Corinthian, Mr. Mortensen was with the law firm of O'Melveny & Myers LLP, where his practice focused on corporate finance, mergers and acquisitions, and general corporate matters. At O'Melveny & Myers, he represented Corinthian in its initial public offering and various other matters. Prior to joining O'Melveny & Myers, Mr. Mortensen practiced general commercial litigation at Robins, Kaplan, Miller & Ciresi LLP.

Mr. Mortensen received a J.D. Degree, cum laude, from Brigham Young University, where he was an editor of the Law Review. He also received a Bachelor of Arts in Political Science from Brigham Young University.

Kenneth S. Ord Executive Vice President, Chief Administrative Officer

Kenneth 5. Ord was named Chief Administrative Officer in December 2010, having served as Corinthian's Executive Vice President, Chief Financial Officer since joining Corinthian Colleges, Inc. in February, 2005.

Mr. Ord has more than 30 years of financial experience with public and multi-national corporations. He most recently served as Executive Vice President and Chief Financial Officer of Alliance Imaging, Inc. Previously Mr. Ord served as Senior Vice President and Chief Financial Officer for FHP International Corporation, a publicly traded managed healthcare organization with operations in 11 states and Guam. After FHP was sold to PacifiCare Health Systems in 1997, he was Executive Vice President and Chief Financial Officer of Talbert Medical Management, a physician practice management company. Earlier in his career, he spent 12 years with Kelly Services in successively responsible financial roles, including treasurer, controller and vice president of finance. He began his career at Ford Motor Company, serving nine years on the finance staff in roles ranging from overseas financing to profit analysis and financial controls.

Mr. Ord is a Magna Cum Laude graduate of Brigham Young University, having earned a Bachelor of Arts degree in economics as well as an MBA.

Robert C. Owen Executive Vice President, Chief Financial Officer

Robert C. Owen was named Corinthian's Executive Vice President, Chief Financial Officer in September 2011, having served as Corinthian's Senior Vice President, Chief Accounting Officer since February 2005. Mr. Owen joined Corinthian in 2004 as vice president and controller. He has more than 20 years of experience in industry and public accounting.

Prior to joining Corinthian, he served as vice president and controller for Princess Cruise Lines and as assistant controller for Royal Caribbean Cruises. Mr. Owen began his career at Deloitte & Touche where he spent 11 years in successively responsible audit positions, both in the U.S. and Canada.

Mr. Owen earned a B.B.A. degree in accounting from Florida Atlantic University. He obtained his license as a Certified Public Accountant in Florida in 1985 and as a Chartered Accountant in Ontario, Canada in 1994.

Beth A. Wilson Executive Vice President

In her current role as Executive Vice President, a job she has held since July 2001, Beth Wilson oversees all operational support for accreditation and licensure, curriculum development and quality control, employer development, financial aid, and facilities.

Ms. Wilson has been with CCI since its inception in 1995. Prior to her role as EVP of Operations, she held such leadership positions within the company as Operations VP and Regional Operations Director.

Prior to joining CCi, Ms. Wilson was employed by National Education Centers (NEC) as Executive Director of its Capital Hill campus and later as its Area Operations Manager. She also served as National College's Vice President of Branch Operations, as well as United Education and Software's Business School Executive Director, Group Manager and Vice President of Administration.

Ms. Wilson earned a Master of Business Administration from National University in San Diego, California, and a Bachelor of Arts degree from California State College in Sonoma, California. She has served on the Board of Directors for Career Colleges Association and as a commissioner for the Accrediting Commission of Career Schools and Colleges of Technology (ACCSCT).

Anthony Guida Executive Vice President of External Affairs

Anthony Guida joined Corinthian Colleges in February 2014 as executive vice president of external affairs. Mr. Guida's responsibilities include public policy, government affairs and regulatory compliance.

Prior to joining Corinthian, Mr. Guida served as senior vice president, external affairs, for Education Management Corporation. He previously served as chief financial officer and general counsel of the Pennsylvania Culinary Institute, a Pittsburgh-based culinary school.

Mr. Guida began his career as a lawyer. He was a partner at Pittsburgh-based Buchanan, Ingersoll & Rooney, where he practiced for more than a decade. He is a graduate of the University of Dayton (B.S., Accounting, 1982, magna cum laude) and the University of Cincinnati College of Law (J.D., 1986, Law Review). He is admitted to practice law before the United States Supreme Court and various federal and state courts and has passed the CPA licensure examination in the Commonwealth of Pennsylvania.

Mr. Guida currently serves on the Board of Directors of the Association of Private Sector Colleges and Universities and chairs the Federal Legislative Affairs Committee. He was previously a member of APSCU's Board of Directors from 2005 through 2011.

Andrew Bereczky Senior Vice President, Chief Information Officer

Andrew Bereczky was named Senior Vice President and Chief Information Officer in October 2013. His career spans more than 18 years of planning, developing, and implementing effective technology strategies & solutions.

Before joining CCi, Mr. Bereczky served as Senior Vice President of Enterprise Applications and Infrastructure at Alorica Inc., a global provider of call center customer management outsourcing solutions. As head of Alorica's Information Technology Department, Mr. Bereczky managed a team of approximately 300 IT employees who oversaw more than 23,000 workstations at 41 internationally-located sites.

Prior to Alorica, Andrew served as Vice President of Enterprise Infrastructure at ACC Capital Holdings Corp.

Mr. Bereczky holds an MBA from Cal State University Dominguez Hills, and was recognized with a Magna Cum Laude distinction while earning his Bachelor's Degree in Information Technology from American Intercontinental University.

Carmella Cassetta

Senior Vice President and President, Online Learning

Carmella Cassetta was named Senior Vice President and Chief Operating Officer, Online Learning, in June 2013. She joined Corinthian Colleges in August 2005 as Senior Vice President and Chief Information Officer, responsible for the development and implementation of a comprehensive information technology strategy.

Ms. Cassetta brings to Corinthian Colleges over 20 years of experience in information technology across multiple industries including global distribution & logistics and retail.

She joined Corinthian Colleges from Ingram Micro, a Fortune 100 distributor of information technology products and services. There, Ms. Cassetta served as Corporate Vice President, Global Application Development leading a global IT organization with associates located in the United States, Canada, Asia, Latin America and Europe. Prior to Ingram Micro, Ms. Cassetta held a series of successively responsible information technology positions with Printnation.com, Barnes & Noble, Inc, and Waldenbooks.

Ms. Cassetta received her Bachelor of Science in Business from the University of Connecticut.

Kim S. Dean

Senior Vice President, Student Financial Services

Kim S. Dean was named Senior Vice President of Student Financial Services in July 2011, having served as Vice President of Student Finance, Vice President of Operational Finance and Director of Revenue Accounting since joining Corinthian Colleges in May of 2004.

Prior to joining Corinthian, Ms. Dean acquired more than fourteen years of experience in a variety of progressively responsible operational accounting and finance positions at Princess Cruise Lines and the Walt Disney Company. She holds her Bachelors of Science in Accounting from California State University, Los Angeles.

Anna Marie Dunlap

Senior Vice President, Investor Relations and Corporate Communications

Anna Marle Dunlap has been employed with Corinthian since January 2005 as senior vice president investor relations and corporate communications. Ms. Dunlap has over 25 years of communications experience with companies ranging in size from newly public start-ups to the Fortune 500.

Prior to joining Corinthian, Ms. Dunlap was vice president investor relations (IR) with Premera Blue Cross, one of the largest health plans in the Pacific Northwest, where she was responsible for preparing the company for an initial public offering. Prior to Premera, she was head of investor and corporate communications for The TriZetto Group, a healthcare information technology firm, where she built the company's communications function from the ground up. Prior to TriZetto, Ms. Dunlap was an investor relations consultant to the healthcare industry, with clients in information technology, managed care, medical technology, home health, physician practice management and dental practice management. Prior to consulting, she was vice president investor relations for American Medical Response, where she developed and implemented that company's first IR and media relations program. From 1985 to 1995, Dunlap was with FHP HealthCare, a \$4 billion managed healthcare company, where she held progressively responsible positions in regional operations, strategic planning, investor relations and corporate communications. As vice president, investor relations she was the first IR officer for a managed healthcare company in the United States.

Ms. Duniap graduated magna cum laude with a master's degree in human resources economics from the University of Utah in 1980.

Richard B. Simpson

Senior Vice President, Chief Academic Officer

Dr. Richard Simpson joined Corinthian in July 2008 as Chief Academic Officer. Dr. Simpson most recently served as interim chief academic and operations officer for Colorado State University's (CSU) Global Campus, where he directed the development of an independent, online division of CSU's continuing education program. He concurrently served as associate provost for CSU's continuing education division. Earlier, Dr. Simpson served as associate dean, academic outreach and continuing education for the University of Utah, where he began his academic career in 1983. Over the course of a 21-year career at the University of Utah, he also served as adjunct associate professor of management, assistant dean - division of continuing education, and adjunct associate professor of political science.

Dr. Simpson holds a doctorate degree in psychology and master of science degree in economics from the University of Utah, and a bachelor of arts degree in biology from Colorado College.

Roger Van Duinen Senior Vice President, Marketing

Roger Van Duinen joined Corinthian Colleges in November 2009, as Senior Vice President of Marketing. Mr. Van Duinen has more than 20 years of marketing experience in the banking and direct mail industries.

Mr. Van Duinen's experience includes 13 years of leadership positions with Providian Financial and Providian Bancorp, where he developed an integrated multi-channel marketing strategy and was responsible for the credit card operations in the U.K. Most recently, Mr. Van Duinen was Executive Vice President with The Kessler Group, where he consulted to large companies on direct-to-consumer marketing, credit card marketing and the management and growth of multiple businesses.

Mr. Van Duinen holds a Bachelor of Science degree from the University of Michigan.

Jim Wade

Senior Vice President, Chief Human Resources Officer

Jim Wade Joined Corinthian Colleges Inc. as the Senior Vice President of Human Resources in November 2005 and was promoted to Senior Vice President and Chief Human Resources Officer in October of 2010.

Prior to Joining Corinthian, he was the Senior Vice President of Human Resources for The TriZetto Group, a leading healthcare software solutions company. Mr. Wade has over 33 years of experience as a Human Resources executive, and has held senior-most H.R. positions with Honeywell, Hadson Corporation, and FHP Healthcare. In addition, he served as a senior partner with the retained executive search firm of McCormack and Farrow.

Mr. Wade holds an M.S. degree in Human Resource Management from Chapman University in Orange, California and a B.S. degree in Business Administration from The University of Redlands in Redlands, California.



Ownership Profile

Shareholder Breakdown

		Holders	Values (\$)	% 0/S	Shares
Institution		78	12.25	38.40	33,651,931
Mutual Fun	d	42	3.84	14.18	12,426,748
Institution	al Shareholder	Rotation			
	Holders	Values Ch	ange (\$)	% 0/S	Shares Change
Buyers	24	2.40		8.94	7,837,384
Sellers	78	-3.78		26.33	-23,077,441
Net	.e	-1.39		17.39	-15,240,057
Institution	al Shareholder (Concentration			
		Values (5)	% O/S	Shares
Top 10 Inst.	ŧ	10		32.15	28,177,995
Top 20 Inst.	83	10.90		35.78	31,357,001
Top 50 Inst.	÷0	12.15		38.15	33,436,372
Total Inst.		12.15		38.15	33,436,372
Institutiona	al Shareholder S	Style			
Institutiona	al Shareholder S	Style Holders	Values (\$)	% 0/S	Shares
I nstitutiona Index	al Shareholder 5		Values (\$)	% 0/S 23.77	Shares 6,815,094
5.20	al Shareholder S	Holders			control control of
Index	2	Holders 9	1	23.77	6,815,094
Index Growth	2	Holders 9 2	1 2	23.77 17.61	6,815,094 5,049,357
Index Growth CoreGrowth	2	Holders 9 2 12	1 2 0	23.77 17.61 1.01	6,815,094 5,049,357 288,241
Index Growth CoreGrowth AggresGr	2	Holders 9 2 12 1	1 2 0 0	23.77 17.61 1.01 0.65	6,815,094 5,049,357 288,241 187,587
Index Growth CoreGrowth AggresGr IncomeValue	e	Holders 9 2 12 1	1 2 0 0 0	23.77 17.61 1.01 0.65 0.45	6,815,094 5,049,357 288,241 187,587 128,438
Index Growth CoreGrowth AggresGr IncomeValue HedgeFund	e	Holders 9 2 12 1 1 1 2	1 2 0 0 0 1	23.77 17.61 1.01 0.65 0.45 42.83	6,815,094 5,049,357 288,241 187,587 128,438 12,281,613
Index Growth CoreGrowth AggresGr IncomeValue HedgeFund BroxerDeale	e	Holders 9 2 12 1 1 12 18	1 2 0 0 0 1 0	23.77 17.61 1.01 0.65 0.45 42.83 6.18	6,815,094 5,049,357 288,241 187,587 128,438 12,281,613 1,771,670

Top Holders: Institutional Investor

	Shares Held	% 0/5	Shares Change	Filing Date
Shah Capital Management, Inc.	10,792,553	12.31	2,515,513	09/30/2014
Washington Post Co	4,123,513	4.70	-1,589,608	03/18/2014
UB5 Gestión, S.G.I.I.C., S.A.	3,849,357	4.39	2,699,410	09/30/2014
The Vanguard Group, Inc.	2,464,800	2.81	24,036	09/30/2014
BlackRock Institutional Trust Company, N.A.	2,057 510	2.35	693,026	09/30/2014
Nantahala Capital Management, LLC	1,400,000	1.60	0	09/30/2014
Oceanstone Capital Management, Inc.	1,200,000	1.37	1,200,000	03/31/2014
California Public Employees' Retirement System	998,777	1.14	o	09/30/2014
Gabelli Funds, LLC	693,500	0.79	376,000	09/30/2014
Invesco PowerShares Capital Management LLC	597,985	0.58	52,053	09/30/2014
Steadfast Financial LLC	\$17,000	0.59	0	09/30/2014
Bank of America Merrill Lynch (US)	444,218	0,51	-344,181	09/30/2014
Geode Capital Management, L.L.C.	418,268	0.48	15	09/30/2014
Two Sigma Investments, LLC	322,234	0.37	-272,901	09/30/2014
Massimino (Jack D)	322,154	0.37	179,429	09/19/2013
Goldman Sachs & Company, Inc.	281,706	0.32	43,365	09/30/2014
OxFORD Asset Management	264,121	0.30	198,589	09/30/2014
Millennium Management LLC	238,723	0.27	66,023	09/30/2014
Teton Advisors, Inc.	187,587	0.21	212,413	09/30/2014
BNP Paribas Securities Corp. North America	182,995	0.21	35,452	09/30/2014
Northern Trust Investments, Inc.	170,227	0.19	-607,426	09/30/2014
St Pierre (Paul R)	168,178	0.19	1,500	09/19/2013
J.P. Morgan Securities LLC	164,809	0.19	58,398	09/30/2014
Susquehanna Financial Group, LLLP	156,071	0.18	-89,301	09/30/2014
Citi Investment Research (US)	138,175	0.16	-89,175	09/30/2014
Barclays Capital	135,117	0.15	-77,050	09/30/2014
BNY Mellon Asset Management	128,435	0.15	٥	09/30/2014
Columbia Management Investment Advisers, LLC	91,92d	0.10	91,720	09/30/2014
Ord (Kenneth S)	81,951	0.09	25,954	09/19/2013
Wilson (Beth)	69,753	0.08	22,446	09/19/2013
Mortensen (Stan A)	69,624	0.08	19,498	09/19/2013
State Street Global Advisors (US)	69,473	0.08	-5,284	09/30/2014
Deutsche Asset Management Americas	64,292	0.07	39,392	09/30/2014
Barclays Capital Inc.	52,968	0.06	-80,818	09/30/2014
Owen (Robert)	46,095	0.05	18,337	09/19/2013

Corinth	Corinthian Colleges, Inc Ownership Profile			http://investors.cci.edu/ownership-profile.cfm?sh_print=yes&		
	Commonwealth Financial Network	42,700	0.05	42,700	09/30/2014	
	Nomura Securities Co., Ltd.	40,000	0.05	14,700	09/30/2014	
	LSV Asset Management	38,600	0.04	D	09/30/2014	
	Tower Research Capital LLC	37,001	0.04	37,001	09/30/2014	
	Renaissance Technologies Corp.	35,900	0.04	-198,444	09/30/2014	
	GSA Capital Partners LLP	32,314	0.04	-8,607	09/30/2014	
	Hartshorn (Theresa O)	31,500	0.04	1,500	09/19/2013	
	RBC Capital Markets Wealth Management	30,000	0.03	30,000	09/30/2014	
	UBS Securities LLC	29,273	0.03	26,373	09/30/2014	
	BNY Mellon Wealth Management	28,634	0.03	G	09/30/2014	
	Morgan Stanley & Co. LLC	28,202	0.03	-76,546	09/30/2014	
	Credit Suisse Securities (USA) LLC	26,205	0.03	-2,194,332	09/30/2014	
	SG Americas Securities, L.L.C.	25,121	0.03	2,551	09/30/2014	
	LPL Financial	24,830	0.03	24,830	06/30/2014	
	Dionisio (John M)	22,000	0.03	2,000	09/19/2013	

Ownership data is provided by Thomson Reuters, a third party service, and Corinthian Colleges, Inc. does not maintain or provide information directly to this service.

Internal Revenue Service P.O. Box 2508 Cincinnati, OH 45201

Department of the Treasury

Date: December 3, 2014

ZENITH EDUCATION GROUP INC 1 IMATION PL BLDG 2 OAKDALE, MN 55128 Person to Contact: Mr. Flammer #0203064 Toll Free Telephone Number: 877-829-5500 Employer Identification Number 47-2237488

Dear Applicant:

This is in response to your request for expedited processing of your application for tax-exempt status. Your request for expedited processing was approved and your application will be assigned to the next available determination specialist.

Although your expedite request was approved, that does not guarantee approval of your application for exemption.

If you have questions regarding the status of your application, please call us at the toll-free number shown in the heading of this letter.

Sincerely,

emera 1 courta

Tamera Ripperda Director Exempt Organizations



Department of the Treasury Internal Revenue Service Tax Exempt and Government Entities PO Box 2508 Cincinnati, OH 45201

Zenith Education Group, Inc. C/o James P. Joseph, Esq. 555 Twelfth St. NW Washington, DC 20004 Date:

December 5, 2014 Employer ID number: 47-2237488 Person to contact / ID number: Joseph J Laux ID# 31-08196 Contact telephone number: 513-263-3594

Contact fax number: 855-202-6946 Contact's supervisor: Jovonnie Lewis Supervisor's telephone number: 513-263-3723 Response due date: January 10, 2014

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We need more information to complete consideration of your application for exemption.

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Zenith Education Group, Inc., 47-2237488

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Zenith Education Group, Inc.. 47-2237488

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information and such facts are true, correct, and complete.

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ATT: Joseph J Laux	Exempt Organizations	Exempt Organizations
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Group 7828	Cincinnati, OH 45201	Cincinnati, OH 45201
10	ATT: Joseph J Laux	ATT: Joseph J Laux]
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	Group 7828	Group 7828

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ARNOLD & PORTER LLP

James P. Joseph

+1 202.942.5355 +1 202 942 5999 Fax

555 Twelfth Street, NW Washington, DC 20004-1206

December 10, 2014

VIA EXPRESS MAIL

Internal Revenue Service Exempt Organizations P.O. Box 2508 Cincinnati, OH 45201 ATT: Joseph J. Laux Room 4511 Group 7828



RE: Zenith Education Group, Inc. EIN # 47-2237488 Form 1023 Application for Exemption Responses to Supplemental Questions

Dear Mr. Laux:

This letter is in response to your letter dated December 5, 2014 to Zenith Education Group, Inc. (the "Organization") requesting additional information to complete consideration of the Organization's application for exemption. The numbered questions in **bold below** correspond with the numbered questions in your letter. The Organization's response is provided after each question.

Thank you again for your timely and prompt review of the Organization's application. We do hope you now have sufficient information to approve the Organization's application.

Please feel free to contact me at (202) 942-5355, if you have any questions or require additional information.

Sincerely, James P. Joseph

Enclosures

Supplemental Submission Zenith Education Group, Inc. EIN # 47-2237488 Form 1023

Please provide a list of the assets and liabilities to be transferred to your organization from Corinthian.

Section 1.1 of the Asset Purchase Agreement lists the assets transferred to, and Section 1.3 lists the liabilities assumed by, the Organization.

2. Please provide a copy of the sales/proposed sales agreement with Corinthian.

Enclosed is the Asset Purchase Agreement executed by the parties.¹ We have redacted some of the schedules to the Agreement to protect the privacy of certain individuals and confidentiality of certain information, including: Section 2.11(a) (pending and threatened litigation); Section 2.14(b) (business employees); Section 2.14(g) (involuntary termination); Section 2.15 (environmental matters); and Section 2.16(b) (investigations, reviews, audits, complaints, and material violations of education laws). In addition, we have not included Exhibits A through E (bill of sale; assignment and assumption agreement; assignment and assumption of lease(s), transition services agreement; and form of APA for bankruptcy legislation event) because they are still being drafted and negotiated by the parties.

3. Please submit the original newspaper page containing the notice of your nondiscriminatory policy as required under Revenue Procedure 75-50. If you have not published your notice, publish your policy in a prominent section of a newspaper, following the requirements below. In addition, you may want to post the policy on your website.

The Organization agrees and confirms that it will comply with the requirements under Revenue Procedure 75-50 to publish its nondiscriminatory policy prior to educational services being provided and students recruited. The Organization will maintain records sufficient to demonstrate compliance with such requirement. In addition, the Organization will post its policy on its website.

The Organization has not yet published its nondiscriminatory policy because the Organization is not yet operational and the purchase and sale of assets contemplated by the Asset Purchase Agreement with Corinthian has not yet closed. Once the Organization is operational, the Organization will publish its nondiscriminatory policy as described above.

Note that, although the Asset Purchase Agreement is dated November 19, 2014, Section 6.1(d) of the Agreement provides that a condition of closing is that the IRS shall have approved the Organization's application for tax-exempt status.



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EXECUTION VERSION

ASSET PURCHASE AGREEMENT by and between ZENITH EDUCATION GROUP, INC., CORINTHIAN COLLEGES, INC., CORINTHIAN SCHOOLS, INC., EVEREST COLLEGE PHOENIX, INC., RHODES COLLEGES, INC., TITAN SCHOOLS, INC., MJB ACQUISITION CORPORATION, FLORIDA METROPOLITAN UNIVERSITY, INC., ETON EDUCATION, INC., ASHMEAD EDUCATION, INC., GRAND RAPIDS EDUCATIONAL CENTER, INC., RHODES BUSINESS GROUP, INC., PEGASUS EDUCATION, INC., SOCLE EDUCATION, INC.

and

ECMC GROUP, INC., as Guarantor

Dated as of November 19, 2014

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT, dated as of November 19, 2014 (this "Agreement"), is entered into by and between Zenith Education Group, Inc., a Delaware nonprofit corporation ("Purchaser"), whose sole member is ECMC Group, Inc., a Delaware nonprofit corporation ("ECMC"); Corinthian Colleges, Inc., a Delaware corporation ("Parent"); Corinthian Schools, Inc., a Delaware corporation ("CSI"); Everest College Phoenix, Inc., an Arizona corporation ("ECP"); Rhodes Colleges, Inc., a Delaware corporation ("Rhodes"); Titan Schools, Inc., a Delaware corporation ("Titan"); MJB Acquisition Corporation, a Wyoming corporation ("MJB"); Florida Metropolitan University, Inc., a Florida corporation ("FMU"); Eton Education, Inc., a Washington corporation ("Eton"); Ashmead Education, Inc., a Washington corporation ("Ashmead"); Grand Rapids Educational Center, Inc., a Michigan corporation ("GREC"); Rhodes Business Group, Inc., a Delaware corporation ("RBG"); Pegasus Education, Inc., a Delaware corporation ("Pegasus"); and Socle Education, Inc., a Delaware corporation ("Socle" and, together with Parent, CSI, ECP, Rhodes, Titan, MJB, FMU, Eton, Ashmead, GREC, RBG and Pegasus, the "Sellers"); and ECMC, in its capacity as the guarantor of the obligations of Purchaser under this Agreement. Capitalized terms used in this Agreement but not otherwise defined shall have the meanings set forth in Annex A to this Agreement.

RECITALS

A. The Sellers operate the Everest Plus Business.

B. Purchaser desires to purchase and assume from the Sellers, and the Sellers desire to sell and assign to Purchaser, all of the Purchased Assets, free and clear of all Encumbrances (other than Permitted Encumbrances) except solely with respect to Assumed Liabilities, and in connection therewith, Purchaser desires to assume the Assumed Liabilities, all on the terms and subject to the conditions set forth herein and in the other Transaction Documents (the "Transactions").

C. As a condition and material inducement to their willingness to enter into this Agreement, at the Closing, the Sellers will execute and enter into the other Transaction Documents to which the Sellers are a party and Purchaser will execute and enter into the other Transaction Documents to which Purchaser is a party.

D. In consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

THE TRANSACTION

Section 1.1 <u>Purchased Assets</u>. Upon the terms and subject to the conditions contained in this Agreement, at the Closing, the Sellers shall sell, convey, transfer, assign and deliver to Purchaser and Purchaser shall purchase, acquire and accept from the Sellers, free and clear of all

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Encumbrances (other than Permitted Encumbrances), all of the Sellers' right, title and interest in and to all of the assets, properties, and rights of the Sellers that are used in the operation of the Everest Plus Business (other than the Excluded Assets), including the following assets, properties and rights (collectively, the "Purchased Assets"), subject to Section 1.13, Section 4.3, and Section 6.4, as applicable:

 (a) all accounts receivable (including tuition receivables) of the Everest Plus Business to the extent included in the Final Closing Working Capital, and any security, claim, remedy or other right related to any of the foregoing ("<u>Accounts Receivable</u>");

 (b) all textbooks and instructional materials that are used for the Everest Plus Business;

(c) the Everest Plus IP (to the extent owned by the Sellers) and all of the Sellers' other rights and interests in the Curriculum;

 (d) the leases set forth on <u>Schedule 1.1(d</u>) (the "<u>Assumed Leases</u>") and all rights thereunder;

(e) the Contracts set forth on <u>Schedule 1.1(c)</u> but excluding any Contract not assumed pursuant to and in compliance with <u>Section 4.3</u> (the "<u>Assumed Contracts</u>");

 all furniture, fixtures, equipment, machinery, tools, vehicles, telephones, computers, supplies and other personal property of the Sellers listed on <u>Schedule 1.1(f)</u>;

 (g) all inventory, finished goods, raw materials, work in progress, packaging, supplies, parts and other inventories of the Everest Plus Business ("Inventory");

 (h) all Approvals and Permits held by Sellers for the conduct of the Everest Plus Business as currently conducted or for the ownership or use of the Purchased Assets, in each case to the extent transferable;

(i) subject to Section 1.2(d) and Section 1.2(h), all rights, defenses, claims, demands, Actions or causes of action available to or being pursued by the Sellers to the extent related to the Everest Plus Business, the Purchased Assets, or the Assumed Liabilities, whether arising by way of counterclaim or otherwise;

(j) subject to <u>Section 1.2(d)</u> and <u>Section 1.2(h)</u>, all of the Sellers' rights under warranties, indemnities, and all similar rights against third parties to the extent related to the Everest Plus Business, the Purchased Assets, or the Assumed Liabilities;

(k) all systems of the Sellers used in the Everest Plus Business as currently conducted or for the use of the Purchased Assets, including financial aid administration and processing systems, online enrollment systems, and student administration systems; all prepaid expenses, credits, advance payments and deposits of the Sellers related to the Everest Plus Business or any other Purchased Asset to the extent included in the Final Closing Working Capital;

(m) all Books and Records (whether in paper or electronic form) used or held for use in the Everest Plus Business (other than Excluded Records), to the extent the Sellers are not prohibited by Applicable Laws, Educational Laws, or any Order from providing;

- (n) the capitalized leases set forth on <u>Schedule 1.1(n);</u>
- (o) all assets set forth on Schedule 1.1(o); and

(p) the portion of the assets in the Parent Trust transferred to the Purchaser Trust pursuant to <u>Section 5.3(e)</u>.

For clarity, the Sellers and their representatives shall be entitled, at their sole expense, to make and retain a copy of all Books and Records included in the Purchased Assets, and to provide copies of such materials to third parties as may be required by or for (i) accounting, audit and compliance purposes, (ii) legal process, (iii) defending against or preparing for ongoing or anticipated litigation, and (iv) inspections, examinations or inquiries by Governmental Entities or Educational Agencies. All such Books and Records so provided to the Sellers shall be subject to the NDA.

Section 1.2 Excluded Assets. Other than the Purchased Assets, the parties expressly understand and agree that Purchaser is not purchasing or acquiring, and the Sellers are not selling or assigning, any other assets or properties of the Sellers or any of their Subsidiaries, and all such other assets and properties (collectively, the "Excluded Assets") shall be excluded from the Purchased Assets and will remain the property of the Sellers and their Subsidiaries after the Closing. Excluded Assets include the following assets and properties of the Sellers:

 (a) all Cash, bank accounts and publicly traded or liquid securities held by the Sellers or any of their Subsidiaries;

(b) all Contracts other than the Assumed Contracts;

(c) all Intellectual Property rights and Intellectual Property other than the Everest Plus IP;

(d) all rights, defenses, claims, demands, Actions or causes of action related to or arising at any time from any Retained Liability or any Excluded Asset, all rights, defenses, claims, demands, Actions or causes of action (including all claims of attorney-client and work product privilege) arising prior to the Closing other than to the extent expressly included in the Purchased Assets, and all prepaid expenses, credits, advance payments and deposits of the Sellers related to or arising at any time from any Retained Liability or any Excluded Asset;

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 (e) all losses, loss carryforwards and rights to receive refunds, credits and loss carryforwards with respect to any and all Taxes of the Sellers that are not included as assets in the Final Closing Working Capital;

(f) the Excluded Records;

(g) all assets, employees and operations (including related corporate functions) set forth on <u>Schedule 1.2(g)</u>;

 (h) all insurance policies of the Sellers or any of their Subsidiaries (including the Insurance Policies) and all rights to applicable claims and proceeds thereunder;

(i) all assets and Contracts relating to any Benefit Plan (other than a portion of the assets in the Parent Trust transferred to the Purchaser Trust pursuant to Section 5.3(e)):

 (j) all assets, properties and rights used by the Sellers or any of their Subsidiaries in their businesses that are not used in the operation of the Everest Plus Business, except for the assets set forth on <u>Schedule 1.1(0)</u>;

(k) any Owned Real Estate;

 the equity interests of any Seller held by another Seller and the shares of capital stock of the Sellers held in treasury;

(m) all goodwill of the Everest Plus Business except for the goodwill associated with the Everest Plus IP;

(n) all non-transferable Approvals and Permits held by Sellers;

 (o) all Non-Transferable Assets until such time as they may be transferred to Purchaser in accordance with the process set forth in <u>Section 1.9</u>;

(p) subject to <u>Section 1.13</u>, the real property leases of the Sellers set forth on <u>Schedule 1.2(p)</u> for locations at which the Sellers operate Teach Out Schools (the "<u>Teach Out</u> <u>Leases</u>") and the Tangible Personal Property of the Sellers used in the operations of, and located at the premises of, the respective Teach Out Schools;

(q) subject to <u>Section 1.13</u>, the real property leases of the Sellers located in the state of Illinois that are set forth on <u>Schedule 1.2(q)</u> (the "<u>Illinois Leases</u>") and the Tangible Personal Property of the Sellers used in the operations of, and located at the premises of, the respective Everest Plus Schools associated with the Illinois Leases;

 (r) the Contracts of the Sellers not assumed by Purchaser pursuant to and in compliance with Section 4.3;

(s) all assets of the Sellers (including, without limitation, employees) relating exclusively to the locations at which the Sellers operate any Everest Plus School that is excluded from acquisition at the Initial Closing pursuant to <u>Section 6.4</u>; and

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(t) the rights that accrue or will accrue to the Sellers under the Transaction

Documents.

To the extent required by or for (i) accounting, audit and compliance purposes, (ii) legal process, (iii) defending against or preparing for ongoing or anticipated litigation, and (iv) inspections, examinations or inquiries by Governmental Entities or Educational Agencies, Purchaser and its Representatives shall be entitled to obtain, and the Sellers shall provide to Purchaser, at Purchaser's sole expense, a copy of all Books and Records included in the Excluded Assets (except to the extent prohibited by Law or Educational Law or protected by privilege). All such Books and Records so provided to Purchaser shall be subject to the NDA, the term of which is hereby extended for five years from the Closing Date with respect to all such Books and Records so provided to Purchaser.

For the avoidance of doubt, the Transactions (excluding the services to be provided by Purchaser under the Transition Services Agreement) and the Everest Plus Business and Everest Plus Schools shall not include any postsecondary educational institutions operated by the Sellers in the State of California.

Section 1.3 <u>Assumed Liabilities</u>. At the Closing, on the terms and subject to the conditions set forth in this Agreement, subject to <u>Section 1.13</u>, <u>Section 4.3</u>, and <u>Section 6.4</u>, as applicable, Purchaser shall assume and agree to satisfy, pay, perform and discharge when due only the following liabilities of the Sellers that relate to operation of the Everest Plus Business (collectively the "<u>Assumed Liabilities</u>") and no other liabilities:

(a) the Final Closing Deferred Revenue;

(b) all accounts payable, including lease payables, of the Sellers or any of their Subsidiaries to third parties in connection with the Everest Plus Business that remain unpaid as of the Closing Date to the extent included in the Final Closing Working Capital;

(c) subject to Section 4.3, all liabilities associated with the Assumed Contracts but only to the extent that such liabilities are required to be performed after the Closing Date, were incurred in the ordinary course of business, and do not relate to any failure to perform, improper performance, warranty or other breach, default, or violation by the Sellers on or prior to the Closing;

(d) all liabilities associated with the Assumed Leases but only to the extent that such liabilities are required to be performed after the Closing Date, were incurred in the ordinary course of business, and do not relate to any failure to perform, improper performance, warranty or other breach, default, or violation by the Sellers on or prior to the Closing;

 all accruals for salary, wages and unpaid vacation days, sick days, expense reimbursements and workers compensation claims of the Transferred Employees hired by Purchaser to the extent included in the Final Closing Working Capital; (f) all liabilities for Taxes imposed with respect to, or arising out of or relating to, the Purchased Assets, the Assumed Liabilities or the Everest Plus Business, in each case to the extent included as a current liability in the Final Closing Working Capital;

(g) except as otherwise limited by <u>Section 1.3(c)</u> or <u>Section 1.3(d)</u>, all liabilities arising from or related to Purchaser's ownership or use of the Purchased Assets or the operation of the Everest Plus Business on or after the Closing;

- (h) the DCP Liabilities as set forth in <u>Section 5.3(e)</u>;
- (i) the liabilities associated with the capitalized leases set forth on Schedule

1.1(n); and

(i) all liabilities set forth on Schedule 1.3(i).

Retained Liabilities. Notwithstanding the provisions of Section 1.3 or any Section 1.4 other provision in this Agreement to the contrary, Purchaser shall not assume and shall not be responsible to pay, perform or discharge any of the Retained Liabilities. The Sellers and their Subsidiaries shall, and shall cause each of their Affiliates to, retain, pay, perform, discharge, and remain solely responsible (but without waiving or releasing any claims, rights or defenses that the Sellers may have against any third party) for the Retained Liabilities from and after the Closing to the same extent as such entities are responsible for such Retained Liabilities immediately before the Closing. "Retained Liabilities" means, other than the Assumed Liabilities, any and all liabilities or obligations of the Sellers or any of their Subsidiaries, of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, whether or not the same is required to be accrued on the financial statements of the Sellers, and whether or not the same is included on a Schedule to this Agreement. For the avoidance of doubt, Retained Liabilities shall include, without limitation, all liabilities associated with, arising from, related to or involving:

(a) the Seller Private Educational Loans (other than refund obligations as provided in Section 5.9(c));

(b) the Actions set forth on Section 2.11(a) of the Seller Disclosure Schedule;

(c) all Indebtedness other than Indebtedness in respect of (i) the capitalized leases set forth on <u>Schedule 1.1(n)</u> and (ii) the letters of credit of the Sellers to be assumed, replaced or maintained by Purchaser at Closing as contemplated by <u>Schedule 4.10</u>;

(d) all liabilities of the Sellers related to assets of the Sellers excluded from acquisition pursuant to <u>Section 1.13</u>, <u>Section 4.3</u>, or <u>Section 6.4</u>, as applicable; and

(e) all liabilities reflected or required to be reflected on any Schedule hereto without giving effect to any qualifications as to materiality or words of similar effect, excluding only the liabilities expressly assumed under <u>Section 1.3</u>.

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Section 1.5 <u>Consideration</u>. As consideration for the Purchased Assets and execution of the Transaction Documents, Purchaser shall pay to the Seller Representative, subject to the adjustments described herein and to be distributed in the manner set forth in <u>Section 1.7</u>, an aggregate cash payment equal to (i) Twenty-Four Million Dollars (\$24,000,000), *plus* (ii) the Final Closing Working Capital Adjustment (which for the avoidance of doubt may be a positive or negative amount), *minus* (iii) the Final Closing Deferred Revenue Adjustment, *minus* (iv) the Title IV Advance Amount (collectively, the "<u>Purchase Price</u>") and assume the Assumed Liabilities.

Section 1.6 Working Capital Adjustment.

(a) Determination of Initial Adjustment. At least three (3) Business Days prior to the Closing Date, the Seller Representative shall deliver to Purchaser a closing statement setting forth (i) the Sellers' good faith estimate of Working Capital as of 12:01 a.m. Pacific Time on the Closing Date prepared in accordance with GAAP and the policies and procedures set forth on <u>Schedule L6(a)</u> (the "Estimated Closing Working Capital") and (ii) the Sellers' good faith estimate of Deferred Revenue as of 12:01 a.m. Pacific Time on the Closing Date prepared in accordance with GAAP and the policies and procedures set forth on <u>Schedule L6(a)</u> (the "Estimated Closing Deferred Revenue").

(b) <u>Disputed Adjustment</u>.

No later than forty-five (45) days following the Closing Date, (i) Purchaser shall prepare and deliver to the Seller Representative (A) an unaudited balance sheet for the Everest Plus Business as of 12:01 a.m. Pacific Time on the Closing Date (the "Closing Balance Sheet"), and (B) a special report (the "Closing Working Capital and Closing Deferred Revenue Statement") setting forth (1) Purchaser's calculation of Working Capital as of 12:01 a.m. Pacific Time on the Closing Date (the "Closing Working Capital") and (2) Purchaser's calculation of Deferred Revenue as of 12:01 a.m. Pacific Time on the Closing Date (the "Closing Deferred Revenue"). The Closing Balance Sheet shall be prepared in accordance with GAAP and the policies and procedures set forth on Schedule 1.6(a). The Closing Working Capital set forth on the Closing Working Capital and Closing Deferred Revenue Statement shall be derived from the Closing Balance Sheet and prepared in accordance with the definition of Working Capital. The Closing Deferred Revenue set forth on the Closing Working Capital and Closing Deferred Revenue Statement shall be derived from the Closing Balance Sheet and prepared in accordance with the definition of Deferred Revenue. During the thirty (30) days following delivery of the Closing Balance Sheet and Closing Working Capital and Closing Deferred Revenue Statement and during any period of dispute with respect thereto thereafter, each party, at its own cost, shall cooperate with and provide the other party and its Representatives with reasonable access during normal business hours to the books, records (including work papers, schedules, memoranda and other documents to the extent such materials are in the possession of such party), supporting data, facilities and employees of such party and its Subsidiaries to the extent necessary for purposes of the analysis of the Closing Balance Sheet and the Closing Working Capital and Closing Deferred Revenue Statement.

(ii) If the Sellers dispute the accuracy of the Closing Working Capital or Closing Deferred Revenue set forth on the Closing Working Capital and Closing Deferred

Revenue Statement (it being understood and agreed that the Sellers may dispute the underlying items on the Closing Balance Sheet from which the Closing Working Capital and Closing Deferred Revenue is derived and not solely the derivation thereof), the Seller Representative shall provide written notice of such dispute to Purchaser no later than thirty (30) days following delivery of the Closing Working Capital and Closing Deferred Revenue Statement (the "Dispute Notice"), which notice shall set forth in reasonable detail those items that the Sellers dispute, and the amounts of any adjustments that are necessary in the Sellers' judgment for the computations contained in the Closing Working Capital and Closing Deferred Revenue Statement to conform to the requirements of this Agreement, and the basis for the Sellers' adjustments. During the thirty (30) day period following delivery of a Dispute Notice, Purchaser and the Sellers shall negotiate in good faith with a view to resolving their disagreements over the disputed items, and the provisions of Rule 408 of the Federal Rules of Evidence and any applicable similar state rule regarding inadmissibility of offers to compromise and of statements made in compromise negotiations when offered to prove liability for, invalidity of, or amount of a claim that was disputed as to validity or amount shall apply to all such negotiations (unless otherwise agreed in writing by Purchaser and the Seller Representative (on behalf of the Sellers). If Purchaser and the Sellers resolve their differences over the disputed items in accordance with the foregoing procedure, (A) the Final Closing Working Capital shall be deemed to be the amount agreed upon by them and reflected in a written statement setting forth the amount of the Final Closing Working Capital signed by Purchaser and the Seller Representative (on behalf of the Sellers). and (B) the Final Closing Deferred Revenue shall be deemed to be the amount agreed upon by them and reflected in a written statement setting forth the amount of the Final Closing Deferred Revenue signed by Purchaser and the Seller Representative (on behalf of the Sellers). If the parties fail to resolve their differences over all of the disputed items within such thirty (30) day period, then (1) each of Purchaser and the Seller Representative shall, within five (5) Business Days, deliver to the other a statement (the "Closing Working Capital and Closing Deferred Revenue Final Proposal") setting forth Purchaser's or the Sellers', as applicable, final proposal with respect to the Closing Working Capital and Closing Deferred Revenue, which shall be binding on such party for purposes of the expense allocation set forth in Section 1.6(b)(iii) (it being understood and agreed that Purchaser may not propose an amount for any line item indicating lower Closing Working Capital or greater Closing Deferred Revenue than the amount for such line item in the Closing Working Capital and Closing Deferred Revenue Statement, and the Sellers may not propose an amount for any line item indicating higher Closing Working Capital or lower Closing Deferred Revenue than the amount for such line item (if any) in the Dispute Notice), and (2) upon the written request of either Purchaser or the Seller Representative after delivery of the Closing Working Capital and Closing Deferred Revenue Final Proposals, both Purchaser and the Seller Representative shall, within ten (10) Business Days after the receipt of such request, submit all unresolved disputed items (and only such unresolved disputed items, which for the avoidance of doubt shall include all unresolved disputed items existing in the Closing Working Capital and Closing Deferred Revenue Final Proposals) to Grant Thornton LLP (the "Accounting Arbitrator") to make a binding determination as to such unresolved disputed items in accordance with this Agreement.

(iii) The Accounting Arbitrator will be requested, as a term of its engagement, to render its written decision with respect to all disputed items (and only with respect to any unresolved disputed items) submitted to it as soon as practicable but in no event

more than sixty (60) days from the date of referral. Such written decision (A) shall be delivered to both Purchaser and the Seller Representative, (B) shall set forth the Accounting Arbitrator's determination of the unresolved items submitted to it, including a statement in reasonable detail of the basis for its decision, and (C) shall be final and binding upon the parties and enforceable by any court of competent jurisdiction. Purchaser and the Seller Representative are each entitled to submit to the Accounting Arbitrator a statement and supporting materials setting forth such party's position with respect to the unresolved items submitted to the Accounting Arbitrator. The Accounting Arbitrator shall review such submissions and shall render its determination based solely on such submissions (and not on the basis of an independent review) and in accordance with GAAP and the policies and procedures set forth on Schedule 1.6(a). In resolving any disputed item, the Accounting Arbitrator may not determine any disputed matter of law or assign a value to any item greater than the greatest value for such item claimed by either Purchaser or the Sellers or less than the least value for such item claimed by either Purchaser or the Sellers. The Closing Working Capital set forth on the Closing Working Capital and Closing Deferred Revenue Statement, as adjusted to reflect the negotiated resolution of disputed items by Purchaser and the Sellers and the resolution of all other disputed items by the Accounting Arbitrator shall be deemed to be the Final Closing Working Capital. The Closing Deferred Revenue set forth on the Closing Working Capital and Closing Deferred Revenue Statement, as adjusted to reflect the negotiated resolution of disputed items by Purchaser and the Sellers and the resolution of all other disputed items by the Accounting Arbitrator shall be deemed to be the Final Closing Deferred Revenue. Each party shall bear its own costs in preparing and reviewing the Closing Balance Sheet and the Closing Working Capital and Closing Deferred Revenue Statement. The fees and expenses of the Accounting Arbitrator will be apportioned between Purchaser, on the one hand, and the Sellers, on the other, by the Accounting Arbitrator based on the inverse proportion of the disputed amounts resolved in favor of such party (i.e., so that the prevailing party bears a lesser amount of such fees).

Payment to Purchaser. If the Estimated Closing Working Capital is (c) greater than the Final Closing Working Capital, then an amount equal to (i) the Estimated Closing Working Capital, less (ii) the Final Closing Working Capital (the "Working Capital Shortfall") shall be due to Purchaser from the Sellers by a distribution from the Adjustment Escrow Fund. In addition, if the Estimated Closing Deferred Revenue is less than the Final Closing Deferred Revenue, then an amount equal to fifteen and one-half percent (15.5%) of the difference between (A) the Final Closing Deferred Revenue and (B) the Estimated Closing Deferred Revenue (the "Deferred Revenue Shortfall") shall be due to Purchaser from the Sellers by a distribution from the Adjustment Escrow Fund. Accordingly, within three (3) Business Days after the determination of the Final Closing Working Capital and Final Closing Deferred Revenue in accordance with Section 1.6(b), Purchaser and the Seller Representative shall jointly instruct the Escrow Agent to make payment from the Adjustment Escrow Fund by wire transfer of immediately available funds to Purchaser in the amount equal to the Working Capital Shortfall and Deferred Revenue Shortfall, as applicable (and subject to Section 1.6(e)), and release the balance of the Adjustment Escrow Fund, if any, by wire transfer of immediately available funds to the Seller Representative; provided that if the Working Capital Shortfall and Deferred Revenue Shortfall, if applicable, exceeds the Adjustment Escrow Fund, then the Sellers shall jointly and severally be responsible for paying such excess to Purchaser by wire transfer of immediately available funds to an account designated in writing by Purchaser to the Seller

Representative, and if that payment is not made within three (3) Business Days after the final determination of Final Closing Working Capital and Final Closing Deferred Revenue, Purchaser may, at its sole discretion (i) pursue any and all claims, rights or remedies available to Purchaser at law or in equity to obtain payment of the excess shortfall due to Purchaser bearing interest at the annual rate of 12.5%, (ii) require the Sellers to issue a demand promissory note to Purchaser on terms reasonably acceptable to Purchaser but bearing interest at an annual rate of not more than 12.5%, (iii) proceed against the Indemnification Escrow Fund for such excess shortfall, provided, however, that any such distribution from the Indemnification Escrow Fund shall not relieve the Sellers of their obligation to pay the amount due to Purchaser by replenishing the Indemnification Escrow Fund in the amount of such excess shortfall, or (iv) set off the amount of such excess shortfall against any amounts owed by Purchaser to any Seller. Purchaser and the Sellers acknowledge and agree that the working capital adjustment provided for in this Section 1.6, and the dispute resolution provisions provided for in this Section 1.6, shall be the sole and exclusive remedies for the matters addressed herein. No claim for indemnification pursuant to ARTICLE VIII may be asserted by Purchaser to the extent such claim relates to the accuracy of the Estimated Closing Working Capital or Estimated Closing Deferred Revenue or was otherwise taken into account in determining the Final Closing Working Capital or Final Closing Deferred Revenue. Notwithstanding the foregoing, a determination that the Final Closing Working Capital or Final Closing Deferred Revenue shall have become final and binding will not preclude a party from recovering for an overpayment under this Section 1.6(c) that is attributable to a breach of a representation or warranty, subject to the limitations set forth in Article VIII. Notwithstanding anything contained in this Agreement, any amounts payable pursuant to the indemnification obligations under ARTICLE VIII shall be paid without duplication, and no Indemnitee shall be entitled to recover more than once for any Loss.

Payment by Purchaser. If the Final Closing Working Capital is greater (d) than the Estimated Closing Working Capital, then Purchaser shall, within three (3) Business Days after the determination of the Final Closing Working Capital in accordance with Section 1.6(b), pay an amount of cash in the aggregate equal to (i) the Final Closing Working Capital, less (ii) the Estimated Closing Working Capital, by wire transfer of immediately available funds, to the Seller Representative. In addition, if the Estimated Closing Deferred Revenue is greater than the Final Closing Deferred Revenue, then Purchaser shall, within three (3) Business Days after the determination of the Final Closing Deferred Revenue in accordance with Section 1.6(b). pay an amount of cash equal to fifteen and one-half percent (15.5%) of the difference between (A) the Estimated Closing Deferred Revenue and (B) the Final Closing Deferred Revenue, by wire transfer of immediately available funds, to the Seller Representative. Purchaser and the Seller Representative shall jointly instruct the Escrow Agent to release the entire Adjustment Escrow Fund (or such lesser amount, as applicable in the event of a netting pursuant to Section 1.6(e)), by wire transfer of immediately available funds to the Seller Representative. If any payment to be made pursuant to this Section 1.6(d) is not made within three (3) Business Days after the final determination of Final Closing Working Capital and Final Closing Deferred Revenue, the Sellers may pursue any and all claims, rights or remedies available to the Sellers at law or in equity to obtain payment of the excess shortfall due to the Sellers bearing interest at the annual rate of 12.5%.

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(e) <u>Netting of Adjustments</u>. Any payments to be made pursuant to <u>Section</u> <u>1.6(c)</u> and <u>Section 1.6(d)</u> shall be aggregated (and, if applicable, netted) so that only one payment shall be made to the Sellers or Purchaser, as applicable.

(f) <u>Adjustment Payments</u>. Any payment pursuant to <u>Section 1.6(c)</u> or <u>Section 1.6(c)</u> or <u>Section 1.6(d)</u> shall be deemed to be an adjustment to the Purchase Price.

Section 1.7 <u>Payment of Purchase Price</u>. The Purchase Price shall be distributed as follows:

(a) <u>Estimated Payment</u>. At the Initial Closing, Purchaser shall pay to the Seller Representative by wire transfer of immediately available funds to an account to be specified in a written notice delivered by the Seller Representative to Purchaser at least three (3) Business Days prior to the Closing Date an aggregate amount in cash equal to the result of: (i) Twenty-Four Million Dollars (\$24,000,000), *plus* (ii) the Estimated Closing Working Capital Adjustment (which for the avoidance of doubt may be a positive or negative amount), *minus* (iii) the Estimated Closing Deferred Revenue Adjustment, *minus* (iv) the Indemnification Escrow Amount, *minus* (v) the Adjustment Escrow Amount, *minus* (vi) the Title IV Advance Amount, and *minus* (vii) the ED Payment.

(b) Escrow Amounts. At the Initial Closing, Purchaser shall deposit with the Escrow Agent (i) an amount in cash equal to the Indemnification Escrow Amount, as collateral for certain indemnification obligations of the Sellers pursuant to <u>ARTICLE VIII</u>, and (ii) an amount in cash equal to the Adjustment Escrow Amount. The Indemnification Escrow Amount shall be held by the Escrow Agent in a separate escrow account (the "<u>Indemnification Escrow Amount</u>"), and the Adjustment Escrow Amount shall be held by the Escrow Agent in a separate escrow account (the "<u>Adjustment Escrow Fund</u>"), in each case established pursuant to the Escrow Agreement. Purchaser, on the one hand, and the Sellers, on the other hand, shall share equally all fees of the Escrow Agent in connection with the Escrow Agreement and the administration of the Escrow Funds, as provided in the Escrow Agreement.

(c) <u>ED Payment</u>. At the Initial Closing, on behalf of the Sellers, Purchaser shall wire the ED Payment to an account of ED to be specified in a written notice delivered by the Seller Representative to Purchaser at least three (3) Business Days prior to the Closing Date. In the event that the ED Payment is less than Twelve Million Dollars (\$12,000,000), the Sellers shall fund any such shortfall directly to ED at the Initial Closing.

Section 1.8 <u>Allocation of Purchase Price</u>. The consideration payable pursuant to this Agreement (which shall include the assumption of the Assumed Liabilities) shall be allocated by the parties among the Purchased Assets, as set forth in <u>Schedule 1.8</u> (the "<u>Allocation</u>"). The allocation of such consideration among the Purchased Assets shall be in accordance with Section 1060 of the Code and the regulations promulgated thereunder. The Allocation shall be revised as necessary to reflect any adjustment to the value of any Purchased Asset or Assumed Liability, as reasonably determined in good faith by the parties. Except as may be required by a "determination" (within the meaning of Section 1313(a) of the Code or any similar state or local Tax Law), neither the Sellers nor Purchaser (or any of their respective Affiliates) shall file any Tax Return (including IRS Form 8594) or, without the consent of the other (such consent not to

be unreasonably withheld, conditioned or delayed), take any position in any Tax Return, refund claim, litigation or otherwise that is inconsistent with the Allocation. If such Allocation is disputed by any Taxing Authority, the party receiving notice of such dispute shall promptly notify the other party hereto. The Sellers and Purchaser agree to cooperate in good faith in responding to any such challenge to preserve the effectiveness of such Allocation. Any amounts treated as an adjustment to the Purchase Price after the Agreement Date shall be allocated to the Purchased Assets to which they relate.

Section 1.9 Non-Transferable Assets. Notwithstanding anything to the contrary in this Agreement, if any Purchased Asset is not assignable or transferable (each, a "Non-Transferable Asset") without a Consent, then to the extent that such Consent is not obtained on or prior to the Closing Date or if any attempted assignment would be ineffective or would impair Purchaser's rights under the Purchased Asset in question so that Purchaser would not in effect acquire the benefit of all such rights, this Agreement and the related instruments of transfer shall not constitute an assignment or transfer of such Non-Transferable Assets. Subject to Applicable Law, the Sellers and Purchaser shall use their respective commercially reasonable efforts to establish arrangements that, from and after the applicable Closing, result in Purchaser receiving all the benefits and bearing the costs, liabilities and burdens that arise on or after the applicable Closing and that do not arise from any failure to perform, improper performance, warranty or other breach, default, or violation by the Sellers on or prior to the applicable Closing, with respect to the Non-Transferable Assets. The Sellers and Purchaser shall cooperate in good faith using commercially reasonable efforts prior to the Closing Date to implement such arrangements as either party reasonably may request of the other party to ensure that, to the greatest extent permitted by Applicable Law, from and after the applicable Closing, the economic benefits and burdens of the Non-Transferable Assets are held and borne by Purchaser, subject to the limitations set forth in the prior sentence. Notwithstanding any provision in this Section 1.9 to the contrary, Purchaser shall not be deemed to have waived its rights under Section 6.2(c) unless and until Purchaser either provides written waivers thereof or elects to proceed to consummate the Transactions at the applicable Closing. The Sellers shall use their commercially reasonable efforts for a period of up to one (1) year after the Closing Date to obtain as soon as practicable after the Closing Date the relevant Consent with respect to such Non-Transferable Asset or, alternatively, written confirmation from such parties reasonably satisfactory to the Sellers and Purchaser that such Consent is not required. The Sellers shall promptly provide Purchaser with updates and information on the status of any Consent with respect to any such Non-Transferable Asset. The Sellers shall be responsible for all fees, costs and expenses associated with making any Non-Transferable Asset available to Purchaser and otherwise performing their obligations under this Section 1.9. Purchaser shall be responsible for all costs and expenses attributable to its use of any Non-Transferable Asset made available to it as of or after the applicable Closing as contemplated in this Section 1.9. In no event, however, shall the Sellers be obligated or required to (i) pay any money to any Person or to offer or grant other financial or other accommodations to any Person in connection with obtaining any Consent with respect to any Non-Transferable Asset (except for fees, costs and expenses for which the Sellers are responsible as set forth in this Section 1.9); (ii) take any action to renew or otherwise extend the term of any Non-Transferable Asset unless Purchaser shall have obtained a written release of the Sellers from all liabilities relating to such Non-Transferable Asset, in form and substance reasonably satisfactory to the Sellers; (iii) take any action or fail to take any action that is in violation of or conflict with any

Applicable Law, Permit, or the terms of any Contract; or (iv) pay any amounts (that are the responsibility of Purchaser as set forth in this Section 1.9) to any party with respect to a Non-Transferable Asset after the applicable Closing unless and until it has been advanced such amounts by Purchaser. Upon obtaining the requisite Consent thereto, the Sellers shall, and shall cause each applicable Subsidiary to, promptly sell, convey, assign, transfer and deliver to Purchaser such Non-Transferable Assets for no additional consideration.

Section 1.10 <u>Certain Transfers of Purchased Assets; Assumption of Liabilities</u>. The Purchased Assets will be sold, conveyed, transferred, assigned and delivered, and the Assumed Liabilities will be assumed, pursuant to transfer and assumption agreements and such other instruments in such form as may be necessary or appropriate to effect a conveyance of the Purchased Assets, and an assumption of the Assumed Liabilities, in the jurisdictions in which such transfers are to be made. Such transfer and assumption agreements will be prepared by the Sellers, subject to Purchaser's reasonable acceptance, and will include:

(a) a bill of sale in substantially the form appended hereto as <u>Exhibit A</u> (the "<u>Bill of Sale</u>");

 a general assignment and assumption of liabilities in substantially the form appended hereto as <u>Exhibit B</u> (the "Assignment and Assumption Agreement");

(c) for each of the Assumed Leases, an Assignment and Assumption of Lease in substantially the form appended hereto as <u>Exhibit C</u> or such other appropriate document or instrument of transfer, as the case may require, in form acceptable to Purchaser; and

 (d) such other instruments and agreements as may be reasonably required to effect the purchase and assignment and assumption of the Purchased Assets and the Assumed Liabilities;

and will be executed no later than at or as of the Closing by the Sellers and/or any of their Subsidiaries, as appropriate, and Purchaser and/or any of its Subsidiaries, as appropriate.

Section 1.11 <u>Withholding Tax</u>. Purchaser shall be entitled to deduct and withhold from the Purchase Price all Taxes, if any, that Purchaser may be required to deduct and withhold under any provision of Tax Law. All such withheld amounts shall be treated as delivered to the Sellers hereunder.

Section 1.12 Seller Representative.

(a) Each Seller hereby designates Parent as its representative (the "Seller <u>Representative</u>") for all purposes of this Agreement, the other Transaction Documents and the Transactions. The Sellers and their respective successors shall be bound by any and all actions taken by the Seller Representative on their behalf under or otherwise relating to this Agreement, the other Transaction Documents and the Transactions as if such actions were expressly ratified and confirmed by each of them (including with respect to the settlement of any claims for indemnification pursuant to <u>ARTICLE VIII</u> of this Agreement). The Seller Representative shall not be liable to the Sellers for any act done or omitted to be done as Seller Representative absent

bad faith or gross negligence. In the event the Seller Representative is unable or unwilling to serve or shall resign, a successor Seller Representative shall be selected by the Sellers. Each successor Seller Representative shall have all the power, rights, authority and privileges hereby conferred upon the original Seller Representative.

(b) Purchaser and the Escrow Agent shall be entitled to rely upon any communication or writings given or executed by the Seller Representative on behalf of the Sellers. All communications or writings to be sent to the Sellers pursuant to this Agreement may be addressed to the Seller Representative, and any communication or writing so sent shall be deemed notice to all of the Sellers hereunder. The execution and delivery of this Agreement by the Sellers shall constitute the consent and agreement of each Seller that the Seller Representative is authorized to accept payments and deliveries, including any notice, on behalf of each Seller pursuant hereto.

(c) The Seller Representative is hereby appointed and constituted the true and lawful attorney-in-fact of each Seller, with full power in its name and on its behalf to act according to the terms of this Agreement and the Transaction Documents in the absolute discretion of the Seller Representative; and in general to do all things and to perform all acts including, without limitation, executing and delivering all agreements, certificates, receipts, instructions, notices and other instruments contemplated by or deemed advisable in connection with this Agreement and the Transaction Documents. This power of attorney and all authority hereby conferred is granted subject to the interest of the Sellers hereunder and in consideration of the mutual covenants and agreements made herein, and shall be irrevocable and shall not be terminated by any act of any Seller, by operation of law, whether by the death or disability of such Seller, or by any other event.

Section 1.13 Teach Out, Illinois Schools and Real Estate Matters.

(a) Purchaser has agreed to conduct a "teach out" of the Everest Plus Schools set forth on <u>Schedule 1.13(a)</u> (the "<u>Teach Out Schools</u>"). These teach outs are expected to be completed on or before August 31, 2015.

(i) The Sellers shall sublease the real property associated with the Teach Out Leases (the "Teach Out Locations") to Purchaser in each case for a term not to extend beyond August 31, 2015 (the "Teach Out Subleases"). The amounts payable under each Teach Out Sublease shall be the amounts payable to the owner of the Teach Out Location plus One Dollar (S1.00) per month for the lease by the Sellers to Purchaser of the Tangible Personal Property used at that Teach Out Location. In all other respects, each Teach Out Sublease shall be in form and substance reasonably satisfactory to each of the Seller Representative and Purchaser, and prior to the date of the Initial Closing, Purchaser and the Seller Representative shall negotiate in good faith the remaining terms of the Teach Out Subleases and the leases of the associated Tangible Personal Property.

(ii) Upon notice given to the Seller Representative within ninety (90) days after the Initial Closing, Purchaser may elect to acquire any or all Teach Out Leases and/or any or all of the associated Tangible Personal Property, in which event the Sellers shall convey to Purchaser and Purchaser shall acquire from the Sellers the Teach Out Leases and the

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associated Tangible Personal Property desired to be acquired by Purchaser on the same terms and conditions as would have been applicable under this Agreement to the acquisition of such real property leases and associated Tangible Personal Property by Purchaser at the Closing Date, in exchange for the additional consideration of One Dollar (\$1.00) per transaction.

(b)

(i) The Sellers shall sublease the Illinois Leases to Purchaser in each case for a term not to extend beyond August 31, 2015 (the "<u>Illinois Subleases</u>"). The amounts payable under each Illinois Sublease shall be the amounts payable to the owner of the real property subject to such lease plus One Dollar (\$1.00) per month for the lease by the Sellers to Purchaser of the Tangible Personal Property used at the location of the applicable Illinois Sublease. In all other respects, each Illinois Sublease shall be in form and substance reasonably satisfactory to each of the Seller Representative and Purchaser, and prior to the date of the Initial Closing, Purchaser and the Seller Representative shall negotiate in good faith the remaining terms of the Illinois Subleases and the leases of the associated Tangible Personal Property.

(ii) Upon notice given to the Seller Representative within ninety (90) days after the Initial Closing, Purchaser may elect to acquire any or all Illinois Leases and/or any or all of the associated Tangible Personal Property, in which event the Sellers shall convey to Purchaser and Purchaser shall acquire from the Sellers the Illinois Leases and the associated Tangible Personal Property desired to be acquired by Purchaser on the same terms and conditions as would have been applicable under this Agreement to the acquisition of such real property leases and associated Tangible Personal Property by Purchaser at the Closing Date, in exchange for the additional consideration of One Dollar (\$1.00) per transaction.

(c) The Sellers shall lease the Owned Real Property of the Sellers set forth on Schedule 1.13(c) to Purchaser on such commercially reasonable terms as are agreed upon by the parties prior to the Initial Closing.

(d)

(i) The Sellers shall sublease the lease set forth on <u>Schedule 1.13(d)</u> (the "<u>1.13(d) Lease</u>") to Purchaser for a term not to extend beyond August 31, 2015 (the "<u>1.13(d)</u> <u>Sublease</u>"). The amounts payable under the 1.13(d) Sublease shall be the amounts payable to the owner of the real property subject to such lease plus One Dollar (\$1.00) per month for the lease by the Sellers to Purchaser of the Tangible Personal Property used at the location of the 1.13(d) Sublease. In all other respects, the 1.13(d) Sublease shall be in form and substance reasonably satisfactory to each of the Seller Representative and Purchaser, and prior to the date of the Initial Closing, Purchaser and the Seller Representative shall negotiate in good faith the remaining terms of the 1.13(d) Sublease and the lease of the associated Tangible Personal Property.

(ii) Upon notice given to the Seller Representative within ninety (90) days after the Initial Closing, Purchaser may elect to acquire the I.13(d) Lease and/or any or all of the associated Tangible Personal Property, in which event the Sellers shall convey to Purchaser and Purchaser shall acquire from the Sellers the I.13(d) Lease and the associated Tangible Personal Property desired to be acquired by Purchaser on the same terms and

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conditions as would have been applicable under this Agreement to the acquisition of such real property leases and associated Tangible Personal Property by Purchaser at the Closing Date, in exchange for the additional consideration of One Dollar (\$1.00) per transaction.

(e)

(i) The Sellers shall sublease the leases set forth on <u>Schedule 1.13(e)</u> (the "<u>1.13(e) Leases</u>") to Purchaser for a term not to extend beyond December 31, 2015 (the "<u>1.13(e) Subleases</u>"). The amounts payable under each 1.13(e) Sublease shall be the amounts payable to the owner of the real property subject to such lease plus One Dollar (\$1.00) per month for the lease by the Sellers to Purchaser of the Tangible Personal Property used at the location of the applicable 1.13(e) Sublease. In all other respects, each 1.13(e) Sublease shall be in form and substance reasonably satisfactory to each of the Seller Representative and Purchaser, and prior to the date of the Initial Closing, Purchaser and the Seller Representative shall negotiate in good faith the remaining terms of the 1.13(c) Subleases and the leases of the associated Tangible Personal Property.

(ii) Upon notice given to the Seller Representative within ninety (90) days after the Initial Closing, Purchaser may elect to acquire any or all 1.13(e) Leases and/or any or all of the associated Tangible Personal Property, in which event the Sellers shall convey to Purchaser and Purchaser shall acquire from the Sellers the 1.13(e) Leases and the associated Tangible Personal Property desired to be acquired by Purchaser on the same terms and conditions as would have been applicable under this Agreement to the acquisition of such real property leases and associated Tangible Personal Property by Purchaser at the Closing Date, in exchange for the additional consideration of One Dollar (\$1.00) per transaction.

(f)

(i) The Sellers shall sublease the lease set forth on <u>Schedule 1.13(f)</u> (the "<u>1.13(f) Lease</u>") to Purchaser for a term not to extend beyond December 31, 2016 (the "<u>1.13(f) Sublease</u>"). The amounts payable under the 1.13(f) Sublease shall be the amounts payable to the owner of the real property subject to such lease plus One Dollar (\$1.00) per month for the lease by the Sellers to Purchaser of the Tangible Personal Property used at the location of the 1.13(f) Sublease. In all other respects, the 1.13(f) Sublease shall be in form and substance reasonably satisfactory to each of the Seller Representative and Purchaser, and prior to the date of the Initial Closing, Purchaser and the Seller Representative shall negotiate in good faith the remaining terms of the 1.13(f) Sublease and the lease of the associated Tangible Personal Property.

(ii) Upon notice given to the Seller Representative within ninety (90) days after the Initial Closing, Purchaser may elect to acquire the 1.13(f) Lease and/or any or all of the associated Tangible Personal Property, in which event the Sellers shall convey to Purchaser and Purchaser shall acquire from the Sellers the 1.13(f) Lease and the associated Tangible Personal Property desired to be acquired by Purchaser on the same terms and conditions as would have been applicable under this Agreement to the acquisition of such real property leases and associated Tangible Personal Property by Purchaser at the Closing Date, in exchange for the additional consideration of One Dollar (\$1.00) per transaction.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

As an inducement to Purchaser to execute and deliver this Agreement, except (i) as set forth in the corresponding sections or subsections of the disclosure schedule attached hereto (each section of which shall be deemed to qualify any other section or subsection of this Article to which the matter relates, so long as the applicability of such matter to such section is reasonably apparent on the face of the disclosure) (the "<u>Seller Disclosure Schedule</u>"); or (ii) as disclosed in the Annual Report on Form 10-K of Parent for the year ended June 30, 2013, the Quarterly Reports on Form 10-Q for the fiscal quarters ended September 30, 2013, December 31, 2013 and March 31, 2014, and the Current Reports on Form 8-K filed from the date of the filing of the Parent Form 10-K for the year ended June 30, 2013 to the Agreement Date (excluding any risk factor disclosures contained in such document under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer or other statements that are similarly predictive or forward-looking in nature), the Sellers, jointly and severally, hereby represent and warrant to Purchaser, as of the Agreement Date and as of the Closing Date, as follows:

Section 2.1 Organization; Authorization.

Each of Parent, CSI, Rhodes, RGB, Socle, Pegasus and Titan is a (a) corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of Eton and Ashmead is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington. GREC is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan. ECP is a corporation duly organized, validly existing and in good standing under the laws of the State of Arizona. MJB is a corporation duly organized, validly existing and in good standing under the laws of the State of Wyoming. FMU is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. Each of the Sellers has all requisite corporate power and authority to own, lease and operate all of the Purchased Assets owned, leased or operated by it and to carry on the Everest Plus Business as and to the extent now conducted by it. Except as would not prevent the consummation of the Transactions, each of the Sellers is duly qualified or licensed to do business as a foreign corporation in good standing in each state of the United States in which the character of the assets owned, leased or operated by it or the nature of the business conducted by it requires such qualification.

(b) The Sellers have full corporate power and authority to enter into this Agreement and each other Transaction Document to which any Seller is or, at the Closing, will become a party, and, solely to the extent that the Legal Opinion or the Court Determination is not obtained or a Foreclosure has not occurred, subject to Parent obtaining the Requisite Stockholder Approval, to carry out the Transactions and to perform their respective obligations hereunder and thereunder. The execution and delivery of this Agreement and each other Transaction Document to which any Seller is or, at the Closing, will become a party, and the consummation of the Transactions, have been duly and validly authorized by all necessary corporate action on the part of the applicable Seller. This Agreement and each other Transaction Document to which any

Seller is or, at the Closing, will become a party are valid and binding obligations of the applicable Seller, enforceable against the applicable Seller in accordance with their respective terms except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally. Each of the Sellers has determined that the Transactions are advisable and in the best interests of such Seller.

Section 2.2 <u>No Violation</u>. Except for the consents set forth in <u>Section 2.3(b)</u> of the Seller Disclosure Schedule, neither the execution, delivery and performance by any Seller of this Agreement and each of the Transaction Documents to which any Seller is or will be a party nor the consummation of the Transactions will (i) violate, breach or be in conflict with, in any material respect, any provisions of the respective certificate of incorporation or bylaws or equivalent organizational documents of any Seller, (ii) with or without the giving of notice or the passage of time, or both, materially violate, or be in material conflict with or constitute a default (or give rise to any right of or automatic termination, amendment, cancellation, payment or acceleration) under any of the terms, conditions or provisions of any Material Contract or any Approval to which any Seller is a party or by which any of their respective assets may be bound, (iii) result in the creation or imposition of any material Encumbrance (other than Permitted Encumbrances) upon any of the Purchased Assets, or (iv) subject to obtaining the Governmental Consents and the Educational Consents set forth on <u>Schedule A-1</u>, violate any Law to which any Seller is subject.

Section 2.3 Consents and Approvals.

(a) Except for the consents set forth in <u>Section 2.3(a)</u> of the Seller Disclosure Schedule ("<u>Governmental Consents</u>") and the Educational Consents set forth on <u>Schedule A-1</u>, no consent, approval or authorization of, or declaration, filing or registration with, any Governmental Entity or Educational Agency is required to be made or obtained by the Sellers in connection with the execution, delivery and performance of this Agreement and each of the Transaction Documents to which any Seller is or will be a party or the consummation of the Transactions in order to prevent the termination or material modification of any material right, privilege, license or qualification of the Sellers included in the Purchased Assets or the imposition of any material payment upon Purchaser.

(b) Except for the consents set forth in <u>Section 2.3(b)</u> of the Seller Disclosure Schedule, no consent, approval or authorization of, or notice to any counterparty to any Material Contract must be made or obtained by the Sellers in connection with the execution, delivery and performance of this Agreement and each of the Transaction Documents to which any Seller is or will be a party or the consummation of the Transactions.

Section 2.4 Financial Statements.

(a) Section 2.4(a) of the Seller Disclosure Schedule sets forth the pro forma, unaudited balance sheet for the Everest Plus Business as of June 30, 2014 (such date, the "Balance Sheet Date" and such balance sheet, the "Latest Balance Sheet") and June 30, 2013 and the related pro forma, unaudited statements of operations for the fiscal years then ended (collectively, the financial statements described in this Section 2.4 are referred to herein as the "Everest Plus Financial Statements"). Such Everest Plus Financial Statements were prepared in

good faith by the Sellers and were accurately derived from the Books and Records of the Sellers. The Everest Plus Financial Statements do not include any Private Educational Loans.

The Everest Plus Financial Statements have been prepared in accordance (b) with GAAP, applied on a consistent basis throughout the periods involved, and in accordance with the critical accounting policies set forth on Section 2.4(b) of the Seller Disclosure Schedule. No gain contingencies (as defined by Accounting Standards Codification 450, as in effect on the date hereof) have been included in the Everest Plus Financial Statements in the absence of a legally binding written agreement with the counterparty; and no loss contingencies (as defined in Accounting Standards Codification 450) have been omitted from the Everest Plus Financial Statements if required to be included therein by GAAP. Except as set forth on Section 2.4(b) of the Seller Disclosure Schedule, there are no liabilities of any nature applicable to the Everest Plus Business except (i) as disclosed on the Latest Balance Sheet, (ii) liabilities that were incurred in the ordinary course of business since the Balance Sheet Date, and (iii) liabilities that are not individually or in the aggregate, material. Except as set forth on Section 2.4(b) of the Seller Disclosure Schedule, none of the liabilities referred to in the preceding clauses (i), (ii) and (iii) result from, arise out of or relate to, any breach of Contract, violation of any Law, or relate to any criminal matter, in each case by the Sellers.

(c) <u>Section 2.4(c)</u> of the Seller Disclosure Schedules sets forth a true and correct list as of October 31, 2014 of the aging of the accounts payable to be included in the Final Closing Working Capital, assuming the Closing were to be held on October 31, 2014.

Section 2.5 <u>Accounts Receivable</u>. <u>Section 2.5</u> of the Seller Disclosure Schedule contains a list of Accounts Receivable and an aging schedule as of the Balance Sheet Date. All such Accounts Receivable are reflected properly in the Books and Records and constitute valid claims arising from bona fide transactions in the ordinary course of business of the Sellers consistent with past practice with respect to the Everest Plus Business. Other than as is consistent with any allowance for doubtful accounts set forth on the Latest Balance Sheet or as set forth on <u>Section 2.5</u> of the Seller Disclosure Schedule, no agreement for deduction, free goods, discounts or other deferred price or quantity adjustment has been made with respect to any such Accounts Receivable and, to the Knowledge of the Sellers, there is no material contest, right of set-off, or other claim relating to any such Accounts Receivable. All allowances have been calculated in accordance with GAAP.

Section 2.6 <u>Absence of Changes</u>. Except as set forth on <u>Section 2.6</u> of the Seller Disclosure Schedule, since the Balance Sheet Date, there has not been with respect to the Everest Plus Business or Purchased Assets:

 (a) any damage, destruction or loss to the Purchased Assets, whether covered by insurance or not, in excess of \$100,000 individually or \$250,000 in the aggregate;

(b) any increase in the compensation, bonus or pension, welfare, severance or other benefits of, payment of any bonus to, or grant of any new equity awards to any group of Business Employees where the annual effect of such increase would be to increase the prior year's aggregate compensation expense for the Business Employees by five percent (5%) or more;

 any entry into, modification, or termination of any employment, severance or similar contract with, or termination of any current or former shareholder, director, officer, employee, independent contractor, or consultant entitled to annual compensation in excess of \$100,000;

(d) any sale or other disposition of any assets (other than Excluded Assets) except (i) in the ordinary course of business and in amounts not in excess of \$50,000 individually or \$250,000 in the aggregate or (ii) for the disposition in the ordinary course of business of obsolete, nonfunctioning or damaged items of personal property;

 (c) any incurrence of, or entering into any Contract regarding, capital expenditures in excess of \$250,000 in the aggregate;

(f) any acquisition, by merger or consolidation with, or by purchase of all or substantially all of the assets or equity interests of, or by any other manner, any Person, or any division or line of business thereof, or any other acquisition of material assets or entry into or continuation of any negotiations with respect to any of the foregoing;

 (g) any material amendment to, termination of, or material increase in the payments to or benefits under, the Benefits Plans;

(h) any material write-down, write-off or write-up of the value of any Purchased Asset except for write-downs and write-offs in the ordinary course of business;

 any cancellation, waiver or assignment of any claims or rights with a value to the Sellers in excess of one hundred thousand dollars (\$100,000) individually or two hundred fifty thousand dollars (\$250,000) in the aggregate;

 (j) any material liability with respect to Taxes settled or compromised, any material claim or assessment relating to Taxes consented to, or any waiver of the statute of limitations for any such claim or assessment;

(k) any loan made by the Sellers to any Person or any material Indebtedness incurred or assumed by the Sellers other than (i) current liabilities incurred in the ordinary course of business of the Sellers consistent with past custom and practice, (ii) borrowings under the Credit Agreement (including issuance of letters of credit), and (iii) any other debt that has been timely repaid in full prior to or as of the Closing;

 any material Encumbrance created, incurred, assumed or suffered to exist upon or with respect to any of the Purchased Assets, other than Permitted Encumbrances or Encumbrances to be discharged at Closing;

(m) any material change in the accounting methods used by the Sellers;

 any termination of (or consent by any Seller to terminate or receipt of notice of termination of) any Assumed Contract involving the payment by or to any Seller in excess of one hundred thousand dollars (\$100,000);

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(o) any action (i) intended to manipulate the working capital of the Sellers, (ii) extending or delaying in any material respect any due date on any material invoice, bill or other account payable owed by any Seller or (ii) accelerating in any material respect any collection of any material account receivable payable to the Sellers by changing the terms thereof, directly or indirectly, in writing or orally, by factoring or otherwise;

 (p) any filing for bankruptcy, receivership or insolvency proceedings under any applicable Law or consent to the filing for bankruptcy, receivership or similar proceedings;

 (q) any agreements or commitments, whether oral or in writing, to take any action described in this <u>Section 2.6</u>.

Section 2.7 Properties; Encumbrances.

(a) Section 2.7(a) of the Seller Disclosure Schedule lists all real property that is leased and used or occupied by the Sellers in connection with the Everest Plus Business (the "<u>Rental Real Estate</u>") and the leases, subleases and agreements by which such Rental Real Estate is used and occupied (the "Leases"), true and complete copies of which have been provided to Purchaser. With respect to each of the Leases and the Rental Real Estate:

 A Seller has leasehold title to the Rental Real Estate, free and clear of any Encumbrance (other than Permitted Encumbrances);

(ii) There are no leases, subleases, concessions or other agreements to which a Seller is a party granting to any Person the right to use or occupancy of any portion of the Rental Real Estate;

(iii) None of the Sellers has received any written notice of any default or event that, with notice or lapse of time, or both, would constitute a default by a Seller that is the lessee under any Lease;

(iv) To the Knowledge of the Sellers, no lessor under any Lease is in default thereunder, nor has any event occurred that, with notice or lapse of time, or both, would constitute a default by the lessor thereunder;

(v) No lessor under any Lease has notified any Seller that it has applied any security deposit, in whole or in part, on account of the lessee's obligations, which amount has not been replenished by the applicable Seller;

(vi) The Sellers have provided to Purchaser true and complete copies of any ancillary documents to which any Seller is a party with respect to any Rental Real Estate (such as a subordination, non-disturbance and attornment agreement with the mortgagee of any Rental Real Estate);

(vii) There are no brokerage commission agreements between any Seller and any broker in connection with the Leases, and no commissions are due from the lessee

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under any of the Leases with respect to the Leases or any renewal, extension, expansion, or option thereunder; and

(viii) The Sellers are in occupancy of all of the Rental Real Estate, no construction work is required to be performed by the lessor or the lessee under any Lease as a condition precedent to the occupancy of any of the Rental Real Estate which has not been completed, and all costs, work allowances and reimbursements required to be paid by the lessor or lessee under any Lease have been paid in full.

(ix) The aggregate amount of rent due for the Assumed Leases, Illinois Leases and Teach Out Leases for periods prior to the Agreement Date that has been deferred beyond the Agreement Date is \$3,841,925. A schedule detailing these amounts is set forth on <u>Schedule 2.7(a)(ix)</u>.

(b) Except as set forth in <u>Section 2.7(b)</u> of the Seller Disclosure Schedule, to the Knowledge of the Sellers, all of the material buildings and building systems included in the Rental Real Estate are structurally sound with no defects, and in good operating condition and repair (ordinary wear and tear excepted).

(c) To the Knowledge of the Sellers, the Rental Real Estate is in compliance in all material respects with all applicable building, zoning, subdivision, health and safety and other land use laws, including The Americans with Disabilities Act of 1990, as amended, and the Sellers have all Permits necessary for the operation of the Rental Real Estate in connection with the conduct of the Everest Plus Business and such Permits are included in the Purchased Assets.

Section 2.8 Intellectual Property.

(a) Except as set forth in Section 2.8(a) of the Seller Disclosure Schedule, the Sellers, as applicable, have title, free and clear of all Encumbrances (other than Permitted Encumbrances), to the Everest Plus IP. Operation of the Everest Plus Business (including all marketing and promotion in connection therewith) does not and has not interfered with, infringed upon, diluted, misappropriated or violated any Intellectual Property, right of privacy or right of publicity of any other Person. There have been no proceedings against any Seller or claims in writing received by any Seller since the date that is twenty four (24) months prior to the Agreement Date, alleging that any of the Sellers or any product, service or operation thereof (including, without limitation, the Curriculum) is infringing, misappropriating or violating any Intellectual Property rights, privacy right or publicity right of a third Person in connection with the Everest Plus Business.

(b) The Sellers have no Knowledge (i) that any third party is infringing any of the Everest Plus IP, or (ii) of any pending claim against the Sellers contesting the validity, registrability or enforceability of any of the Everest Plus IP, and the Sellers have no Knowledge of any facts that would support such a claim.

(c) <u>Section 2.8(c)</u> of the Seller Disclosure Schedule identifies and describes each distinct electronic or other database containing (in whole or in part) any personally identifiable information and/or financial information of students, prospective students, faculty,

employees, their family members or other constituents of the Everest Plus Business. The collection and use by the Sellers of the student and other third-party personally identifiable data in the possession of the Sellers, and the transfer thereof to Purchaser hereunder, is not in violation of any privacy policy of the Sellers or any applicable Law.

(d) Section 2.8(d) of the Seller Disclosure Schedule identifies all Everest Plus IP used in operation of the Everest Plus Business (including, without limitation, the Curriculum), and such section details all Intellectual Property owned by the Sellers that has been registered or for which applications have been filed. All registered Intellectual Property included within the Everest Plus IP that is owned by the Sellers is in good standing, with all fees paid in full and filings made to date, and the applicable Sellers have taken all necessary action and made all necessary filings to ensure that registrations and applications have not expired or been canceled or abandoned. Except as set forth in Section 2.8(d) of the Seller Disclosure Schedule, the Everest Plus IP constitutes all of the Intellectual Property rights necessary to conduct the Everest Plus Business as currently conducted (including, without limitation, ownership of or adequate licenses to all components of the Curriculum taught as part of the Everest Plus Business). The consummation of the Transactions will not alter (other than solely with respect to the change of ownership thereof), limit, impair or otherwise affect any Everest Plus IP.

(e) Section 2.8(e) of the Seller Disclosure Schedule identifies under separate headings each Contract: (i) under which the Sellers use or license a material item of Intellectual Property that any Person besides the Sellers, including, without limitation, any Intellectual Property related to or incorporated in the Curriculum used in the Everest Plus Business (the "Inbound IP Contracts"); (ii) under which the Sellers have granted any Person any right or interest or any license to use any Intellectual Property owned by the Sellers included in the Everest Plus IP (the "Outbound IP Contracts"); and (iii) any other Material Contracts pursuant to which any other Person developed Intellectual Property on behalf of the Sellers in connection with the Everest Plus Business. Except as expressly provided in the Inbound IP Contracts, the Sellers do not owe any royalties or payments to any other Person for the use of any Everest Plus IP.

(f) The Sellers have maintained commercially reasonable practices to protect the confidentiality of the Sellers' trade secrets and other confidential information and the confidential information of the Sellers' students, prospective students, faculty, employees, their family members or other constituents of the Everest Plus Business. All current and former employees and contractors of the Sellers who contributed to the development of any material portion of the Everest Plus IP are subject to Contracts that assign to the Sellers each such Person's Intellectual Property in the work performed for the Sellers.

(g) The Sellers maintain commercially reasonable disaster recovery plans with respect to its information systems supporting the Everest Plus Business and providing service to faculty, students and prospective students thereof. Except as disclosed in <u>Section 2.8(µ)</u> of the Seller Disclosure Statement, there has been no material failure of such information systems since the date that is twenty-four (24) months prior to the Agreement Date that caused a material disruption or interruption in the operation of Everest Plus Business.

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(h) The Sellers have adopted and maintained commercially reasonable security policies with respect to their information systems as well as with respect to all collection, storage and transmission of personally identifiable information and financial information. There has been no material breach or violation of any such security policy and there has been no unauthorized or illegal use of or access to, or suspected security breach with respect to, any personally identifiable information and financial information held by the Sellers.

Section 2.9 <u>Material Contracts</u>. <u>Section 2.9</u> of the Seller Disclosure Schedule lists all of the following Contracts (other than the Benefit Plans) to which any of the Sellers is a party or is bound used in or relating to the Everest Plus Business (each, a "<u>Material Contract</u>" and collectively, the "<u>Material Contracts</u>"):

 (a) Assumed Contracts that cannot be terminated upon thirty (30) days' or less notice without penalty and have an unexpired term of six (6) months or more;

(b) Assumed Contracts that involve annual commitments or payment in excess of \$200,000 (but excluding all student enrollment agreements in customary form);

(c) Assumed Contracts that constitute an Indebtedness;

(d) Assumed Contracts that constitute a guaranty by any of the Sellers of obligations of any Person other than another Seller or that require any of the Sellers to indemnify any Person;

Sellers;

(e) Assumed Contracts providing for the extension of credit by any of the

 (f) Assumed Contracts limiting the ability of any of the Sellers to conduct the Everest Plus Business in any material respect;

(g) Assumed Contracts that are collective bargaining agreements, amendments thereto, memorialized past practices or other agreements with any labor union, employees' association or other employee representative of a group of employees;

(h) Assumed Contracts that restrict any Business Employee's ability to compete against the Everest Plus Business, solicit employees or customers, or disclose confidential information or that restrict any Business Employee's post-separation professional activities.

(i) Assumed Contracts that are for the employment, severance or retention of any Business Employee providing for annual compensation in excess of \$150,000 or postseparation or severance payments in excess of \$50,000, except for separation or severance obligations arising from the Transactions;

(j) Assumed Contracts that are for capital expenditures in an amount exceeding \$100,000 in any individual case or \$1,000,000 in the aggregate; and

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(k) the Assumed Leases.

True, accurate and complete copies of all Material Contracts, together with all amendments, waivers, or other changes thereto, have been provided to Purchaser. Each Material Contract is a valid and binding obligation of each Seller party thereto, enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally. Except as set forth in Section 2.9 of the Seller Disclosure Schedule, there are no defaults by any Seller under any Material Contract or, to the Knowledge of the Sellers, by any other party thereto.

Section 2.10 Insurance. Section 2.10 of the Seller Disclosure Schedule sets forth (a) a true and correct list of all policies of insurance (including policy number, insurer, insured parties, expiration date and type of coverage) maintained by the Sellers or their Affiliates and relating to the Everest Plus Business, the Purchased Assets or the Assumed Liabilities (collectively, the "Insurance Policies"); and (b) a true and correct list of all material pending claims and the claims history for the Sellers since the Compliance Date. All such Insurance Policies are in full force and effect, and none of the Sellers or their Affiliates has received any written notice of cancellation of, material premium increase with respect to, or material alteration of coverage under, any of the Insurance Policies. There are no material claims related to the Everest Plus Business, the Purchased Assets or the Assumed Liabilities pending under any Insurance Policies as to which coverage has been denied or disputed or in respect of which there is an outstanding reservation of rights. All premiums due on the Insurance Policies have either been paid or, if not yet due, accrued. None of the Sellers or their Affiliates is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such Insurance Policy. True, complete and complete copies of the Insurance Policies have been made available to Purchaser.

Section 2.11 Litigation; Compliance with Laws.

(a) Except as set forth in Section 2.11(a) of the Seller Disclosure Schedulc, there is no material Action at law or in equity before any Governmental Entity pending or, to the Knowledge of the Sellers, threatened, against any Seller, the Everest Plus Business or the Purchased Assets. Except as set forth in Section 2.11(a) of the Seller Disclosure Schedule, neither the Sellers nor any of their Subsidiaries are party to or bound by any currently effective Order that relates to the Everest Plus Business or any Purchased Asset. Except as set forth in Section 2.11(a) of the Seller Disclosure Schedule, there is no claim of wrongful termination or otherwise relating to employment matters pending or, to the Knowledge of the Sellers, threatened, against any Seller that is likely to result in an adverse damages award of greater than \$100,000, inclusive of all economic, compensatory, statutory, and other damages, and the Sellers are insured (in excess of a \$250,000 self-insured retention) for all such claims.

(b) Except as set forth in <u>Section 2.11(b)</u> of the Seller Disclosure Schedule, neither the Sellers nor any of their Subsidiaries are in violation in any material respect of any Law to which any of them, the Everest Plus Business or the Purchased Assets, is subject.

(c) No transfer of assets or property is being made by the Sellers and no obligation is being incurred by the Sellers in connection with the Transactions with the intent to hinder, delay or defraud either present or future creditors of Sellers.

(d) Since the Compliance Date, none of the Sellers or any of their Representatives or, to the Knowledge of the Sellers, any other Person associated with or acting on behalf of any of the Sellers, has directly or indirectly (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services (i) to obtain favorable treatment in securing or maintaining business; (ii) to obtain any license, permit, approval or qualification; or (iii) to obtain or maintain any other special concessions or treatment for or in respect of any of the Sellers in violation of any Law, or (b) established or maintained any fund or asset of the Sellers that has not been recorded in the Books and Records of any of the Sellers.

Section 2.12 Taxes.

(a) All Tax Returns required to be filed with respect to the Everest Plus Business and the Purchased Assets prior to the Closing Date have been or will be timely filed (taking into account extensions), and such Tax Returns are or, if not yet filed, will be, complete and correct in all material respects.

(b) All Taxes (whether or not shown or required to be shown on any Tax Return) required to be paid with respect to the Everest Plus Business and the Purchased Assets prior to the Closing Date have been paid or will be timely paid by the due date thereof, other than any such Taxes that are or will be contested in good faith by appropriate proceedings and for which adequate reserves will have been established.

(c) All Taxes with respect to the Everest Plus Business and the Purchased Assets that were or will be required to be withheld, deducted or collected prior to the Closing Date have been or will be duly withheld, deducted and collected and, to the extent required, have been or will be paid to the proper Taxing Authority.

(d) There are no Encumbrances for Taxes (other than Permitted Encumbrances) upon any of the Purchased Assets.

(e) None of the Purchased Assets (A) is property that is required to be treated as being owned by any other person pursuant to the so-called safe harbor lease provisions of former Section 168(f)(8) of the Code (B) directly or indirectly secures any debt the interest on which is tax-exempt under Section 103(a) of the Code, or (C) is "tax-exempt use property" within the meaning of Section 168(h) of the Code.

(f) Except as set forth on <u>Section 2.12</u> of the Seller Disclosure Schedule, no extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes or Tax Returns with respect to the Everest Plus Business and the Purchased Assets.

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(g) All deficiencies asserted, or assessments made, with respect to the Everest Plus Business and the Purchased Assets as a result of any examinations by any Taxing Authority have been fully paid.

(h) Except as set forth on <u>Section 2.12</u> of the Seller Disclosure Schedule, none of the Sellers is a party to any Action by any Taxing Authority with respect to the Everest Plus Business or the Purchased Assets.

 None of the Sellers is or has been a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011-4(b).

(j) None of the Sellers has engaged in any operations or activities that are subject to reporting obligations under Section 999 of the Code (relating to international boycotts).

Section 2.13 Employee Benefit Plans.

(a) Section 2.13(a) of the Seller Disclosure Schedule sets forth a true and complete list of each material "employee benefit plan," as defined in Section 3(3) of ERISA, and each and every other material written, unwritten, formal or informal plan, agreement, program, policy or other arrangement involving direct or indirect compensation (other than workers' compensation, unemployment compensation and other government programs), employment, severance, consulting, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits, deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights, other forms of incentive compensation, post-retirement insurance benefits, or other benefits, entered into, maintained or contributed to by the Sellers or any of their Subsidiaries or with respect to which the Sellers or any of their Subsidiaries has or may in the future have any liability (contingent or otherwise), in each case only with respect to which any Business Employee has any present or future rights to benefits. Each plan, agreement, program, policy or arrangement required to be set forth on the Seller Disclosure Schedule pursuant to the foregoing is referred to herein as a "Benefit Plan."

(b) The Sellers have made available the following documents to Purchaser with respect to each Benefit Plan: (1) correct and complete copies of all documents embodying such Benefit Plan, including (without limitation) all amendments thereto, and all related trust documents, (2) a written description of any Benefit Plan that is not set forth in a written document, (3) the most recent summary plan description together with the summary or summaries of material modifications thereto, if any, (4) the three most recent annual actuarial valuations, if any, (5) all IRS or Department of Labor ("DOL") determination, opinion, notification and advisory letters, (6) the three most recent annual reports (Form Series 5500 and all schedules and financial statements attached thereto), if any, (7) all material correspondence to or from any Governmental Entity received in the last three years, (8) all discrimination tests for the most recent three plan years, and (9) all material written agreements and contracts currently in effect, including (without limitation) administrative service agreements, group annuity contracts, and group insurance contracts.

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(c) Each Benefit Plan has been maintained and administered in all material respects in compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations (foreign and domestic), including (without limitation) ERISA and the Code, that are applicable to such Benefit Plans. Each Benefit Plan intended to be qualified under Section 401(a) of the Code and each trust intended to qualify under Section 501(a) of the Code is so qualified and either: (1) has obtained a currently effective favorable determination notification, advisory and/or opinion letter, as applicable, as to its qualified status (or the qualified status of the master or prototype form on which it is established) from the IRS covering the amendments to the Code effected by the Tax Reform Act of 1986 and all subsequent legislation for which the IRS will currently issue such a letter, and, to the Knowledge of the Sellers, no amendment to such Benefit Plan has been adopted since the date of such letter covering such Benefit Plan that would adversely affect such favorable determination; or (2) still has a remaining period of time in which to apply for or receive such letter and to make any amendments necessary to obtain a favorable determination.

(d) No Benefit Plan currently or in the past six (6) years maintained, sponsored, contributed to or required to be contributed to by the Sellers, any of their Subsidiaries, or any of their respective current or former ERISA Affiliates is or at any time in the past six (6) years was (1) a "multiemployer plan" as defined in Section 3(37) of ERISA, (2) a plan described in Section 413 of the Code, (3) a plan subject to Title IV of ERISA, (4) a plan subject to the minimum funding standards of Section 412 of the Code or Section 302 of ERISA, or (5) a plan maintained in connection with any trust described in Section 501(c)(9) of the Code. The term "ERISA Affiliate" means any Person that, together with the Sellers or any of their Subsidiaries, would be deemed a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

(e) (i) Except as set forth in Section 2.13(e) of the Seller Disclosure Schedule, none of the Sellers is subject to any material liability or penalty under Sections 4975 through 4980B of the Code or Title I of ERISA; (ii) each of the Sellers has complied in all material respects with all applicable health care continuation requirements in Section 4980B of the Code and in ERISA; and (iii) no material "Prohibited Transaction," within the meaning of Section 4975 of the Code or Sections 406 or 407 of ERISA and not otherwise exempt under Section 408 of ERISA, has occurred with respect to any Benefit Plan.

(f) No material action, suit or claim (excluding claims for benefits incurred in the ordinary course) has been brought or is pending or, to the Knowledge of the Sellers, threatened against or with respect to any Benefit Plan or the assets or any fiduciary thereof (in that Person's capacity as a fiduciary of such Benefit Plan). There are no audits, inquiries or proceedings pending or, to the Knowledge of the Sellers, threatened by the IRS, DOL, or other Governmental Entity with respect to any Benefit Plan.

Section 2.14 Employment Matters.

(a) No Seller is a party to any collective bargaining agreement with respect to the Everest Plus Business and, to the Knowledge of the Sellers, there are no labor unions or other organizations that have filed a petition with the National Labor Relations Board or any other Governmental Entity seeking certification as the collective bargaining representative of any

Business Employee. Since the Compliance Date, there has not been any, there is not presently pending or existing any, and there is not, to the Knowledge of the Sellers, any threatened, (i) strike, lockout, slowdown, picketing, or work stoppage or other concerted employee activity with respect to the Business Employees or (ii) except as set forth in Section 2.14(a) of the Seller Disclosure Schedule, unfair labor practice charge against any Seller by any Business Employee or labor organization. Except as set forth in Section 2.14(a) of the Seller Disclosure Schedule, since the Compliance Date, to the Knowledge of the Sellers, no labor unions or other organizations have represented, purported to represent or attempted to organize or represent any Business Employees.

(b) Section 2.14(b) of the Seller Disclosure Schedule lists, as of the Agreement Date, all Business Employees, and for each such employee: (i) job position; (ii) job location; (iii) the level of base compensation or regular base wage rate, as applicable; (iv) date of hire; (v) full-time or part-time status; and (vi) Fair Labor Standards Act status (exempt or nonexempt).

(c) Since the Compliance Date, the Sellers have correctly classified Business Employees and former employees as exempt employees or nonexempt employees under the Fair Labor Standards Act and other Laws, except for any instances of misclassification that would not reasonably be expected, individually or in the aggregate, to be material. All Business Employees are legally permitted to be employed by the Sellers in the jurisdiction in which such Business Employee is employed in their current job capacities. Since the Compliance Date, all independent contractors providing services to the Everest Plus Business have been properly classified as independent contractors for purposes of federal and applicable state Tax Laws, Laws applicable to employee benefits and other Laws, except for any instances of misclassification that would not reasonably be expected, individually or in the aggregate, to be material.

(d) Except as set forth in <u>Section 2.14(d)</u> of the Seller Disclosure Schedule, the Sellers are in compliance in all material respects with all Laws and arbitration awards relating to employment, and employment practices of Business Employees, including but not limited to Laws and awards addressing equal opportunity, civil rights, non-discrimination, non-retaliation, whistleblowing, workers' compensation, immigration, wages, employee exemption status, hours, overtime, benefits, collective bargaining, the payment of social security and similar taxes, income tax withholding, occupational safety and health, and/or privacy rights, and have been in compliance since the Compliance Date.

(c) Since July 1, 2013, with respect to the Everest Plus Business, no Seller has effectuated (i) a "plant closing" as defined in the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101 et seq. (the "WARN Act") (or any similar state, local or foreign law) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of a Seller, (ii) a "mass layoff" as defined in the WARN Act (or any similar state, local or foreign law) affecting any site of employment or facility of a Seller, (ii) a "mass layoff" as defined in the WARN Act (or any similar state, local or foreign law) affecting any site of employment or facility of the Everest Plus Business, or (iii) a "Relocation" or "Termination" within the meaning of California Labor Code § 1400 et seq.

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(f) Except as set forth in <u>Section 2.14(f)</u> of the Seller Disclosure Schedule, all of the Business Employees are employed on an "at will" basis and are not employed for any fixed term.

(g) Except as set forth in Section 2.14(g) of the Seller Disclosure Schedule, no Business Employee has been involuntarily terminated within 90 days preceding the Agreement Date, and the Sellers shall not involuntarily terminate any Business Employee with a title of Regional Vice President or above (including campus Presidents) for Business Employees in the field, or Vice President or above for Business Employees in the campus support group, prior to the Closing Date except with prior written notice to and the approval of Purchaser, which approval shall not be unreasonably withheld.

Section 2.15 <u>Environmental Matters</u>. Except as set forth in <u>Section 2.15</u> of the Seller Disclosure Schedule:

(a) With respect to the Everest Plus Business, the Sellers are currently and have been at all times since the Compliance Date, in material compliance with all applicable Laws in effect relating to the protection of the environment or to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control or cleanup of any Hazardous Materials in the environment and including, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. App. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.) the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.), to the extent each is applicable and as each has been amended and including the regulations promulgated pursuant thereto (the "Environmental Laws").

(b) The Sellers currently possess and are in material compliance with, and since the Compliance Date, have possessed and been in material compliance with, all Approvals and Permits required by any Environmental Laws for the operation of the Everest Plus Business.

(c) Except as in material compliance with Environmental Law, the operations of the Everest Plus Business have not caused any release of Hazardous Materials in violation of any Environmental Laws at (i) the Rental Real Estate, or (ii) to the Knowledge of the Sellers, any other property at which the Sellers have disposed of or arranged for the disposal of Hazardous Materials.

(d) There are no Actions at law or in equity before any Governmental Entity related to any Environmental Law that are pending, or to the Knowledge of the Sellers, threatened against the Sellers or any of their Subsidiaries in connection with the Everest Plus Business.

Section 2.16 Educational Laws and Educational Approvals.

Except as set forth in Section 2.16(a) of the Seller Disclosure Schedule, (a) each Everest Plus School has been, since the Compliance Date, in compliance in all material respects with all applicable Educational Laws. Since the Compliance Date, each Everest Plus School has held and presently holds all Educational Approvals necessary to conduct the Everest Plus Business, as then or presently conducted, including approvals required for each campus, additional location, branch, facility or other location where any Everest Plus School has offered all or any portion of an educational program, and all approvals required for any facility or location from which any Everest Plus School administers, teaches or otherwise supports programs offered online or through other distance education delivery methods. Except as set forth in Section 2.16(a) of the Seller Disclosure Schedule, each Everest Plus School has been, since the Compliance Date, in compliance in all material respects with the terms and conditions of all such Educational Approvals. Since the Compliance Date, except as set forth in Section 2.16(a) of the Seller Disclosure Schedule, each such Educational Approval is in full force and effect, and no proceeding for the suspension, limitation, revocation, termination or cancellation of any of them is pending. Except as set forth in Section 2.16(a) of the Seller Disclosure Schedule, since the Compliance Date, no application made by any Everest Plus School to any Educational Agency has been denied or materially limited or conditioned.

Since the Compliance Date, except as set forth in Section 2.16(b) of the (b) Seller Disclosure Schedule, each Everest Plus School and each campus or location thereof has been licensed or met the qualifications to be exempt from licensure by the applicable State Educational Agencies, accredited by the applicable Accrediting Body or Accrediting Bodies, and has been certified by ED as an eligible institution of higher education and is a party to a Program Participation Agreement with ED. With the exception of the annual financial aid compliance audits required by 34 C.F.R. § 668.23, and routine reporting that occurs on an annual basis with respect to institutions regulated by such Educational Agency or renewal-related reviews, and except as set forth in Section 2.16(b) of the Seller Disclosure Schedule, since the Compliance Date, none of the Sellers or any Everest Plus School has received written notice of (i) any investigation, review, or audit of the operation of the Title IV Programs of any Everest Plus School; (ii) any review of the Educational Approvals by ED or any other Educational Agency of any Everest Plus School; or (iii) any complaints by students or employees as filed and currently pending with an Educational Agency with respect to any Everest Plus School. Except as set forth in Section 2.16(b) of the Seller Disclosure Schedule, since the Compliance Date, none of the Sellers or any Everest Plus School has received written notice of any alleged material violation of any Educational Law related to maintaining and retaining in full force and effect any Educational Approvals necessary for each Everest Plus School's existing operations. Except as set forth in Section 2.16(b) of the Seller Disclosure Schedule, to the Knowledge of the Sellers, no fact or circumstance exists that would be likely to result in the termination, revocation, suspension, restriction or failure of any Everest Plus School to obtain renewal of any Educational Approval or to obtain any Pre-Closing Educational Consent or Post-Closing Educational Consent.

(c) Except as set forth in <u>Section 2.16(c)</u> of the Seller Disclosure Schedule, each Everest Plus School has since the Compliance Date been in material compliance with any

and all applicable Educational Laws relating to Student Financial Assistance, including, without limitation, the Title IV program participation, financial responsibility and administrative capability requirements promulgated by ED at 34 C.F.R. §§ 668.14, 668.16, and 668.171-175, as well as the student eligibility requirements promulgated by ED at 34 C.F.R. § 668.31-39. Since the Compliance Date, except as set forth in Section 2.16(c) of the Seller Disclosure Schedule, each Everest Plus School has been in material compliance with the Program Integrity Rules and the Gainful Employment Disclosure Requirements.

(d) Section 2.16(d) of the Seller Disclosure Schedule sets forth the full address of each Everest Plus School and each campus, additional location, branch, facility or other location where any Everest Plus School, at any time since the Compliance Date, has offered 50 percent or more of an educational program for which Title IV Program funds are offered or administered.

(e) Since the Compliance Date, the Sellers and each Everest Plus School have obtained all material Educational Approvals required to offer each educational program offered by any Everest Plus School for which Title IV Program funds have been provided, and each such educational program has since the Compliance Date been an "eligible program" in compliance in all material respects with the requirements of 34 C.F.R. § 668.8.

(f) Since the Compliance Date, except as set forth in <u>Section 2.16(f)</u> of the Seller Disclosure Schedule, the Sellers and each Everest Plus School have complied in all material respects with the applicable Educational Laws regarding misrepresentation including but not limited to 34 C.F.R. Part 668 Subpart F.

(g) Since the Compliance Date, each Everest Plus School has disclosed and timely reported, in compliance in all material respects with the applicable provisions of 34 C.F.R. Part 600: (i) the addition of any new educational programs or locations; and (ii) the ownership of each Everest Plus School, including any shifts in ownership or control, including any changes in reported ownership levels or percentages. Since the Compliance Date, with respect to any location or facility of any Everest Plus School that has closed or at which any Everest Plus School ceased providing educational programs, the Everest Plus School complied in all material respects with all Educational Laws related to the closure or cessation of instruction at such location or facility, including without limitation requirements for teaching out students from such location or facility.

(h) Except as set forth in <u>Section 2.16(h)</u> of the Seller Disclosure Schedule, since the Compliance Date, no Everest Plus School has provided any educational instruction on behalf of any other institution or organization of any sort, and no other institution or organization of any sort has provided any educational instruction on behalf of any Everest Plus School.

(i) Since the Compliance Date, each Everest Plus School has complied with Title IV Program requirements, as set forth at 20 U.S.C. § 1094(a)(20) and implemented at 34 C.F.R. § 668.14(b)(22), regarding the payment of a commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any person or entity engaged in any student recruiting or admission activities or in making decisions regarding the awarding of Title IV Program funds.

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(j) Except as set forth on <u>Section 2.16(j)</u> of the Seller Disclosure Schedule, for any fiscal year ending after the Compliance Date, no Everest Plus School has received more than ninety percent of its revenues from the Title IV Programs, as set forth in 34 C.F.R. §§ 668.14 and 668.28.

(k) Except as set forth in Section 2.16(k) of the Seller Disclosure Schedule, since the Compliance Date, no entity or organization that has a student lending relationship with any Everest Plus School and that provides or originates either Educational Loans, Seller Private Educational Loans or Private Educational Loans has terminated or otherwise significantly modified or reduced the availability of such loans to students enrolled in any Everest Plus School.

(I) Each Everest Plus School has complied in all material respects with ED's financial responsibility requirements in accordance with 34 C.F.R. § 668.175 for each of the fiscal years ending since the Compliance Date, including any compliance based on the posting of an irrevocable letter of credit in favor of ED. Except as set forth in Section 2.16(I) of the Seller Disclosure Schedule, since the Compliance Date, no Everest Plus School has received written notice of a request by any Educational Agency requiring the Sellers, any of their Subsidiaries or any Everest Plus School to post a letter of credit or other form of surety for any reason, including any request for a letter of credit based on late refunds pursuant to 34 C.F.R. § 668.173, or received any request or requirement that any Everest Plus School process Title IV Program funds under the reimbursement or heightened cash monitoring–level 2 procedures, as those procedures are set forth at 34 C.F.R. § 668.162.

(m) Since the Compliance Date, except as set forth in Section 2.16(m) of the Seller Disclosure Schedule, each Everest Plus School has been in compliance in all material respects with all Educational Agency and ED requirements and regulations, including but not limited to requirements set forth at 34 C.F.R. § 668.22, relating to (i) fair and equitable refunds policy and (ii) the calculation and timely repayment of federal and nonfederal funds.

(n) Since the Compliance Date, each Everest Plus School has complied in all material respects with (i) the requirements governing preferred lender relationships, Seller Private Educational Loans, Private Educational Loans, and codes of conduct as set forth in 20 U.S.C. § 1094; and (ii) applicable provisions of 20 U.S.C. § 1085(d)(19) and 34 C.F.R. § 682.212 regarding prohibited inducements. Since the Compliance Date, the Sellers (as related to the Everest Plus Schools) and each Everest Plus School have complied in all material respects with Applicable Laws and Educational Laws related to the extension of credit or that are otherwise applicable to any educational financing program offered to students by the Sellers (as related to the Everest Plus Schools) or such Everest Plus School, including, but not limited to, the Truth in Lending Act, Equal Credit Opportunity Act, and Fair Credit Reporting Act.

(o) Except as set forth in Section 2.16(o) of the Seller Disclosure Schedule, each Everest Plus School has complied in all material respects with all Educational Agency requirements concerning the proper calculation and timely reporting of student outcomes, including but not limited to retention, completion or graduation, and placement or employment rates, as applicable, and the methodology for calculating such rates.

(p) <u>Section 2.16(p)</u> of the Seller Disclosure Schedule sets forth (i) the published 3 year cohort default rates for each Everest Plus School calculated by ED under 34 C.F.R. Part 668 Subpart N for fiscal years 2009, 2010 and 2011, and (ii) the published 2 year cohort default rates for each Everest Plus School for the three most recent federal fiscal years for which such default rates have been calculated and published by ED.

(q) To the Knowledge of the Sellers, none of the Sellers or any Person that exercises Substantial Control over any of the Sellers or any Everest Plus School, or member of such Person's family (as the term "family" is defined in 34 C.F.R. § 668.174(c)(4)), alone or together (i) exercises or, since the Compliance Date, exercised Substantial Control over another institution or third-party servicer (as that term is defined in 34 C.F.R. § 668.2) that owes a liability for a violation of a Title IV Program requirement or (ii) owes a liability for a Title IV Program violation.

(r) Since the Compliance Date, to the extent that any Everest Plus School has received services from Socle, the agreement for such services and the performance of services thereunder have complied in all material respects with all applicable Educational Laws including, without limitation, the requirements of 34 C.F.R. § 668.25.

(s) To the Knowledge of the Sellers, none of the Sellers (as related to the Everest Plus Schools) or any Everest Plus School has employed in a capacity involving administration of Title IV Program funds, any individual who has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use or expenditure of funds of a Governmental Entity or Educational Agency, or has been administratively or judicially determined to have committed fraud or any other violation of Law involving funds of any Governmental Entity or Educational Agency.

(t) To the Knowledge of the Sellers, none of the Sellers or any Everest Plus School has, since the Compliance Date contracted with an institution or third-party servicer that has been terminated under Section 432 or 487 of the HEA for a reason involving the acquisition, use, or expenditure of funds of a Governmental Entity or Educational Agency, or has been administratively or judicially determined to have committed fraud or any other violation of Law involving funds of any Governmental Entity or Educational Agency.

(u) None of the Sellers or any Everest Plus School, nor any Affiliate of any Everest Plus School or other Person that has the power, by contract or ownership interest, to direct or cause the direction of management or policies of any Everest Plus School has filed for relief in bankruptcy or had entered against it an order for relief in bankruptcy.

(v) None of the Sellers or any Everest Plus School, or any chief executive officer thereof, have pled guilty to, pled *nolo contendere*, or been found guilty of, a crime involving the acquisition, use or expenditure of funds under the Title IV Programs or been judicially determined to have committed fraud involving funds under the Title IV Programs.

(w) To the Knowledge of the Sellers, since the Compliance Date, none of the Sellers (as related to the Everest Plus Schools) or any Everest Plus School has contracted with or employed any Person that has been, or whose officers or employees have been, convicted of, or

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pled nolo contendere or guilty to, a crime involving the acquisition, use or expenditure of funds of any Governmental Entity or Educational Agency, or administratively or judicially determined to have committed fraud or any other violation of Law involving funds of any Governmental Entity or Educational Agency.

The Sellers have provided to Purchaser copies of material correspondence (x)and documents currently in their possession received from, or sent by or on behalf of any Everest Plus School to ED or any other Educational Agency that were (i) sent or received since the Compliance Date or relate to any issue that remains pending and (ii) relate to (1) any written notice that any Educational Approval is not in full force and effect or that an event has occurred that constitutes or, with the giving of notice or the passage of time or both, would be expected to result in revocation of such Educational Approval; (2) any written notice that the Everest Plus School has violated in any material respect any Educational Law; (3) any Compliance Review; (4) any written notice of an intent to limit, show cause, suspend, terminate, revoke, cancel, not renew or condition (including any action placing the Everest Plus School or location thereof on probation) the accreditation of the Everest Plus School; (5) any written notice of an intent or threatened intent to condition the provision of Title IV Program funds to the Everest Plus School, or the continued operation of the education programs offered by the Everest Plus School on the posting of a letter of credit or other surety in favor of ED or any Educational Agency; (6) any written notice of an intent to provisionally certify the eligibility of the Everest Plus School to participate in the Title IV Programs or (7) the placement or removal of the Everest Plus School on or from the reimbursement or heightened cash monitoring method of payment under Title IV Programs.

Section 2.17 Title to Assets; Sufficiency of Assets.

(a) The applicable Sellers have valid title, free and clear of all Encumbrances (other than Permitted Encumbrances and liens in favor of Bank of America, N.A. as the administrative agent under the Credit Agreement), to all of the Purchased Assets.

(b) Except as set forth in <u>Section 2.17(b)</u> of the Seller Disclosure Schedule, the Purchased Assets (whether owned by the Sellers or leased or licensed from other Persons as disclosed herein) constitute all of the tangible and intangible property and services, necessary for the continued conduct of the Everest Plus Business after the Closing and none of the Excluded Assets are used in to the Everest Plus Business.

Section 2.18 Permits. Except as set forth in Section 2.18 of the Seller Disclosure Schedule, the Sellers (a) own or possess all right, title and interest in and to all of, and are in compliance with all terms and conditions of, all material permits, registrations, licenses, franchises, certifications, approvals, exemptions and other approvals from any Governmental Entity required for the ownership and conduct of the Everest Plus Business as presently conducted (collectively, the "Approvals"), and (b) are in compliance in all material respects with the terms and conditions of such Approvals and have not received any written notice that any Seller is in violation in any material respect of any of the terms or conditions of such Approvals. All Approvals are in full force and effect, and there is no actual or threatened suspension, cancellation, or invalidation of any Approval.

Section 2.19 Internal Controls.

(a) The Sellers (with respect to the Everest Plus Business) maintain systems of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions relating to the Everest Plus Business are executed in accordance with management's general or specific authorization and (ii) transactions relating to the Everest Plus Business are accurately recorded as necessary to permit the preparation of financial statements and to maintain accountability for its assets.

(b) The Books and Records, true, correct, and complete copies of which have been provided to Purchaser, are complete and correct in all material respects and represent actual, bona fide transactions and have been maintained in accordance with sound business practices and the requirements of Section 13(b)(2) of the Exchange Act, including the maintenance of an adequate system of internal controls.

Section 2.20 <u>Affiliated Transactions</u>. Except as set forth on <u>Section 2.20</u> of the Seller Disclosure Schedules, and except for the DCP Plan and as provided in <u>Section 1.3(e)</u>, none of the Assumed Liabilities is a liability payable to or in favor of any director, officer, manager, or employee of any of the Sellers or their respective Affiliates and none of the directors. officers, employees, or managers of any of the Sellers or their Affiliates has any right to or interest in any of the Purchased Assets (other than the Books and Records).

Section 2.21 <u>Brokers', Finders' Fees, etc.</u> Except for the fees and expenses of Barclays, which will be paid pursuant to <u>Section 1.7(c)</u>, there are no rights to brokerage commissions. finders' fees or similar compensation in connection with the Transactions based on any arrangement or agreement made by or on behalf of the Sellers or any of their respective Affiliates, officers, employees, managers or directors.

Section 2.22 <u>SEC Documents</u>. Each report, schedule, form, statement and other document filed by Parent with the SEC since July 1, 2013 (collectively, the "<u>SEC Documents</u>") complied as to form in all material respects with the requirements of the Exchange Act, and the rules and regulations of the SEC applicable thereto at the time of its filing, and none of the SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the SEC Documents, as amended to date, contains as of the Agreement Date any untrue statement of a material fact or omits to state a material fact required to be stated therein, in light of the circumstances under the circumstances under which they were made, not misleading. None of the SEC Documents, as amended to date, contains as of the Agreement Date any untrue statement of a material fact or omits to state a material fact required to be stated therein, in light of the circumstances under which they were made, not misleading. None of make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 2.23 <u>Disclaimer</u>. The representations and warranties of the Sellers set forth in this <u>Section 1.13(d)</u> or in the other Transaction Documents constitute the sole and exclusive representations and warranties of the Sellers to Purchaser in connection with the Transactions, and all other representations and warranties of any kind or nature, expressed or implied, are specifically disclaimed by the Sellers. Without limiting the foregoing, the Sellers are not making any representation or warranty to Purchaser with respect to any financial projection or forecast relating to the Everest Plus Business or the prospects of the Everest Plus Business.

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ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to the Sellers as follows:

Section 3.1 Organization; Authorization.

(a) Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Except as would not prevent the consummation of the Transactions, Purchaser has all requisite corporate power and authority to own, lease and operate all of the assets owned, leased or operated by it and to carry on its business as currently conducted, and is duly qualified or licensed to do business as a foreign corporation in good standing in each jurisdiction in which the character of the assets owned, leased or operated by it or the nature of its business requires such qualification.

(b) Purchaser has the full corporate power and authority to enter into this Agreement and each other Transaction Document to which it is or, at the Closing, will become a party, and to carry out the Transactions and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement and each other Transaction Document to which Purchaser is or, at the Closing, will become a party, and the consummation of the Transactions. have been duly and validly authorized by all necessary corporate action on the part of Purchaser. This Agreement and each other Transaction Document to which Purchaser is or, at the Closing, will become a party are valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally.

Section 3.2 No Violation. Neither the execution, delivery and performance by Purchaser of this Agreement and each of the Transaction Documents to which Purchaser is or will be a party nor the consummation of the Transactions will (i) violate, breach or be in conflict with any provisions of the certificate of incorporation or bylaws or equivalent organizational documents of Purchaser, (ii) with or without the giving of notice or the passage of time, or both, violate, or be in conflict with or constitute a default (or give rise to any right of or automatic termination, amendment, cancellation or acceleration) under any of the terms, conditions or provisions of any Contract or any Approval to which Purchaser is a party or by which any of its assets may be bound, in any case that cannot be cured by obtaining Consent from the counterparty or counterparties thereto, or (iv) subject to obtaining the Governmental Consents and the Educational Consents set forth on Schedule A-1, violate any Law to which Purchaser is subject, except for violations, conflicts, breaches, defaults, or failure to obtain Consents or provide notifications that would not reasonably be expected to materially impair the ability of Purchaser to perform its obligations under this Agreement and the other Transaction Documents to which it is a party or to consummate the Transactions.

Section 3.3 <u>Consents and Approvals</u>. Except for the Governmental Consents set forth in <u>Section 2.3(a)</u> of the Seller Disclosure Schedule and the Educational Consents set forth on

<u>Schedule A-1</u>, and except as would not reasonably be expected to materially impair the ability of Purchaser to perform its obligations under this Agreement and the other Transaction Documents to which it is a party or to consummate the Transactions, no consent, approval or authorization of, or declaration, filing or registration with, any Governmental Entity or Educational Agency is required to be made or obtained by Purchaser in connection with the execution, delivery and performance of this Agreement and each of the Transaction Documents to which Purchaser is or will be a party or the consummation of the Transactions.

Section 3.4 <u>Litigation</u>. There is no Action at law or in equity before any Governmental Entity or Educational Agency pending or, to the Knowledge of Purchaser, threatened, against Purchaser or its Subsidiaries that if determined adversely to Purchaser and/or its Subsidiaries would reasonably be expected to materially impair the ability of Purchaser to perform its obligations under this Agreement and the other Transaction Documents to which it is a party or to consummate the Transactions. Except as would not reasonably be expected to materially impair the ability of Purchaser to perform its obligations under this Agreement and the other Transaction Documents to which it is a party or to consummate the Transactions. Except as would not reasonably be expected to materially impair the ability of Purchaser to perform its obligations under this Agreement and the other Transaction Documents to which it is a party or to consummate the Transactions, there does not exist any outstanding Order against Purchaser or its Subsidiaries.

Section 3.5 <u>Solvency</u>. Immediately after giving effect to the Transactions, Purchaser and each of its Subsidiaries shall be able to pay their respective debts as they become due and shall own property which has a fair saleable value greater than the amounts required to pay their respective debts (including a reasonable estimate of the amount of all contingent liabilities). Immediately after giving effect to the Transactions, Purchaser and each of its Subsidiaries shall have adequate capital to carry on their respective businesses, including the Everest Plus Business. No transfer of property is being made and no obligation is being incurred in connection with the Transactions with the intent to hinder, delay or defraud either present or future creditors of Purchaser and its Subsidiaries.

Section 3.6 <u>Sufficient Funds</u>. Purchaser has, as of the Agreement Date (through unrestricted cash and marketable securities on its balance sheet), and at the Initial Closing, will have (through unrestricted cash and marketable securities on its balance sheet), sufficient funds available in cash to pay the Purchase Price and all other amounts payable by Purchaser under this Agreement and the other Transaction Documents and to perform its obligations hereunder and thereunder following the Closing. Without limiting the foregoing, Purchaser's ability to consummate the Transactions is not contingent on Purchaser's ability to complete any public offering or private placement of equity or debt securities or to obtain any other type of financing prior to or on the Initial Closing.

Section 3.7 Educational Laws and Educational Approvals.

(a) To the Knowledge of Purchaser, there are no facts or circumstances attributable to Purchaser or any of its Subsidiaries or to any other Person that exercises Substantial Control with respect to Purchaser or any of its Subsidiaries, that would, individually or in the aggregate, adversely affect any Everest Plus School's ability to obtain any Educational Consent. (b) To the Knowledge of Purchaser, neither Purchaser nor any of its Subsidiaries, or any Person that exercises Substantial Control over Purchaser or any of its Subsidiaries, or member of any such Person's family (as the term "family" is defined in 34 C.F.R. § 668.174(c)(4)), alone or together, (i) exercises or exercised Substantial Control over another institution or third-party servicer (as that term is defined in 34 C.F.R. § 668.2) that owes a liability for a violation of a Title IV Program requirement or (ii) owes a liability for a Title IV Program violation.

(c) To the Knowledge of Purchaser, neither Purchaser nor any of its Subsidiaries has employed in a capacity involving administration of Title IV Program funds, any individual who has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use or expenditure of funds of a Governmental Entity or Educational Agency, or has been administratively or judicially determined to have committed fraud or any other violation of Law involving funds of any Governmental Entity or Educational Agency.

(d) To the Knowledge of Purchaser, neither Purchaser nor any of its Subsidiaries has contracted with an institution or third-party servicer that has been terminated under Section 432 or 487 of the HEA for a reason involving the acquisition, use, or expenditure of funds of a Governmental Entity or Educational Agency, or has been administratively or judicially determined to have committed fraud or any other violation of Law or Educational Law involving funds of any Governmental Entity or Educational Agency.

(e) None of Purchaser, any Subsidiary of Purchaser, any ED Affiliate of Purchaser or any other Person that after the consummation of the Transactions will have the power, by contract or ownership interest, to direct or cause the direction of management or policies of any Everest Plus School, has filed for relief in bankruptcy or had entered against it an order for relief in bankruptcy.

(f) Neither Purchaser nor any of its Subsidiaries, or any chief executive officer thereof, has pled guilty to, pled nolo contendere, or been found guilty of, a crime involving the acquisition, use or expenditure of funds under the Title IV Programs or been judicially determined to have committed fraud involving funds under the Title IV Programs.

(g) Neither Purchaser nor any of its Subsidiaries, to the Knowledge of Purchaser, has contracted with or employed any Person that has been, or whose officers or employees have been, convicted of, or pled nolo contendere or guilty to, a crime involving the acquisition, use or expenditure of funds of any Governmental Entity or Educational Agency, or administratively or judicially determined to have committed fraud or any other violation of Law or Educational Law involving funds of any Governmental Entity or Educational Agency.

Section 3.8 <u>Brokers', Finders' Fees, etc.</u> There are no rights to brokerage commissions, finders' fees or similar compensation in connection with the Transactions based on any arrangement or agreement made by or on behalf of Purchaser or any of its Affiliates, officers, employees, or directors.

Section 3.9 <u>Purchaser Acknowledgment</u>. Purchaser hereby acknowledges and agrees that (a) other than the representations and warranties set forth in <u>Section 1.13(d)</u> or in any of the

other Transaction Documents, none of the Sellers, their respective Affiliates, or any of their respective Representatives make or have made any representation or warranty, express or implied, at Law or in equity, as to any matter with respect to the Everest Plus Business, the Purchased Assets, or the Assumed Liabilities, including as to (i) merchantability or fitness for any particular use or purpose, (ii) the operation of the Everest Plus Business after the Closing in any matter or (iii) the probable success or profitability of the Everest Plus Business or the Purchased Assets after the Closing, and (b) except in cases of fraud or matters involving criminal activity, other than the indemnification obligations of the Sellers set forth in ARTICLE VIII or as set forth in any of the other Transaction Documents, none of the Sellers, their respective Affiliates, or any of their respective Representatives will have or will be subject to any liability or indemnification obligation to Purchaser or any of Purchaser's Affiliates resulting from the distribution to Purchaser, its Affiliates, or any of their Representatives of, or Purchaser's use of, any information relating to the Everest Plus Business, the Purchased Assets, or the Assumed Liabilities, including any information, documents or material provided to Purchaser, its Affiliates, or any of their Representatives, whether orally or in writing, in certain "data rooms," management presentations, discussions, responses to questions submitted on behalf of Purchaser or any other form in expectation of the Transactions.

ARTICLE IV

COVENANTS PENDING CLOSING

Restrictions on Conduct of Everest Plus Business. During the period from Section 4.1 the Agreement Date and continuing until the earlier of the termination of this Agreement in accordance with the terms hereof and the Closing Date, except as otherwise expressly set forth in this Agreement or Schedule 4.1 or as otherwise previously consented to in writing by Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed), the Sellers shall not engage in any practice, take any action, or enter into any transaction outside the ordinary course of business of the Sellers as currently conducted with respect to the Everest Plus Business, the Purchased Assets or the Assumed Liabilities. Without limiting the generality of the foregoing, without the prior consent of Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed, the Sellers shall not, in each case with respect to the Everest Plus Business, the Purchased Assets or the Assumed Liabilities, during the period from the Agreement Date and continuing until the earlier of the termination of this Agreement in accordance with the terms hereof and the Closing Date and, if applicable, the date of any subsequent Closing contemplated by Section 6.4 (a) amend or otherwise change its certificate of incorporation or bylaws or equivalent governing documents to the extent such amendment or change would prevent, materially delay or materially impede the consummation of the Transactions, (b) increase in any material respect, or grant any material additional, salary, benefits or other compensation, to any Business Employee, (c) enter into or terminate any Contract not terminable without premium or penalty on 60 or fewer days' notice or which would be reasonably expected to involve the payment of \$250,000 or more in any 12-month period. (d) amend, terminate, renew, extend or increase the rate of payment under any Assumed Lease or Teach Out Lease (to the extent, with respect to any Teach Out Lease, that such amendment would adversely impact Purchaser's rights under the related sublease), (c) sell or transfer any owned real property used in the Everest Plus Business except in a transaction that would provide

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for Purchaser's occupancy of the property pursuant to an operating lease of not fewer than 10 years and otherwise on terms reasonably acceptable to Purchaser, (f) except as provided in <u>Section 5.3(a)</u>, take any action with respect to the Business Employees, including but not limited to a mass layoff, plant or facility shutdown, closure of employment site, or the effectuation of employee terminations, that creates any liability, or substantial risk thereof to Purchaser, under the WARN Act or any similar, state, local or foreign law, including but not limited to the California Labor Code, or (g) take or permit any action that would be required to be disclosed pursuant to <u>Section 2.6</u>, or agree in writing to take any such action.

Section 4.2 <u>Conduct of the Everest Plus Business</u>. During the period from the Agreement Date and continuing until the earlier of the termination of this Agreement in accordance with the terms hereof and the Closing Date, the Sellers shall use their respective commercially reasonable efforts as currently exercised by the Sellers to: (i) maintain and preserve intact the business and properties of the Everest Plus Business, including its present operations, physical facilities, and working conditions; and (ii) maintain and preserve the rights, franchises, and relationships of its employees, contractors, students, customers, lessors, licensors, lenders, suppliers, regulators and others having relationships with the Everest Plus Business. Without limiting the foregoing, from the Agreement Date and continuing until the earlier of the termination of this Agreement in accordance with the terms hereof and the Closing Date or, if applicable, the date of any subsequent Closing contemplated by <u>Section 6.4</u>, the Sellers shall use their respective commercially reasonable efforts as currently exercised by the Sellers to:

 (a) preserve and maintain all Permits and Approvals required for the conduct of the Everest Plus Business as currently conducted or the ownership and use of the Purchased Assets;

(b) pay or otherwise satisfy the Indebtedness, Taxes and other Liabilities and obligations of the Everest Plus Business when due;

 (c) continue to collect Accounts Receivable in a manner consistent with past practice, without discounting such Accounts Receivable;

(d) maintain the properties and assets included in the Purchased Assets in the same condition as they were on the Agreement Date, subject to reasonable wear and tear;

 (e) continue in full force and effect without modification all Insurance Policies, except as required by applicable Law;

 (f) defend and protect the properties and assets included in the Purchased Assets from infringement or usurpation;

- (g) perform all of their obligations under all Assumed Contracts;
- (h) maintain the Books and Records in accordance with past practice; and

 (i) comply in all material respects with all Laws and Educational Laws applicable to the conduct of the Everest Plus Business or the ownership and use of the Purchased Assets.

Section 4.3 Mutual Reasonable Best Efforts.

(a) Subject to Section 4.7(e), Purchaser and the Sellers each agree to use their reasonable best efforts, and to cooperate with cach other, to take, or cause to be taken, all appropriate actions to do, or cause to be done, all things necessary, proper or advisable under Applicable Law or Educational Law or otherwise to consummate and make effective the Transactions as promptly as practicable, including, subject to any applicable limitations set forth in this ARTICLE IV and other provisions of this Agreement, causing the satisfaction of the respective conditions set forth in ARTICLE VI and executing and delivering such other instruments and doing and performing such other acts for effecting the consummation of the Without limiting the foregoing, Purchaser and the Sellers shall use their Transactions. reasonable best efforts, and cooperate with each other, to identify assets that should be included among Purchased Assets or Excluded Assets, respectively, and make such additions, modifications or removals to Schedule 1.1(e) (Assumed Contracts), Schedule A-2 (Intellectual Property), Section 2.8 of the Seller Disclosure Schedule (Intellectual Property), Section 2.9 of the Seller Disclosure Schedule (Material Contracts), and any other Schedules to which modification may be appropriate, in all cases as Purchaser or the Seller Representative may reasonably request. Without limiting the foregoing, the parties shall cooperate to revise the applicable Schedules, as necessary, so as to reflect their intent that Purchaser shall not acquire the assets exclusively related to the Everest and WyoTech schools located in the state of California. If any asset of the Sellers is used in the Everest Plus Business but not identified as a Purchased Asset as of the Agreement Date because it is used in a line of business of the Sellers other than the Everest Plus Business, then the parties shall cooperate in good faith using commercially reasonable efforts prior to and after the Closing to implement such arrangements as Purchaser may request to ensure that the benefit of the asset is apportioned or otherwise shared between the parties in a manner satisfactory to both parties.

(b) Between the Agreement Date and the Initial Closing, the Sellers and Purchaser shall cooperate and use their respective commercially reasonable best efforts to negotiate with the lessors under the Assumed Leases and counterparties to the Assumed Contracts the terms and conditions on which Purchaser will assume those Assumed Leases and Assumed Contracts, including by way of example and not limitation, the terms and conditions providing for the compromise or forgiveness of payables or rent amounts past due, the reduction and scope of the property leased or subleased as applicable, and the scope of any Contract coverage.

(c) At the reasonable request of Purchaser, between the Agreement Date and the Initial Closing, the Sellers shall terminate any Assumed Contract that Purchaser may request, so long as (i) that termination may be effected without premium or penalty and "without cause" upon notice given by the Sellers ninety (90) days or fewer in advance of the specified termination date, (ii) that termination would not adversely impact the Sellers in the event the

Closing were not to occur, and (iii) that termination would not adversely impact Purchaser's ability to perform its obligations under the Transition Services Agreement.

Purchaser may, in its sole discretion, upon giving notice to the Sellers at (d) least five (5) days prior to the Initial Closing, elect not to assume any Assumed Contract (defined for purposes of this Section 4.3(d) before giving effect to any election pursuant to this Section 4.3(d)), in which case the Schedules to this Agreement shall be appropriately modified to reflect Purchaser's decision; provided, however, that the aggregate payment obligations in the year immediately following the Initial Closing under all such Contracts that Purchaser proposes to elect not to assume shall not exceed fifteen percent (15%) of the aggregate payment obligations in the year immediately following the Initial Closing under all of the Assumed Contracts (defined for purposes of this Section 4.3(d) before giving effect to any election pursuant to this Section 4.3(d)). Notwithstanding anything to the contrary in this Agreement, Purchaser may, in its sole discretion, upon giving notice to the Sellers at least five (5) days prior to the Initial Closing, elect not to assume (i) any Contract of the Sellers related to insurance (excluding workers compensation related insurance) or marketing, (ii) any oral agreement, and (iii) any Contract that has expired by its terms but not been renewed, except in each case for clauses (i) -(iii) of this sentence where such Contract needs to be assumed by Purchaser in order for it to perform its obligations under the Transition Services Agreement.

(e) The Sellers and Purchaser shall, subject to compliance with applicable Law, applicable Educational Law and each party's fiduciary obligations, cooperate in good faith to ensure that the Sellers implement the plan contemplated by <u>Section 9.1(k)</u>.

Access to Information. During the period commencing on the Agreement Section 4.4 Date and continuing until the earlier of the termination of this Agreement in accordance with its terms or the Closing and upon reasonable advance notice from Purchaser, the Sellers shall (and shall cause their Affiliates and Representatives to) allow Purchaser and its Representatives, during the applicable Seller's normal business hours and without unreasonable interference with the operation of the Everest Plus Business (a) full access to, and the right to inspect, all premises, properties, assets, Books and Records (including Tax records), Contracts, and such materials and information about the Everest Plus Business, the Purchased Assets, and the Assumed Liabilities as Purchaser may reasonably request, and (as applicable) to allow Purchaser and its Representatives to make copies thereof, all of which shall be provided in an organized fashion and so as to facilitate an orderly review, and (b) reasonable access to specified members of management of the Everest Plus Business as the parties may reasonably agree and, with the approval of the Sellers (not to be unreasonably withheld, conditioned or delayed), such other persons as may be reasonably necessary to the consummation of the Transactions; provided, however, that the foregoing shall not (i) preclude any discussions prior to Closing between Purchaser and its Representatives, on the one hand, and any Business Employees, on the other, regarding terms of their potential employment with Purchaser after Closing; (ii) require the Sellers to provide any such access or disclose any information to the extent the provision of such access or such disclosure would contravene Applicable Law or Educational Law, result in a breach of attorney-client or similar privilege, or violate any confidentiality or nondisclosure agreement or similar agreement or arrangement to which the Sellers or any of their respective Subsidiaries are a party; and (iii) unreasonably disrupt the normal operations of the Everest Plus

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Business or the Sellers or any of their respective Subsidiaries. Purchaser acknowledges and agrees that any contact by Purchaser and its Representatives with any employees or members of management of the Everest Plus Business shall be arranged and supervised by designated Representatives of the Sellers, unless the Sellers otherwise expressly consents with respect to any specific contact. No investigation by Purchaser or receipt of information by Purchaser pursuant to this Section 4.4 or any other provision of this Article IV shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the Sellers in this Agreement and shall not be deemed to amend or supplement the Seller Disclosure Schedule.

Section 4.5 <u>Notification</u>. Without limitation of the obligations of the parties under any other provision of this <u>ARTICLE IV</u>:

(a) Each party shall notify the other party in writing promptly, but in any event within three (3) Business Days, if it becomes aware of any fact or condition that has caused or would reasonably be expected to cause, the failure of any of the conditions set forth in <u>ARTICLE VI</u> to be satisfied, in each case specifying in reasonable detail the fact or condition and providing, to the extent practicably possible to do so, a reasonable, good faith estimate of any liability or cost expected to be imposed upon either the Sellers or Purchaser as a result of the occurrence of such fact or condition.

(b) The Sellers shall notify Purchaser in writing promptly, but in any event within three (3) Business Days, of any material Action filed against any of the Sellers, or relating to or involving or otherwise affecting the Everest Plus Business, the Purchased Assets or the Assumed Liabilities, or that relates to the consummation of the Transactions.

Section 4.6 Educational Consents.

(a) Purchaser and the Sellers shall cooperate and use their reasonable best efforts to obtain the Pre-Closing Educational Consents set forth on <u>Schedule A-1</u>.

Prior to the Closing, the Sellers will provide Purchaser with all documents. (b) financial statements, signatures, or other information pertaining to the Sellers or any Everest Plus School that is in the possession of the Sellers and is reasonably necessary in order for the Sellers and Purchaser jointly to submit to all applicable Educational Agencies all letters, notices, applications or other documents required to obtain the Pre-Closing Educational Consents, including the pre-acquisition review applications with ED in order to obtain the ED Pre-Acquisition Review Notices. The Sellers and Purchaser shall cooperate and use their reasonable best efforts to file all such pre-acquisition review applications with ED within three (3) Business Days after the Agreement Date. Neither the Sellers nor Purchaser shall file any such letter, notice, application or other document with any Educational Agency in connection with any Pre-Closing Educational Consent without the consent of the other party (not to be unreasonably withheld). Purchaser and the Sellers shall provide the other with (i) reasonable advance review and consultation regarding any notices or applications to be filed with any Educational Agency with respect to any Pre-Closing Educational Consent; and (ii) a copy of any notice or application as filed with, or any notice received from, any Educational Agency with respect to any Pre-Closing Educational Consent or other Educational Approval. To the extent practical, prior to attending any meetings, telephone calls or discussions with any Governmental Entity or

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Educational Agency concerning the Transactions, the parties shall discuss and agree upon strategy and issues to be pursued and responses to likely questions. Purchaser and the Sellers will ensure that their appropriate officers and employees shall be available to attend, as any Governmental Entity or Educational Agency may reasonably request, any scheduled meetings or telephone calls in connection with obtaining any Pre-Closing Educational Consent or other Educational Approval. At the reasonable request of any party, the other parties hereto shall promptly provide telephonic or written updates and information on the status of any Pre-Closing Educational Consent.

Section 4.7 Other Consents.

(a) Purchaser and the Sellers shall (i) make, or cause to be made, all filings, notices and submissions required under any Applicable Law to consummate the Transactions, (ii) use reasonable best efforts to obtain, or cause to be obtained, all Governmental Consents, and (iii) cooperate fully with the other party and its Affiliates with respect to the other party's obligations to make such filings and obtain such consents.

(b) The Sellers agree to use their reasonable best efforts to give any notices and obtain any consents described in <u>Section 2.3(b)</u> of the Seller Disclosure Schedule and, subject to <u>Section 1.9</u>, shall be responsible for all fees, costs and expenses associated therewith. Purchaser shall use reasonable best efforts to assist the Sellers in obtaining such consents.

(c) Without limiting the generality of the parties' undertakings pursuant to subsections (a) and (b) above, each of the parties shall use its reasonable best efforts to:

 respond to any inquiries by any Governmental Entity regarding antitrust or other matters with respect to the Transactions;

 avoid the imposition of any Order or the taking of any action that would restrain, alter or enjoin the Transactions; and

(iii) in the event any Order adversely affecting the ability of the parties to consummate the Transactions has been issued, to have such Order vacated or lifted.

(d) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of either party before any Governmental Entity, in connection with the Transactions (but, for the avoidance of doubt, not including any interactions with Governmental Entities in the ordinary course of business, any disclosure not permitted by Applicable Law or Educational Law, and any disclosure that would result in a breach of attorney-client or similar privilege, or violate any confidentiality or nondisclosure agreement or similar agreement or arrangement to which the disclosing party is a party) shall be disclosed to the other party hereunder in advance of any filing, submission or attendance, it being the intent that the parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each party shall give notice to the other party with respect to any meeting, discussion, appearance or contact with any Governmental Entity, with such notice being sufficient to provide

the other party with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

(e) Notwithstanding the foregoing, nothing in this <u>ARTICLE IV</u> shall require or be construed to require Purchaser or the Sellers or any of their respective Affiliates to initiate any Action, respond to any second or similar request from any antitrust or anti-competition authority, agree to dispose of or make any change to its business, expend any material funds or incur any other burden.

Section 4.8 Exclusivity. From the Agreement Date until the earlier of the termination of this Agreement or the Closing, the Sellers shall not, and shall not authorize or permit any of their Affiliates or Representatives to, directly or indirectly, solicit, encourage, initiate, entertain, review, accept, execute, facilitate, approve, provide any nonpublic information for, consider the merits of, or participate in any negotiations, agreements or discussions with respect to any Competing Proposed Transaction or any offer, inquiry, indication of interest or proposal whether oral, written or otherwise, formal or informal, from any Person, relating to any Competing Proposed Transaction. For purposes hereof, "Competing Proposed Transaction" means the direct or indirect disposition, whether by sale, merger or otherwise, of all or any portion of the Everest Plus Business or the Purchased Assets or any investment in or liquidation, dissolution or recapitalization of any Seller or any Subsidiary of any Seller. On the Agreement Date, the Sellers, their Affiliates and their Representatives shall immediately cease and shall cause to be terminated all such existing discussions or negotiations with any parties (other than Purchaser or its Affiliates) conducted heretofore. Through the earlier of the Closing Date or termination of this Agreement, the Sellers shall promptly (and in any event within three (3) Business Days after receipt thereof by the Sellers or their Representatives) advise Purchaser orally and in writing of any Competing Proposed Transaction, any request for information with respect to any Competing Proposed Transaction, or any inquiry or contact with any Person with respect to or which would reasonably be expected to result in a Competing Proposed Transaction, including the identity of the proposing Person and the terms thereof; provided that this provision shall not in any way be deemed to limit the obligations of the Sellers and their Representatives set forth in the first sentence of this paragraph.

Section 4.9 <u>Change of Name</u>. At Purchaser's request, the Sellers shall take all actions necessary to change the name of any Seller (other than Parent).

Section 4.10 <u>Termination of Letters of Credit and Bonds</u>. <u>Schedule 4.10</u> sets forth all letters of credit and bonds held by the Sellers in connection with the Sellers' operation of the Everest Plus Business and Purchased Assets prior to the Initial Closing. Purchaser shall replace or maintain (as applicable) only the letters of credit and bonds of the Sellers listed on <u>Schedule 4.10</u> that are effective as of the Closing Date (or with respect to any subsequent Closing contemplated by <u>Section 6.4</u>, as of the date of such subsequent Closing) and are required by, and in the amounts required by, applicable Law or Educational Law or pursuant to an Assumed Contract for Purchaser's operation of the Everest Plus Business or the Purchased Assets after the Initial Closing (or with respect to any subsequent Closing contemplated by <u>Section 6.4</u>, after the date of such subsequent Closing). For the avoidance of doubt, Purchaser hereby acknowledges that all letters of credit listed on <u>Schedule 4.10</u> relating to the Sellers' workers compensation

obligations are required by applicable Law for Purchaser's operation of the Everest Plus Business or the Purchased Assets after the Initial Closing.

Section 4.11 Cash Flow Forecasts. On a weekly basis prior to Closing, the Seller Representative shall provide Purchaser with updated 13-week cash flow projections of the Sellers.

ARTICLE V

ADDITIONAL COVENANTS

Section 5.1 <u>Confidentiality</u>. The parties understand and agree that this Agreement is subject to the terms and conditions of the certain Confidentiality Agreement entered into between Purchaser and Parent, dated March 31, 2014 (the "NDA").

Section 5.2 <u>Public Announcements</u>. The Sellers and Purchaser each shall consult with each other prior to issuing any press releases or otherwise making any public announcements or statements with respect to this Agreement or the Transactions and prior to making any filings with any third party and/or any Governmental Entity with respect thereto, and shall not issue any such release or make or file, as the case may be, any such announcement or statement without the prior written consent of the other party hereto, except as such release, announcement or statement may be required by Applicable Law, including the rules or regulations of any securities exchange, in which case each of the Sellers and Purchaser shall use its commercially reasonable efforts to allow the other party reasonable time to comment on such release or announcement in advance of such issuance and will consider in good faith the advice of such other party with respect thereto. Notwithstanding the foregoing, the Sellers and Purchaser agree that the obligations set forth in this Section 5.2 shall not apply to any filings with any third party and/or any Governmental Entity if the substance of such filing has been previously disclosed in accordance with this Section 5.2.

Section 5.3 Employee and Benefit Matters.

(a) Prior to the Initial Closing or subsequent Closing, as applicable, the Sellers shall terminate the employment of all Specified Employees (which terminations may be subject to and effective upon the Initial Closing or subsequent Closing, as applicable), and Purchaser shall offer employment to all Specified Employees, such employment to be effective at the Initial Closing or subsequent Closing, as applicable (subject to the satisfaction of Purchaser's standards and qualifications applicable to all of its employees generally), to be for substantially equivalent positions and on substantially equivalent base compensation (excluding benefits) as such Specified Employees have with the applicable Seller. This shall not create any right of continued employment in any such employee.

(b) Purchaser shall use commercially reasonable efforts to provide each Transferred Employee with full credit (for all purposes, including eligibility to participate, vesting, vacation entitlement and severance benefits, but excluding benefit accrual) for service with the applicable Seller (or predecessor employers to the extent the applicable Seller provides such past service credit under its employee benefit plans) under each of the comparable

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employee benefit plans, programs and policies of Purchaser in which such Transferred Employee becomes a participant; <u>provided</u>, <u>however</u>, that no such service recognition shall result in any duplication of benefits. With respect to each health or welfare benefit plan maintained by Purchaser for the benefit of any Transferred Employees, subject only to any required approval of the applicable insurance provider, if any, Purchaser shall use commercially reasonable efforts to cause to be waived any eligibility waiting periods, any evidence of insurability requirements and the application of any pre-existing condition limitations under such plan. Purchaser agrees to establish a group health plan capable of providing coverage to the Transferred Employees no later than the Closing Date.

(c) Except as provided in <u>Section 5.3(e)</u>, no provision of this Agreement shall (i) create any third party beneficiary rights in any Transferred Employee, any beneficiary or dependents thereof, or any collective bargaining representative thereof, with respect to the compensation, terms and conditions of employment and benefits that may be provided to any Transferred Employee by Purchaser or under any benefit plan which Purchaser may maintain, or otherwise, or (ii) be construed as in any way modifying or amending the provisions of any Benefit Plan.

(d) Each of Purchaser and the Sellers agree that it will not apply the alternative procedure contained in Section 5 of IRS Revenue Procedure 2004-53, 2004-2 C.B. 320. Accordingly, the Sellers acknowledge that they will be responsible for the furnishing of a Form W-2 to each Business Employee that discloses all wages and other compensation paid through the period ending on the Closing Date, and applicable taxes withheld thereon. Purchaser acknowledges that it (or its Affiliates) will be responsible for the furnishing of a Form W-2 to each Transferred Employee that discloses all wages and other compensation paid for the period beginning on the day following the Closing Date and ending on December 31, 2014 or the last day of such other year in which the Closing Date occurs, and applicable Taxes withheld thereon.

Effective as of the Closing Date, Purchaser shall be solely responsible for (e) the satisfaction of all liabilities and obligations under the Corinthian Colleges, Inc. Deferred Compensation Plan (the "Parent DCP") in respect of those Transferred Employees who accept employment with Purchaser (or an Affiliate of Purchaser) and former employees of the Everest Plus Business (the "DCP Liabilities"). In connection with and in order to effect the assumption of the DCP Liabilities, Purchaser shall establish, effective not later than the Closing Date, and maintain a nonqualified deferred compensation plan that shall contain terms as to the DCP Liabilities that are substantially identical to the terms of the Parent DCP (subject to such amendments that Purchaser may wish to make that are not inconsistent with the requirements of Section 409A of the Code). All elections under the Parent DCP by those individuals with benefits that constitute DCP Liabilities ("Transferred Participants") shall continue in effect from and after the Closing Date in accordance with their terms until such time as such elections may be changed without triggering any tax or penalty under Section 409A of the Code. Effective not later than the Closing Date, Purchaser shall establish a trust (the "Purchaser Trust"), on terms that are substantially identical to the terms of the Master Trust Agreement between Parent and First American Trust, FSB, as trustee (the trust formed thereby, the "Parent Trust"), for purposes of providing a funding arrangement with respect to the DCP Liabilities assumed by Purchaser. On or promptly after the Closing Date, the Sellers shall cause there to be transferred from the Parent Trust to the Purchaser Trust assets (in cash or other form satisfactory to Purchaser) that have a value, as of the date of such transfer, equal to the amount, as of the Closing Date, of the Transferred Participants' account balances under the Parent DCP. Each of Purchaser and the Sellers agree that no Transferred Employee who accepts employment with Purchaser (or an Affiliate of Purchaser) shall be considered to have a "separation from service" for purposes of Section 409A of the Code as a result of such employee providing services to the Sellers and their Affiliates prior to the Transaction and providing services to Purchaser and its Affiliates following the Transaction. Nothing in this Section 5.3(e) shall prohibit Purchaser from amending, freezing or terminating the Parent DCP after the Closing Date.

(f) Except as set forth in Section 1.3, the Sellers shall be solely responsible for all amounts payable to any employee or former employee, officer, director, independent contractor or consultant of the Sellers for any period prior to the Closing Date, including, without limitation, COBRA obligations for as long as the Sellers maintain a group health plan (within the meaning of Section 4980B of the Code) and all amounts required to be paid in respect of severance payments resulting from any termination of such an individual's employment with the Sellers.

Section 5.4 Tax Matters.

(a) <u>Prorations</u>.

The parties hereto agree that all real property Taxes, personal (i) property Taxes and similar ad valorem obligations that are levied with respect to the Purchased Assets or the Everest Plus Business for assessment periods within which the Closing Date occurs (collectively, the "Apportioned Obligations") shall be apportioned between the Sellers and Purchaser as of the Closing Date based on the number of days in any such period falling prior to the Closing Date, on the one hand, and on or after the Closing Date, on the other hand (it being understood that Purchaser is responsible for the portion of each such Apportioned Obligation attributable to the number of days on or after the Closing Date in the relevant assessment period). Each party shall pay directly or, if necessary, reimburse the other party, with the respect to its apportionment of the Apportioned Obligations. Each party hereto shall cooperate in assuring that Apportioned Obligations the payment of which is due prior to the Closing Date are billed directly to and paid by the Sellers, and that Apportioned Obligations the payment of which is due on or after the Closing Date shall be billed directly to and paid by Purchaser. The parties hereto shall cooperate, including with respect to any examination or audit by Taxing Authorities, to avoid payment of duplicate or inappropriate Taxes or other ad valorem obligations of any kind or description that relate to the Purchased Assets or the Everest Plus Business. Purchaser shall furnish, at the request of Sellers, and Sellers shall furnish, at the request of Purchaser, proof of payment of any such Taxes or ad valorem obligations or other documentation that is a prerequisite to avoiding payment of a duplicate or inappropriate Tax or other ad valorem obligations.

(ii) In the event that any refund, rebate or similar payment is received by Purchaser or the Sellers for any real property Taxes, personal property Taxes or similar ad valorem obligations that are Apportioned Obligations, the parties agree that such payment will be apportioned between the Sellers and Purchaser and paid over between the Sellers and Purchaser

on the basis of their respective corresponding liability for such Apportioned Obligations during the assessment period.

(iii) In the event that it is determined subsequent to the Closing Date that additional real property Taxes, personal property Taxes or similar ad valorem obligations that are Apportioned Obligations are required to be paid, the parties agree that such additional Taxes will be apportioned between the Sellers and Purchaser and paid over by the Sellers and Purchaser on the basis of their respective corresponding liability for such Apportioned Obligations during the assessment period.

(iv) Except as otherwise provided in this Agreement, as between the Sellers and Purchaser: (i) the Sellers shall be responsible for and shall pay all Taxes levied or imposed upon, or in connection with, the Purchased Assets and the Everest Plus Business for taxable periods (or portions thereof) ending prior to the Closing Date; (ii) Purchaser shall be responsible for and shall pay all Taxes levied or imposed upon, or in connection with, the Purchased Assets and the Everest Plus Business for taxable periods (or portions thereof) beginning on or after the Closing Date; and (iii) the Sellers and Purchaser will each be responsible for and shall pay their own income and franchise Taxes, if any, arising from the Transactions. Any exemptions, allowances or deductions that are calculated on an annual basis shall be prorated in the manner provided for Apportioned Obligations.

(b) The Sellers shall pay directly, or reimburse Purchaser promptly upon demand and delivery of proof of payment for, one-half of all Transfer Taxes that may be imposed upon, or payable or collectible or incurred in connection with, this Agreement and the Transactions. The parties will cooperate to obtain available exemptions from such Transfer Taxes. All other expenses of Closing will be paid by the party incurring such expense.

(c) Notwithstanding the other provisions of this <u>Section 5.4</u>, the parties agree that no payment from the Sellers to Purchaser with respect to the Apportioned Obligations or other Taxes shall be made to the extent such Apportioned Obligations or other Taxes were already taken into account as "current liabilities" in the computation of the Final Closing Working Capital. Likewise, no payment from Purchaser to the Sellers of Tax refunds shall be made to the extent such refunds were already taken into account as "current assets" in the computation of the Final Closing Working Capital.

(d) <u>Tax Clearance Certificates</u>. If requested by Purchaser, each Seller shall notify the Taxing Authorities in each jurisdiction that imposes Taxes on such Seller or where such Seller has a duty to file Tax Returns reflecting the Transactions in the form or manner required by such Taxing Authorities, if the failure to make such notification or receive any available Tax clearance certificate could subject Purchaser to any Taxes of such Seller. If any Taxing Authority asserts that a Seller is liable for any Tax, Parent or such Seller shall promptly pay any and all such amounts and shall provide evidence to Purchaser that such liabilities have been paid in full or otherwise satisfied.

Section 5.5 Further Assurances.

(a) Each party agrees that from time to time after the Closing, it will execute and deliver or cause its respective Affiliates to execute and deliver such further instruments, furnish upon request to each other such further information, and take or cause their respective Affiliates to take such other action, as may be reasonably necessary to carry out the purposes and intents of this Agreement and the other Transaction Documents.

(b) Subject to Section 1.9, on or after the Closing, if either Purchaser or the Sellers shall receive or otherwise possess any asset that is allocated to the other party pursuant to this Agreement (any such asset, a "Later Identified Asset"), then such party will provide written notice to the other party identifying such Later Identified Asset and will, or will cause its Subsidiaries to, as promptly as practicable transfer, convey, assign, deliver, or cause to be transferred, conveyed, assigned, or delivered to the other part or its designee, all right, title and interest to such Later Identified Asset that is transferable.

(c) From and after the Closing, if any Seller or any Affiliate of any Seller receives or collects any funds relating to any Accounts Receivable or any other Purchased Asset, the Seller Representative shall remit such funds to Purchaser within five (5) Business Days after its receipt thereof. From and after the Closing, if Purchaser or its Affiliate receives or collects any funds relating to any Excluded Asset, Purchaser or its Affiliate shall remit any such funds to the Seller Representative within five (5) Business Days after its receipt thereof.

(d) The Sellers and Purchaser agree and acknowledge that nothing in this Agreement or the other Transaction Documents shall be construed as preventing the parties and their Subsidiaries from competing with each other.

(e) In the event Purchaser discovers post-Closing that it possesses any Excluded Records, it shall promptly notify Parent and, at Parent's request and expense, deliver such Excluded Records to Parent. In the event any Seller discovers post-Closing that it possesses any Books and Records included in the Purchased Assets and not provided to Purchaser, it shall promptly notify Purchaser and, at Purchaser's request and expense, deliver such Books and Records to Purchaser (and the Sellers may retain a copy of such Books and Records in accordance with Section 1.1).

(f) Without limiting the obligations of the parties under Section 5.5(a), promptly following the Initial Closing, the Sellers and Purchaser shall use commercially reasonable efforts to contact and work with the issuers or other counterparties, as applicable, of those letters of credit and bonds listed on Schedule 4.10 that are required by applicable Law or Educational Law or pursuant to an Assumed Contract for Purchaser's operation of the Everest Plus Business or the Purchased Assets after the Initial Closing that the Sellers were not able to terminate as of the Initial Closing, such that Purchaser assumes directly the obligations thereunder, replaces such letter of credit or bond, reaches an agreement whereby such issuer or counterparty will no longer require the credit support of such letter of credit or bond, or makes other similar arrangements with such issuer or counterparty.

Section 5.6 Post-Closing Access and Cooperation.

(a) From and after the Closing, the parties shall, and shall cause their respective Subsidiaries to, provide the other party, its Representatives or any of its current or former officers or directors, at the sole expense of the Person seeking access, with reasonable access, with advance notice and during normal business hours, to all personnel and all Books and Records, in each case to the extent reasonably required by the Person seeking access by or for (i) legal archival purposes, (ii) accounting, audit and compliance purposes, (iii) legal process, (iv) defending against or preparing for ongoing or anticipated litigation, and (iv) inspections, examinations or inquiries by Governmental Entities or Educational Agencies; <u>provided, however</u>, that the foregoing shall not require either party to provide any such access to the extent the provision of such access would contravene Applicable Law (including any anti-competition laws), result in a breach of attorney-client or similar privilege, or violate any confidentiality or nondisclosure agreement or similar agreement or arrangement to which either party or their respective Subsidiaries is subject.

From and after the Closing, if Purchaser becomes aware that any of the (b) Transferred Employees has been requested or required by any Governmental Entity or Educational Agency to assist in the bringing or pursuing of an Action involving the Sellers, of any of their Affiliates, or any current or former officers or directors of the Sellers, (i) Purchaser shall promptly notify the Sellers and the relevant current or former officers or directors that are Transferred Employees, and the Sellers shall promptly notify those that are not and were never Transferred Employees, of such event; (ii) Purchaser will use its commercially reasonable efforts to cooperate with the Sellers in (A) permitting the Sellers, their Representatives, and any current or former officer or director reasonable access to such Transferred Employees, and (B) requesting that such Transferred Employees cooperate with the Person seeking access, at that Person's expense, in all reasonable requests made by such Person seeking access in connection with such actions; and (iii) and all such access shall be arranged and supervised by designated Representatives of Purchaser, unless Purchaser otherwise expressly consents with respect to any specific access, and shall be permitted only upon reasonable advance notice and during Purchaser's normal business hours and without unreasonable interference with the operation of Purchaser's business.

(c) Without limitation of the obligations of the parties under Section 5.6(a) and Section 5.6(b), from and after the Closing, each party shall reasonably cooperate with the other party (and the other party's Representatives and current or former officers and directors), at the expense of the Person seeking cooperation, in the investigation, prosecution or defense of any Action or any claim (including for these purposes reasonably anticipated claims) relating to the operation of the Everest Plus Business or ownership of the Purchased Assets prior to the Closing. Such cooperation shall include the cooperating party making, and causing its subsidiaries to make, available its employees to give (and to prepare for) depositions, interviews or testimony, and the cooperating party providing, and causing its subsidiaries to provide, documentary or other evidence, all as reasonably requested by the other party (or the other party's Representatives or current or former officers and directors), from time to time and to a reasonable extent, with advance notice and during the cooperating party's normal business hours, and not otherwise interfering with the normal operation of the cooperating party or its

subsidiaries or prejudicing the indemnification rights of the cooperating party under this Agreement. If any employee of Purchaser is required under this <u>Section 5.6</u> to give (or prepare for) depositions, interviews or testimony or to otherwise assist or cooperate with any Action or investigation as contemplated in this <u>Section 5.6</u> on at least 30 days in a one-year period, then the Sellers shall reimburse Purchaser for the full cost of such employee's salary, benefits, and overhead costs for all days on which the employee provided such assistance.

(d) In furtherance of the foregoing the parties shall retain and preserve all Books and Records included in the Purchased Assets or Excluded Assets, as applicable, for at least five years from the Closing Date.

(c) Notwithstanding anything herein to the contrary, Purchaser agrees to provide a repository for the Books and Records of those institutions identified on <u>Schedule 5.6(e)</u> as required by and consistent with any applicable Educational Laws.

(f) Concurrent with the Initial Closing, the Sellers and Purchaser will enter into reasonable and customary, fully paid up, license agreements providing that Purchaser shall license to the Sellers (i) the right to use the Everest and WyoTech names and related trademarks within the geographic boundaries of California and Canada for the Retained Schools for a period of five (5) years in California and perpetually in Canada, and (ii) the perpetual right to use the Curriculum for the Retained Schools.

Section 5.7 Educational Consents. For up to six (6) months following the Closing, the Sellers shall cooperate with Purchaser as reasonably requested by Purchaser and at Purchaser's sole expense, in obtaining any Post-Closing Educational Consents set forth on <u>Schedule A-1</u> required to be obtained after the Closing Date. At the reasonable request of any party, the other parties hereto shall promptly provide telephonic or written updates and information on the status of any Post-Closing Educational Consent.

Section 5.8 <u>Bulk Sales Laws</u>. Except as provided in <u>Section 5.4(d)</u>, the parties hereby waive compliance with the provisions of any bulk sales, bulk transfer or similar Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets to Purchaser.

Section 5.9 Private Student Loans.

(a) If, after the Closing Date, the Everest Plus Schools or their respective employees receive inquiries from an obligor under any Seller Private Educational Loans, Purchaser shall refer such obligor to a telephone number provided by the applicable Private Loan Owner. Purchaser shall retain such records for at least five (5) years post-Closing as may be necessary to identify such obligors under any Seller Private Educational Loans and make such referrals. Neither Purchaser nor any Everest Plus School will accept any payment on any Seller Private Educational Loans; provided, that if Purchaser or any Everest Plus School receives any payment on a Seller Private Educational Loan, such recipient shall return that payment to its sender with referral information such that the sender may contact or deliver the payment to the applicable Private Loan Owner or its designated servicer.

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(b) From and after the Closing, Purchaser shall forward to the applicable Private Loan Owner any inquiries or other correspondence received by Purchaser or any Everest Plus School that is made by, or on behalf of, any Governmental Entity or Educational Agency with respect to any Seller Private Educational Loan.

(c) Purchaser covenants that, after the Closing Date, if upon a student's separation from an Everest Plus School, that student is owed a refund under a Seller Private Educational Loan that is owned by a Private Loan Owner, Purchaser shall, in accordance with applicable Educational Law, either (i) provide such refund directly to the student, or (ii) take such other action with respect to the applicable Private Loan Owner so as to cause the student to receive such refund.

(d) For a period of two (2) years after the Closing Date, Purchaser agrees that, upon the reasonable written request of a Private Loan Owner, it shall provide to such Private Loan Owner copies of Account Documents in Purchaser's possession, if applicable. For purposes of this <u>Section 5.9(d)</u>, the term "Account Documents" means any document or instrument executed by an obligor under a Seller Private Educational Loan in connection with the origination, processing or closing of a Seller Private Educational Loan, application, agreement, billing statement, notice, correspondence, documents supporting a deficiency balance, sales affidavits and business records affidavits, or any other documentation or information in Purchaser's possession related to a Seller Private Educational Loan, including any magnetic or electronic forms thereof.

Section 5.10 <u>Texas Workforce Commission Requirements</u>. With respect to any Everest Plus School physically located in the State of Texas or otherwise in possession of a certificate of approval from the Texas Workforce Commission:

(a) Purchaser accepts all refund liabilities which may have arisen during the operation of such Everest Plus School by the Sellers or any other former owner; provided, that such acceptance shall not be construed to limit the rights of Purchaser to indemnification from the Sellers under the provisions of this Agreement;

(b) As reflected on <u>Schedule A-1</u>, the parties hereto agree that the consummation of the Transactions with respect to such Everest Plus School is subject to the prior approval of the Texas Workforce Commission; and

(c) Purchaser assumes the liabilities, duties, and obligations under the enrollment contracts between the students and the Sellers which the Sellers are obligated to provide on or after the effective date of the Transactions.

ARTICLE VI

CONDITIONS TO CLOSING

Section 6.1 <u>Conditions to Obligations of Each Party at the Closing</u>. The respective obligation of each party to consummate the Closing and to take the other actions required to be

taken by it at the Closing are subject to the satisfaction or waiver, on or before the Closing Date, of each of the following conditions:

(a) (i) the Legal Opinion shall have been obtained, (ii) the Court Determination shall have been obtained, or (iii) a Foreclosure shall have occurred.

(b) Subject to Section 6.4, the Pre-Closing Educational Consents set forth on Schedule A-1, including the ED Pre-Acquisition Review Notices, shall have been effectuated or obtained, as applicable and no Educational Agency shall have advised the Sellers or Purchaser that there is a material impediment to the issuance of (i) any material Post-Closing Educational Consent or (ii) a material number of immaterial Post-Closing Educational Consents (with material defined for purposes of this Section 6.1(b) by reference to the applicable Everest Plus School).

(c) <u>No Violation</u>. No Law or Educational Law shall have been enacted or promulgated by any Governmental Entity or Educational Agency that enjoins or otherwise prohibits the consummation of the Transactions; there shall be no temporary restraining order, preliminary or permanent injunction or other Order issued by any court of competent jurisdiction or other restraint or prohibition of any Governmental Entity or Educational Agency preventing the consummation of the Transactions; and no Action shall be pending or have been commenced that seeks to enjoin or otherwise prohibit the consummation of the Transactions.

(d) The IRS shall have approved Purchaser's request for tax-exempt status.

(c) Purchaser shall have received assurances satisfactory to it, in its reasonable discretion, and such assurances shall not have been revoked, modified or amended in any manner that Purchaser reasonably concludes would be adverse to it or its operation of the Purchased Assets following the Closing, from each of ED, the United States Department of Justice, the United States Consumer Financial Protection Bureau and the Office of the Attorney General for the State of Iowa, that it shall not be held responsible for or be made subject to any claims or liabilities arising from any violations of Law or Educational Law by the Everest Plus Business while under the ownership and operation of the Sellers, or as a successor to the Sellers, and such assurances as Purchaser may require as to such other matters relating to the Transactions and to Purchaser's proposed operation of the Everest Plus Business following the Closing.

(f) With respect to any postsecondary institutions operated by the Sellers outside of the United States and which are accredited by the Accrediting Council for Independent Colleges and Schools as branch campuses or additional locations of any Everest Plus School, the Sellers shall have caused such campuses or locations to withdraw such accreditation.

Section 6.2 <u>Conditions to Obligations of Purchaser at the Closing</u>. The obligations of Purchaser to consummate the Closing and to take the other actions required to be taken by Purchaser at the Closing are subject to the satisfaction or waiver, on or before the Closing Date, of each of the following conditions (any of which may be waived by Purchaser, in whole or in part, in writing):

(a) <u>Representations</u>, Warranties and Covenants of the Sellers.

(i) The Sellers shall have performed and satisfied in all material respects each of their respective covenants and obligations hereunder required to be performed and satisfied by them on or prior to the Closing Date; and

(ii) (A) subject to <u>Section 6.2(a)(ii)(D)</u> below, each of the representations and warranties of the Sellers contained in <u>Section 1.13(d)</u> shall have been true and correct in all material respects as of the Agreement Date;

(B) subject to <u>Section 6.2(a)(ii)(D)</u> below, each of the Fundamental Representations and each of the Special Representations of the Sellers contained in <u>ARTICLE II</u> shall be true and correct in all respects at and as of the Closing with the same force and effect as if made as of the Closing;

(C) subject to <u>Section 6.2(a)(ii)(D)</u> below, each of the other representations and warranties of the Sellers contained in <u>ARTICLE II</u> shall be true and correct in all material respects at and as of the Closing with the same force and effect as if made as of the Closing, except for (1) changes in the ordinary course of business after the date of this Agreement that are permitted herein and (2) such immaterial (individually and in the aggregate) inaccuracies as may have arisen solely from events first occurring or actions first taken or not taken after the Agreement Date.

(D) Notwithstanding the foregoing, the conditions contemplated by this Section 6.2(a)(ii) shall be deemed to have been satisfied as of the Closing Date if all breach(es) of or inaccuracies in the representations and warranties of the Sellers contained in Article II that would otherwise (but for the application of this sentence) cause the failure of any such condition could not in the aggregate reasonably be expected to result in any of the following: increase (together with any increase in Assumed Liabilities described in Section 6.2(e)(i) and Section 6.2(e)(ii)) the Assumed Liabilities not expressly included in the Estimated Closing Working Capital by Five Million Dollars (\$5,000,000) or more, materially increase the potential liability to Purchaser from the consummation of the Transactions, or result in Purchaser not acquiring any material, individually or in the aggregate, Purchased Assets.

(b) <u>Changes in Educational Law</u>. No change or proposed change in any Educational Law (including Title IV) shall have occurred which would reasonably be expected to have a material adverse impact on any of the Purchased Assets or the Everest Plus Business.

(c) <u>Consents</u>. The applicable threshold of consents specified on <u>Schedule</u> <u>6.2(c)</u> shall have been obtained and be in full force and effect.

(d) <u>Release of Encumbrances</u>. All Encumbrances (other than Permitted Encumbrances) on the Purchased Assets shall have been released.

(e) <u>No Action</u>.

(i) No Action (other than the items listed on <u>Section 2.11(a)</u> of the Seller Disclosure Schedule) that (A) alleges a violation of any Educational Law, any Law for the protection of consumers, or the federal False Claims Act (unless all such Actions could not in the aggregate reasonably be expected to increase (together with any increase in Assumed Liabilities described in <u>Section 6.2(a)(ii)(D)</u> and <u>Section 6.2(e)(ii)</u>) the Assumed Liabilities not expressly included in the Estimated Closing Working Capital by Five Million Dollars (\$5,000,000) or more) or (B) otherwise could reasonably be expected to materially increase the potential liability of Purchaser from the consummation of the Transactions shall have been instituted or threatened against any of the Sellers arising out of or relating to any of the Purchased Assets, Assumed Liabilities, the operation of the Everest Plus Business, or the Transactions;

(ii) no Action (A) that alleges a violation of any Educational Law, any Law for the protection of consumers, or the federal False Claims Act (unless all such Actions could not in the aggregate reasonably be expected to increase (together with any increase in Assumed Liabilities described in <u>Section 6.2(a)(ii)(D)</u> and <u>Section 6.2(e)(i)</u>) the Assumed Liabilities not expressly included in the Estimated Closing Working Capital by Five Million Dollars (\$5,000,000) or more) or (B) that otherwise could reasonably be expected to materially increase the potential liability of Purchaser from the consummation of the Transactions shall have been instituted or threatened against Purchaser arising out of or relating to any of the Purchased Assets, Assumed Liabilities, operation of the Everest Plus Business, or the Transactions;

(iii) no Person shall have taken any action or made any request of Purchaser the result of which could reasonably be expected to materially increase the potential liability to Purchaser from the consummation of the Transactions, and no Governmental Authority shall have taken any action between the Agreement Date and the Closing Date that Purchaser reasonably concludes after consultation with counsel could require it to defend a material claim that it was a successor to the Sellers; and

(iv) no claimant in any of the Actions listed on Section 2.11(a) of the Seller Disclosure Schedule shall have materially increased the damages or measure of relief sought in any of such Actions.

(f) <u>No Material Adverse Effect</u>. During the period from the Agreement Date to the Closing Date, there shall not have occurred any Material Adverse Effect.

(g) <u>Reorganization of Main and Additional Locations</u>. The Sellers shall have completed, and each applicable Educational Agency shall have approved a reorganization of certain Everest Plus Schools' designations under applicable Educational Laws as main campuses, branch campuses or additional locations (including, without limitation, revised OPEID numbers from ED) such that the asset acquisition of the Everest Plus Business contemplated by this Agreement may occur without (i) requiring the acquisition of any postsecondary educational institutions operated by the Sellers in the State of California; (ii) causing a loss of any Educational Approval for any Everest Plus School due to Purchaser not acquiring any other postsecondary educational institution operated by the Sellers; or (iii) resulting in the imposition of any obligations to any Governmental Entity or Educational Agency that would not otherwise be required.

(h) <u>Funding of Purchase Price Deficit</u>. In the event that the sum of clauses (i) through (vii) of <u>Section 1.7(a)</u> results in a negative amount, the Sellers shall have taken such steps as Purchaser may reasonably request (including depositing the net shortfall that would otherwise be payable by the Sellers to Purchaser at the Initial Closing into the Adjustment Escrow Fund) to assure that such negative amount shall be paid by the Sellers to Purchaser as of the Initial Closing.

Section 6.3 <u>Conditions to Obligations of the Sellers at the Closing</u>. The obligations of the Sellers to consummate the Closing and to take the other actions required to be taken by the Sellers at the Closing are subject to the satisfaction or waiver, on or before the Closing Date, of each of the following conditions (any of which may be waived by the Sellers, in whole or in part, in writing):

(a) <u>Representation, Warranties and Covenants of Purchaser</u>. (i) Purchaser shall have performed and satisfied each of its covenants and obligations hereunder required to be performed and satisfied by it on or prior to the Closing Date, except where the failure to perform or satisfy its obligations would not reasonably be expected to materially impair the ability of Purchaser to perform its obligations under this Agreement and the other Transaction Documents to which it is a party or to consummate the Transactions; and (ii) each of the representations and warranties of Purchaser contained in <u>ARTICLE III</u> hereof shall have been true and correct as of the Agreement Date and at and as of the Closing with the same force and effect as if made as of the Closing (except that representations and warranties that are made as of a specified date shall be true and correct as of such specified date) except where the failure of such representations and warranties to be so true and correct would not reasonably be expected to materially impair the ability of Purchaser to perform its obligations under this Agreement and the other Transactions and warranties to be so true and correct would not reasonably be expected to materially impair the ability of Purchaser to perform its obligations under this Agreement and the other Transaction Documents to which it is a party or to consummate the Transactions.

(b) <u>Requisite Lender Consent</u>. The Sellers shall have received any required consent of the lenders under the Credit Agreement.

Section 6.4 Subsequent Closing. If the conditions precedent set forth above in this ARTICLE VI to Purchaser's and the Sellers' obligations to close under this Agreement shall have been satisfied or waived except that the applicable Pre-Closing Educational Consents for any Everest Plus School(s) have not yet been obtained, then (a) if such consents for more than ten (10) Everest Plus Schools have not yet been obtained, either party may terminate this Agreement at the Outside Date pursuant to Section 9.1(b), or (b) if such consents for ten (10) or fewer Everest Plus Schools have not yet been obtained, then Purchaser, in its sole discretion, may (i) elect to proceed with Closing (notwithstanding the failure of the condition in Section 6.1(b)) and to exclude some or all of such Everest Plus Schools and any additional Everest Plus Schools associated with the same six-digit Office of Postsecondary Education Identification Number as issued by ED and any assets of the Sellers (including employees) relating exclusively to those schools from the assets to be acquired hereunder at the Initial Closing, and such Everest Plus School(s) (and associated assets) shall not be Purchased Assets, Assumed Contracts, or Assumed Leases, as applicable, for all purposes of this Agreement at the Initial Closing, and shall instead be Excluded Assets for all purposes unless and until acquired by Purchaser pursuant to this Section 6.4 at a subsequent closing, and (ii) require the Sellers to proceed with Closing on

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the remaining Purchased Assets (such Closing, the "Initial Closing"). If the Pre-Closing Educational Consents required with respect to any Everest Plus School not transferred to Purchaser at the Initial Closing (as contemplated in the previous sentence) are obtained within 90 days after the Initial Closing and all other conditions precedent to Purchaser's obligations to close remain satisfied, then Purchaser shall acquire and the Sellers shall convey such Everest Plus School(s) (and associated assets) in one or more subsequent closings in accordance with the terms of this Agreement applicable to the Initial Closing upon payment by Purchaser of additional consideration of One Dollar (\$1.00) per school so acquired. For the avoidance of doubt, Purchaser shall have no obligation to consummate any such transaction if the Sellers shall have made any voluntary or involuntary filing in bankruptcy (unless the condition in Section <u>6.1(c)(i)</u> has been satisfied).

For the avoidance of doubt, Purchaser shall not hire any employees of the Sellers with respect to any Everest Plus School that is excluded from acquisition at the Initial Closing under this <u>Section 6.4</u>, but rather Purchaser shall hire such employees at the time, if any, of a subsequent Closing with respect to the applicable Everest Plus School.

ARTICLE VII

CLOSING

Section 7.1 <u>Closing</u>. The closing of the sale of the Purchased Assets to, and the assumption of the Assumed Liabilities by, Purchaser and the other Transactions (the "<u>Closing</u>," which shall include the Initial Closing and any subsequent closing, as applicable) shall take place at the offices of O'Melveny & Myers LLP, 610 Newport Center Drive, Newport Beach, CA 92660, on the first Business Day after satisfaction or, to the extent permitted by Applicable Law, waiver of all conditions to the obligations of the parties set forth in <u>ARTICLE VI</u> (other than such conditions as may, by their terms, only be satisfied at the Closing or on the Closing Date), or at such other place or on such other date as the parties may mutually agree in writing; <u>provided</u>, that if such date is on or after the fifteenth (15th) day of the month in which the Closing would otherwise occur, the Closing will take place on the first Business Day of the immediately following month. The day on which the Initial Closing takes place is referred to as the "<u>Closing Date</u>." The effective time of the Closing for tax, operational and all other matters will be deemed to be 12:01 a.m. Pacific Time on the Closing Date.

Section 7.2 Deliveries at Closing.

(a) On the Closing Date (or prior to the Closing Date where indicated), the Sellers and Purchaser shall jointly cause the incremental amount, if any, funded by the Sellers into the Adjustment Escrow Fund pursuant to Section 6.2(h) to be released to Purchaser concurrent with the Initial Closing as required under Section 6.2(h), and the Sellers shall execute (where applicable) and deliver the following to Purchaser, each of which is subject to the delivery of each other of the following deliveries:

title to the Purchased Assets;

 (ii) counterparts to each Transaction Document to which a Seller or the Seller Representative is a party, duly executed by such Seller(s) or Seller Representative;

 a certificate executed by a duly authorized officer of each Seller, dated as of the Closing Date, certifying that each of the conditions set forth in <u>Section 6.2</u> has been satisfied or waived;

(iv) certificates pursuant to Treasury Regulations Section 1.1445-2(b) duly executed by each Seller providing that such Seller is not a foreign person within the meaning of Section 1445 of the Code;

(v) for each Seller, the certificate of incorporation or organization or similar governing document certified as of a date not more than ten Business Days before the Closing Date by the Secretary of State of such Seller's jurisdiction of incorporation or organization;

(vi) for each Seller, a certificate of the Secretary of State of its jurisdiction of incorporation or organization as to the good standing of such Seller as of a date not more than ten Business Days before the Closing Date;

(vii) for each Seller, a certificate of the Seller's Secretary, given on behalf of the Seller, as applicable, and not in an individual capacity, certifying as to its respective bylaws and resolutions duly adopted by the board of directors authorizing delivery of this Agreement and the Transaction Documents to which it is a party and the performance and consummation by it of the Transactions, and certifying that such resolutions and bylaws have not been amended or rescinded and are in full force and effect and attaching copies thereto:

(viii) evidence that all payments necessary to transfer the Purchased Assets to Purchaser free and clear of Encumbrances on the Purchased Assets (other than Permitted Encumbrances) have been made, and necessary UCC authorizations or other releases as may be reasonably required to evidence the release of all Encumbrances on the Purchased Assets (other than Permitted Encumbrances);

(ix) Intellectual Property Assignment Agreements in form and substance acceptable to Purchaser and the Sellers; and

 such other documents, certificates and instruments necessary or reasonably requested by Purchaser to consummate the Transactions.

(b) On the Closing Date, Purchaser shall execute (where applicable) and deliver, or cause to be delivered:

(i) to the Seller Representative, a cash payment in the amount calculated in accordance with <u>Section 1.7(a)</u> by wire transfer of immediately available funds to one or more accounts designated in writing by the Seller Representative at least three (3) Business Days prior to the Closing Date;

(ii) to the Seller Representative, a certificate executed by a duly authorized officer of Purchaser, dated as of the Closing Date, certifying that each of the conditions set forth in <u>Section 6.3</u> has been satisfied or waived;

(iii) to the Seller Representative, counterparts to each Transaction Document to which Purchaser is a party, duly executed by Purchaser;

(iv) to the Seller Representative, a certificate of the Secretary of State of the State of Delaware as to the good standing of Purchaser as of a date not more than ten Business Days before the Closing Date; and

(v) to the Seller Representative, a certificate of Purchaser's Secretary, given on behalf of Purchaser, and not in an individual capacity, certifying as to its bylaws and resolutions duly adopted by the board of directors authorizing delivery of this Agreement and the Transaction Documents to which it is a party and the performance and consummation by it of the Transactions, and certifying that such resolutions and bylaws have not been amended or rescinded and are in full force and effect and attaching copies thereto.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 Indemnification.

(a) <u>Indemnification by the Sellers</u>. If the Closing occurs, then subject to the limitations set forth in this <u>ARTICLE VIII</u>, the Sellers shall, jointly and severally, indemnify and hold harmless Purchaser and its Affiliates and Representatives (collectively, the "<u>Purchaser</u> <u>Indemnitees</u>"), from and against and in respect of, and shall reimburse the Purchaser Indemnitees for, any and all Losses caused by, related to, or arising from the following:

 (i) any inaccuracy in or breach of any representation or warranty of the Sellers contained in this Agreement (a "Seller Representation Claim");

 (ii) any breach or non-fulfillment by the Sellers of any covenant or obligation of the Sellers set forth in this Agreement;

(iii) any and all Retained Liabilities;

(iv) any and all Excluded Taxes or Excluded Assets except to the extent included in Final Closing Working Capital;

(v) any and all terminations of employment (whether voluntary or involuntary) of individuals with the Sellers that occur on or before the Closing Date, including the termination of the employment by the Sellers of Specified Employees contemplated in <u>Section 5.3</u>, and all Losses arising under the WARN Act and any similar state, local or foreign law in connection with such terminations, in each case except as otherwise provided in <u>Section</u> <u>1.3(e)</u>; and

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 (vi) any claim by a stockholder of any Seller that stockholder approval was required for the Transactions and not obtained.

(b) <u>Indemnification by Purchaser</u>. If the Closing occurs, then subject to the limitations set forth in this <u>ARTICLE VIII</u>, Purchaser shall indemnify and hold harmless the Sellers and their respective Affiliates and Representatives (collectively, the "<u>Seller Indemnitees</u>"), from and against and in respect of, and shall reimburse the Seller Indemnitees for, any and all Losses caused by, related to, or arising from the following:

 any inaccuracy in or breach of any representation or warranty of Purchaser contained in this Agreement;

(ii) any breach or non-fulfillment by Purchaser of any covenant or obligation of Purchaser set forth in this Agreement; and

(iii) any and all Assumed Liabilities.

Section 8.2 Indemnification Period.

The "Indemnification Period" means with respect to any claim for (a) indemnification by any Indemnitee under Section 8.1(a)(i) or Section 8.1(b)(i), a period commencing on the Closing Date and expiring on the Expiration Date, except for (i) the Fundamental Representations, which shall survive the Closing Date indefinitely, (ii) the Special Representations (except as set forth in the following clause (iii)), which shall survive the Closing Date and continue until expiration on the Indemnification Escrow Release Date, (iii) the representations and warranties of the Sellers set forth in Section 2.16 (Educational Laws and Educational Approvals), which shall survive the Closing Date and continue for a period of three years, and (iv) the representations and warranties set forth in Section 2.12, which shall survive the Closing Date and continue until sixty (60) days after the expiration of the applicable statute of limitations. The representations and warranties contained in this Agreement, the other Transaction Documents, and any certificate or instrument delivered by a party pursuant to this Agreement shall survive the Closing Date and shall remain in full force and effect until the expiration of the applicable Indemnification Period set forth above. None of the covenants or other agreements contained of this Agreement shall survive the Closing Date other than those that by their terms contemplate performance after the Closing Date, and each such surviving covenant and agreement shall survive the Closing Date for the period contemplated by its terms; provided, however, that the provisions of this sentence shall not relieve any party of any liability that it may have for its failure to perform any covenant prior to the covenant's expiration.

(b) If, in accordance with this <u>ARTICLE VIII</u>, any Indemnification Claims are asserted before the expiration of the Indemnification Period with respect to such claim, such Indemnification Claims shall continue until the final amount of recoverable Losses are determined by final agreement, settlement, judgment or award binding on the Sellers and Purchaser in accordance with this <u>ARTICLE VIII</u>.

(c) Purchaser (on behalf of itself and all Purchaser Indemnitees) and the Sellers (on behalf of themselves and all Seller Indemnitees) each hereby waive any right to assert

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any claim under this Agreement or any Transaction Document after the applicable Indemnification Period (except for claims attributable to fraud or criminal activity or claims asserted before expiration of the Indemnification Period, as provided in <u>Section 8.2(b)</u>), notwithstanding that a longer statute of limitations or other right under Law may apply.

Section 8.3 Limitations.

(a) <u>Basket</u>. Notwithstanding anything to the contrary in this Agreement, no Purchaser Indemnitee shall be entitled to indemnification for, and the Sellers shall not be obligated to indemnify any Purchaser Indemnitee for, any Losses of a Purchaser Indemnitee resulting from a Seller Representation Claim until the aggregate amount of all Losses under all claims of all Purchaser Indemnitees for all Seller Representation Claims shall exceed \$500,000 (the "<u>Basket</u>"), at which time all such Losses in excess of the Basket and up to the Cap shall be subject to indemnification hereunder (subject to the other limitations set forth in this <u>ARTICLE</u> <u>VIII</u>) but only to the extent such Losses exceed the amount of the Basket, provided that the Basket shall not apply to any claim for indemnification with respect to the Fundamental Representations, the representations or warranties set forth in <u>Section 2.12</u>, or to breaches of or inaccuracies in representations or warranties attributable to fraud or criminal activity.

(b) <u>De Minimis Threshold</u>. Notwithstanding anything to the contrary contained in this Agreement, no Purchaser Indemnitee shall be entitled to indemnification for Losses resulting from a Seller Representation Claim where the Losses resulting therefrom are less than \$10,000 (the "<u>De Minimis Threshold</u>") and such Losses shall not be aggregated for purposes of calculating the Basket, provided that the De Minimis Threshold shall not apply to claims for indemnification based on a breach of a Fundamental Representation, Special Representations, the representations or warranties set forth in <u>Section 2.12</u>, or to fraud or criminal activity.

(c) Aggregate Liability. Notwithstanding anything to the contrary in this Agreement, the Sellers' aggregate liability for all Losses under this Agreement resulting from a Seller Representation Claim shall not exceed an amount equal to the Indemnification Escrow Amount (the "Cap"), provided that the Cap shall not apply to claims for indemnification based on a breach of a Fundamental Representation, Special Representations, the representations or warranties set forth in Section 2.12, or to fraud or criminal activity.

(d) The Purchaser Indemnitees and the Seller Indemnitees, as applicable, shall use their respective commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses, it being expressly understood and agreed that (i) Sellers shall have no obligation to pursue or cooperate in the pursuit of claims against their own directors' and officers' insurance policies for the benefit of any Purchaser Indemnitees, and (ii) Purchaser shall have no obligation to pursue or cooperate in the pursuit of claims against its own directors' and officers' insurance policies for the benefit of any Seller Indemnitees. The amount of any Losses for which indemnification is provided under this <u>ARTICLE VIII</u> shall be net of the amounts of any insurance proceeds and any indemnity, contribution or other similar payment received by the Purchaser Indemnitees or Seller Indemnitees, as applicable, in respect of any such claim. (e) The right to indemnification, reimbursement or other remedy based upon the representations, warranties, covenants and obligations contained in this Agreement, the other Transaction Documents, or any certificate or instrument delivered by or on behalf of a party pursuant to this Agreement shall not be affected or deemed waived by reason of: (i) any investigation conducted by or on behalf of the Indemnitee (including by any of its Representatives) with respect to, or any Knowledge acquired (or capable of being acquired) at any time with respect to, the accuracy or inaccuracy of or compliance with any such representation, warranty, covenant or obligation, or (ii) the Indemnitee's waiver of any condition set forth in Section 6.2 or Section 6.3, as the case may be.

(f) For purposes of this <u>ARTICLE VIII</u>, any qualification contained in any representation or warranty as to materiality, material adverse effect, or words of similar import shall be disregarded for the purposes of determining any inaccuracy in or breach of any representation or warranty or damages arising in connection therewith.

(g) All claims for indemnification made by or for the Purchaser Indemnitees under Section 8.1(a) for which the Sellers are liable shall first be satisfied from the Indemnification Escrow Fund pursuant to the terms of the Escrow Agreement to the extent funds remain in the Indemnification Escrow Fund to satisfy such claim before the Purchaser Indemnitee pursues any other right or remedy available to it hereunder. Purchaser acknowledges that the Sellers may not have adequate resources to satisfy indemnification claims that may be made by Purchaser Indemnitees in the event that the Indemnification Escrow Fund is exhausted.

(h) Notwithstanding anything contained in this Agreement, any amounts payable pursuant to the indemnification obligations under this <u>ARTICLE VIII</u> shall be paid without duplication, and in no event shall any party be indemnified under different provisions of this Agreement for the same Losses.

Section 8.4 <u>Mitigation</u>. Each Indemnitee shall take (and shall cause its Affiliates to take) steps to the extent required by law to mitigate all Losses that are indemnifiable or recoverable hereunder or in connection herewith (including incurring costs to the extent necessary to remedy the breach that gives rise to the Losses).

Section 8.5 <u>Damages</u>. Notwithstanding anything else to the contrary set forth herein, no party hereto shall be liable for special, punitive or exemplary damages or Losses based thereon, except in the case of fraud or to the extent actually awarded to a Governmental Entity or other third party.

Section 8.6 Third Party Actions.

(a) If an Indemnitee believes it has a right to indemnification pursuant to this <u>ARTICLE VIII</u> (an "Indemnification Claim"), the party seeking indemnification (for itself and/or any Indemnitees) shall promptly give written notice of such Action or other matter which may give rise to indemnification (a "Claim Notice") to the other party or parties obligated to provide indemnification (the "Indemnifying Party"). If such event involves any claim or the commencement of any Action by a third person (a "Third Party Claim"), the party seeking indemnification (for itself and/or any Indemnitees) will give a Claim Notice to the Indemnifying

Party within ten (10) Business Days after the Indemnitee has received notice or otherwise learns of the assertion of such Third Party Claim. However, failure to give any such Claim Notice shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent that the Indemnifying Party is actually prejudiced thereby. Each Claim Notice shall, with respect to each Indemnification Claim set forth therein, (i) specify in reasonable detail and in good faith the nature of the Indemnification Claim being made, (ii) a reasonable explanation of the basis for the Claim Notice to the extent of the facts then known by the Indemnitee, (iii) if reasonably practicable, state the aggregate Dollar amount of Losses to which such Indemnite is entitled to indemnification pursuant to this <u>ARTICLE VIII</u> that have been incurred, or a good faith estimate of the aggregate Dollar amount of such Losses reasonably expected to be incurred, by such Indemnitee pursuant to such Indemnification Claim and (iv) reasonable supporting documentation.

In the event of a Third Party Claim, the Indemnifying Party will be (b) entitled to participate in the settlement or defense thereof and, if it so chooses, assume at any time control of the settlement or defense thereof with counsel reasonably satisfactory to the Indemnitee so long as (i) the Indemnifying Party gives written notice to the Indemnitee within thirty (30) days after the Indemnitee has given notice of the Third Party Claim, stating that the Indemnifying Party will assume the control and defense of such Third Party Claim, (ii) the Indemnifying Party provides the Indemnitee with evidence reasonably acceptable to the Indemnitee that the Indemnifying Party will have adequate financial resources to defend against the Third Party Claim, (iii) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief against the Indemnitee, (iv) the Indemnitee has not been advised by counsel that a material actual or potential conflict exists between the Indemnitee and the Indemnifying Party in connection with the defense of the Third Party Claim, (v) the Third Party Claim is not a criminal or regulatory enforcement Action, or a claim seeking to impose liability on the Indemnitee on the basis of successor liability, and does not relate to or arise in connection with Taxes, (vi) settlement of, an adverse judgment with respect to, or conduct of the defense of the Third Party Claim by the Indemnifying Party is not, in the reasonable, good faith judgment of the Indemnitee, likely to be adverse to the Indemnitee's reputation or continuing business interests, including its relationships with current or potential students, Governmental Entities, Educational Agencies, or other parties material to the conduct of the Everest Plus Business, and (vii) the Indemnifying Party conducts the defense of the Third Party Claim diligently.

(c) The Indemnitee subject to any Third Party Claim the settlement or defense of which has been assumed by the Indemnifying Party may participate in the settlement or defense of such Third Party Claim with its own counsel at its own expense, <u>provided</u>, <u>however</u>, that (i) the Indemnifying Party will pay the reasonable fees and expenses of one firm of separate counsel retained by the Indemnitee that are incurred prior to the Indemnifying Party's assumption of control of the defense of the Third Party Claim, and (ii) if in the reasonable opinion of counsel to the Indemnitee, there are legal defenses available to an Indemnitee that are different from or additional to those available to the Indemnifying Party, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnitee reasonable to such incremental legal defenses, in each jurisdiction for which the Indemnitee reasonably determines counsel is required.

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The Indemnifying Party will not agree to any settlement of, or consent to (d) the entry of any judgment (other than a judgment of dismissal on the merits without costs) arising from, any such Third Party Claim without the prior written consent of the Indemnitee; provided, however, that the consent of the Indemnitee will not be required if the Indemnifying Party agrees in writing to pay any amounts payable pursuant to such settlement or any judgment (and provides the Indemnitee with evidence that it has adequate financial resources to pay such amounts), to the extent the only award or relief is monetary; such settlement or judgment includes a full, complete and unconditional release of the Indemnitee and will not lead to liability or the creation of other obligations on the part of the Indemnitee; and such settlement or judgment involves no finding or admission of any violation of law or the rights of any Person and no effect on any other claims that may be made against the Indemnitee. The Indemnitee will not agree to any settlement of, or the entry of any judgment (other than a judgment of dismissal on the merits without costs) arising from, any such Third Party Claim without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(e) Each of the parties hereto shall (i) cooperate in good faith in the defense or prosecution of any Third Party Claim in respect of which indemnity may be sought hereunder. (ii) shall keep the other party and its counsel fully informed in all material respects of the status of such Third Party Claims and any related proceedings at all stages thereof, and (iii) agree (each at its own expense) to render to each other such assistance as they may reasonably require of each other. Each of the Sellers and Purchaser (or a duly authorized representative of such party) shall (and shall cause their respective Subsidiaries to) furnish such Books and Records, information and testimony, provide access to its premises and personnel, and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested in connection with any Third Party Claim.

(f) With respect to any Third Party Claim subject to indemnification under this <u>ARTICLE VIII</u>, the parties shall cooperate in such a manner as to preserve in full (to the extent practicable) the confidentiality of all confidential information and the attorney-client and work-product privileges. In connection therewith, each party agrees that: (i) it will use commercially reasonable efforts, in respect of any Third Party Claim in which it has assumed or has participated in the defense, to avoid production of confidential information (consistent with applicable law and rules of procedure) and (ii) all communications between any parties hereto and counsel responsible for or participating in the defense of any Third Party Claim will, to the extent practicable, be made so as to preserve any applicable attorney-client or work-product privilege.

(g) Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this <u>ARTICLE VIII</u>, the Indemnifying Party shall promptly (but in any event within five (5) Business Days of such final, non-appealable adjudication) satisfy its obligations by wire transfer of immediately available funds.

Section 8.7 <u>Exclusive Remedy</u>. Notwithstanding any other provision of this Agreement to the contrary, except (a) in the case of fraud, criminal activity, or willful misconduct, or (b) in the case where a party seeks to obtain specific performance pursuant to

Section 10.10, from and after the Closing Date, the rights of the parties to indemnification pursuant to the provisions of this <u>ARTICLE VIII</u> shall be the sole and exclusive remedy of the Indemnitees and the parties hereto with respect to any matter in any way arising from or relating to this Agreement or its subject matter. Subject to the foregoing, to the maximum extent permitted by Law, the parties and the Indemnitees hereby waive all other rights and remedies with respect to any matter in any way relating to this Agreement or its subject matter, whether under any Laws at common law, in equity or otherwise. The provisions of this <u>Section 8.7</u> and this <u>ARTICLE VIII</u> were specifically bargained for by the parties and were taken into account by them in arriving at the Purchase Price and the terms and conditions of this Agreement, and Purchaser and the Sellers in approving this Agreement have specifically relied upon the provisions of this <u>Section 8.7</u> and this <u>ARTICLE VIII</u> in agreeing to the Purchase Price and the terms and conditions of this Agreement.

Section 8.8 <u>Exception</u>. Nothing in this Agreement shall limit any Person's right to seek any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party's fraudulent or criminal misconduct.

Section 8.9 <u>Independence of Provisions</u>. Each and every provision of this Agreement shall be deemed a separate and independent provision. In consequence, an Indemnitee may bring any claim it has hereunder under any or all provisions applicable to that claim. Notwithstanding the foregoing, no Indemnitee shall be entitled to recover more than once for any Loss.

Section 8.10 <u>Tax Treatment of Indemnity Payments</u>. Except to the extent otherwise required under Applicable Law, the Sellers and Purchaser agree to treat any indemnity payment made pursuant to this <u>ARTICLE VIII</u> as an adjustment to the Purchase Price for all applicable tax purposes, including for U.S. federal income tax and for state tax purposes.

Section 8.11 <u>Release of Remaining Indemnification Escrow Amount</u>. As soon as reasonably practicable following the Indemnification Escrow Release Date, Purchaser shall instruct the Escrow Agent to deliver to the Sellers all of the Indemnification Escrow Amount (if any) in excess of any amount of the Indemnification Escrow Amount that is necessary to satisfy all unresolved, unsatisfied or disputed Indemnification Claims for Losses specified in any Claim Notice delivered to the Sellers and the Escrow Agent by Purchaser before the Indemnification Escrow Release Date. If any Indemnification Claims are unresolved, unsatisfied or disputed as of the Indemnification Escrow Release Date. If any Indemnification Escrow Amount that equals the total maximum amount of Losses then being claimed by the Purchaser Indemnitees in all such unresolved, unsatisfied or disputed Indemnification Claims, and as soon as each such Indemnification Claim has been resolved, Purchaser shall instruct the Escrow Agent to deliver to the Sellers all remaining Indemnification Escrow Amount (if any) not required to satisfy all remaining Indemnification Claims.

ARTICLE IX

TERMINATION

Section 9.1 <u>Termination</u>. At any time prior to the Closing, this Agreement may be terminated:

(a) by mutual written consent of Purchaser and the Sellers;

(b) by the Sellers or Purchaser, at any time after the Outside Date, if (i) the Initial Closing shall not have occurred and (ii) the party seeking termination is not in material violation or breach of their respective representations, warranties, covenants (including the obligation to consummate the Closing) or obligations contained in this Agreement;

(c) by the Sellers or Purchaser, if (i) the Legal Opinion is not obtained on or before the Outside Date, and (ii) the Court Determination is not obtained on or before the Outside Date, and (iii) a Foreclosure shall not have occurred on or before the Outside Date;

(d) by the Sellers or Purchaser, if the Delaware Court determines, as evidenced by an order or written opinion, that the Requisite Stockholder Approval is required under Section 271 of the General Corporation Law of the State of Delaware to consummate the Transactions and that it will not deem such Requisite Stockholder Approval to be satisfied or otherwise excused unless the Lenders have effected a Foreclosure and the Purchased Assets and the Everest Plus Business are transferred to Purchaser by the Lenders without such action resulting in any Everest Plus School losing eligibility for Title IV Program participation;

(e) by either Purchaser or the Sellers, if any Order of any Governmental Entity having competent jurisdiction is entered permanently restraining, enjoining or otherwise prohibiting the Transactions and such Order has become final and non-appealable;

(f) by Purchaser, if the Sellers shall have breached any representation, warranty, covenant or agreement contained herein to be performed by the Sellers and such breach shall not have been cured by the earlier of the Outside Date or the date that is forty-five (45) days after receipt by the Sellers of written notice of such breach (provided, however, that no such cure period shall be available or applicable to any such breach that by its nature cannot be cured) and if not cured within such forty-five (45) day period and at or prior to the Initial Closing, such breach would result in the failure of any of the applicable conditions set forth in <u>ARTICLE VI</u> to be satisfied;

(g) by the Sellers, if Purchaser shall have breached any representation, warranty, covenant or agreement contained herein to be performed by Purchaser and such breach shall not have been cured by the earlier of the Outside Date or the date that is forty-five (45) days after receipt by the Sellers of written notice of such breach (provided, however, that no such cure period shall be available or applicable to any such breach that by its nature cannot be cured) and if not cured within such forty-five (45) day period and at or prior to the Initial Closing, such breach would result in the failure of any of the applicable conditions set forth in <u>ARTICLE VI</u> to be satisfied;

(h) by the Sellers, if the Sellers shall have reasonably determined (following consultation with Purchaser) that one or more of the conditions set forth in Section 6.1 or Section 6.2 will not be satisfied, or, if applicable, waived by Purchaser, prior to the Outside Date;

 by the Sellers, if the board of directors of Parent determines in good faith after consultation with counsel that an insolvency proceeding of one or more of the Sellers is advisable and in the best interests of Parent;

(j) by the Sellers and Purchaser, at any time after the occurrence of a Bankruptcy Legislation Event, provided however, that if such Bankruptcy Legislation Event shall occur, then subject only to the Sellers' and Purchaser's respective fiduciary obligations to their entities, both the Sellers and Purchaser agree to seek expedited consummation of a transaction in form and substance substantially similar (and no less economically beneficial to the Sellers) to that contained in this Agreement, pursuant to section 363(b) and 365 of the Bankruptcy Code and in substantially the form attached hereto as Exhibit E:

(k) by Purchaser, if the Sellers have not provided Purchaser on or before December 8, 2014 with a written plan together with such detail regarding the sources and uses of Title IV and other funds as may be reasonably requested by Purchaser that is reasonably achievable by the Sellers, pursuant to which the Sellers will be able to continue to operate the Everest Plus Business outside of Bankruptcy until the Outside Date and pay to Purchaser any amounts payable by the Sellers at the Initial Closing; or

(1) by Purchaser, upon entry of an order for relief in any Bankruptcy of any Seller (other than pursuant to <u>Section 9.1(j)</u>).

The party seeking to terminate this Agreement pursuant to this <u>Section 9.1</u> (other than the foregoing subsection(a)) shall give reasonable advance written notice of such termination to the other party.

Section 9.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 9.1, this Agreement shall be of no further force and effect and there shall be no liability or obligation on the part of Purchaser, ECMC, the Sellers, or their respective, Affiliates or Representatives in connection herewith; provided, however, that (a) the provisions of this Section 9.2, ARTICLE X, Section 5.1, and the NDA shall remain in full force and effect and survive any termination of this Agreement and (b) if this Agreement is terminated by a party because of breach by the other party of its obligations under this Agreement or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to seek all legal remedies will survive such termination unimpaired.

ARTICLE X

MISCELLANEOUS

Section 10.1 Entire Agreement; Assignment; Successors. This Agreement and the other Transaction Documents constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof and supersede all other prior and contemporaneous agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Agreement and the other Transaction Documents may not be assigned by operation of Law or otherwise; provided, however, that (a) Purchaser may assign this Agreement and any or all of its rights and obligations under this Agreement to ECMC or to any direct or indirect wholly owned Subsidiary of ECMC, (b) following the Closing, Purchaser may assign this Agreement and any or all of its rights and interest hereunder to any purchaser of all or substantially all its assets or designate such purchaser to perform its obligations hereunder and (c) any of the Purchaser Indemnitees may collaterally assign any or all of its rights and obligations hereunder to any provider of debt financing to it or any of its Affiliates, but, in each case, no such assignment shall relieve Purchaser or its successor of its obligations hereunder. Any purported assignment of this Agreement in contravention of this Section 10.1 shall be null and void and of no force or effect. Subject to the preceding sentences of this Section 10.1, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns. In the event of any conflict or inconsistency between the terms of this Agreement and the terms of any other Transaction Document (other than an exception expressly set forth as such in the Seller Disclosure Schedule), the terms of this Agreement shall govern.

Section 10.2 <u>Severability</u>. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law, or public policy, in each case in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect, so long as the economic or legal substance of the transaction contemplated by this Agreement is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced by enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible, in a mutually acceptable manner, in order that the Transactions shall be consummated as originally contemplated to the fullest extent possible.

Section 10.3 <u>Notices</u>. All notices and other communications hereunder shall be in writing and shall be deemed duly given (i) on the date of delivery if delivered personally, (ii) if by facsimile or email, upon electronic confirmation of receipt by facsimile or email (as applicable), <u>provided</u>, that a copy of such notice or other communication is promptly mailed by registered or certified mail, return receipt requested, postage prepaid, following the transmission of such facsimile or email, (iii) on the first (1st) Business Day following the date of dispatch if delivered utilizing a next-day service by a nationally recognized next-day courier or (iv) on the

earlier of confirmed receipt or the fifth (5th) Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below:

if to Purchaser or ECMC:

c/o ECMC Group, Inc. 1 Imation Place, Building 2 Oakdale, MN 55128 Attention: Dan Fisher, General Counsel Fax: (651) 325-4086 Email: dfisher@ecmc.org

with copies to (which copies shall not constitute notice):

Drinker Biddle & Reath LLP One Logan Square, Suite 2000 Philadelphia, Pennsylvania 19103 Attention: H. John Michel, Jr. Fax: (215) 988-2757 Email: John.Michel@dbr.com

if to the Sellers:

c/o Corinthian Colleges, Inc. 6 Hutton Centre Drive, Suite 400 Santa Ana, California 92707 Attention: Chief Executive Officer and General Counsel Fax: (714) 751-3605 Email: smortensen@cci.edu jmassimino@cci.edu

with a copy to (which copy shall not constitute notice):

O'Melveny & Myers LLP 610 Newport Center Drive, 17th Floor Newport Beach, CA 92660 Attention: Andor Terner, Esq. Fax: (949) 823-6994 Email: aterner@omm.com

or to such other address as the Person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

Section 10.4 <u>Governing Law</u>. This Agreement shall be deemed to be made and in all respects shall be interpreted, construed and governed by and in accordance with the Laws of the

State of Delaware without regard to the conflicts of laws principles thereof and by and in accordance with federal Law to the extent applicable.

Section 10.5 <u>Submission to Jurisdiction</u>. The parties hereby irrevocably submit to the jurisdiction of the courts of the State of Delaware, and the federal courts of the U.S. sitting in Delaware solely in respect of the interpretation and enforcement of the provisions of this Agreement, the Transaction Documents and of the documents referred to in this Agreement and the Transaction Documents and in respect of the Transactions, and hereby waive, and agree not to assert, as a defense in any Action for the interpretation or enforcement of this Agreement, the Transaction Documents or any such other documents, that it is not subject thereto or that such Action may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement, any Transaction Document or any such other document may not be enforced in or by such courts. The parties hereby consent to and grant any such court jurisdiction over the Person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such Action in the manner provided in <u>Section 10.3</u> as permitted by Applicable Law, shall be valid and sufficient service thereof.

Section 10.6 Interpretation; Article and Section References. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement. All references in this Agreement to Articles, Sections, subsections, clauses, Annexes, Exhibits and Schedules are references to Articles, Sections, subsections, clauses, Annexes, Exhibits and Schedules, respectively, in and to this Agreement, unless otherwise specified. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. The words "include" or "including" mean "include, without limitation," or "including, without limitation," as the case may be, and the language following "include" or "including" shall not be deemed to set forth an exhaustive list. The word "or" shall not be limiting or exclusive. References to days are to calendar days (unless expressly specified as a Business Day); provided, that any action otherwise required to be taken on a day that is not a Business Day shall instead be taken on the next Business Day. Unless otherwise specifically provided or the context otherwise requires, all references in this Agreement to the Sellers mean and shall refer to the Sellers and their respective Subsidiaries and each of their successors, assigns and (if applicable) predecessors-in-interest. Unless otherwise specifically provided or the context otherwise requires, all references in this Agreement or any other Transaction Document to representations, warrantics, covenants, agreements and obligations of the Sellers shall mean or refer to, as applicable under the context, all Sellers, each Seller, or any one or number of Sellers; and unless otherwise specifically provided or the context otherwise requires, all references in this Agreement to Purchaser mean and shall refer to Purchaser and its Subsidiaries and each of their successors, assigns and (if applicable) predecessors-in-interest. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so requires. Any capitalized terms used in any Annex, Exhibit, Schedule or other Transaction Document but not otherwise defined therein shall have the meaning as defined in this Agreement. All Annexes, Exhibits and Schedules annexed hereto or referred to herein and the Seller Disclosure Schedule are hereby incorporated in and made a part of this Agreement as if set forth herein.

Section 10.7 <u>No Third Party Beneficiaries</u>. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and its successors and permitted assigns and, except as expressly provided in ARTICLE VIII, nothing in this Agreement is intended to or shall confer upon any other Person any legal or equitable rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

Section 10.8 <u>Counterparts: Electronic Signature</u>. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement. This Agreement may be executed by facsimile or electronic (.pdf) signature and a facsimile or electronic (.pdf) signature shall constitute an original for all purposes.

Section 10.9 <u>Amendment and Modification</u>. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed by each of the parties.

Section 10.10 Specific Performance. The parties hereby acknowledge and agree that it would cause irreparable injury to the other party or parties if any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise breached for which monetary damages, even if available, would not be an adequate remedy. Accordingly, each party agrees that the other party or parties shall be entitled to seek an injunction, specific performance and other equitable relief to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action or proceeding, in addition to any other remedy to which they are entitled at law or in equity in any such event and prior to the valid exercise of any termination right by the parties in accordance with Section 9.1. Each of the parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief on the basis that any other party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity. Any party seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security in connection with any such order or injunction.

Section 10.11 Fees and Expenses. Except as otherwise provided herein, all fees and expenses incurred in connection with or related to this Agreement, the other Transaction Documents and the Transactions shall be paid by the party incurring such fees or expenses, whether or not such transactions are consummated; provided, that in the event of termination of this Agreement, the obligation of each party to pay its own expenses will be subject to any rights of such party arising from a breach of this Agreement by any other party.

Section 10.12 <u>Waivers</u>. No failure or delay of a party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have hereunder. Any agreement

on the part of any party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by such party.

Section 10.13 <u>No Presumption Against Drafting Party</u>. The parties agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any Applicable Law or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

Section 10.14 Foreclosure. Nothing in this Agreement shall entitle any party hereto to terminate this Agreement, no condition in <u>ARTICLE VI</u> shall be deemed not to be satisfied, and no covenant shall be deemed to be breached or representation or warranty deemed untrue, in the event of or by virtue of a Foreclosure. In addition, Purchaser hereby acknowledges and agrees that the Closing of the Transactions may be effected through a Foreclosure.

Section 10.15 <u>Guaranty by ECMC</u>. ECMC unconditionally guarantees all liabilities and obligations (including payment and indemnification obligations) of Purchaser pursuant to this Agreement, including those obligations of Purchaser pursuant to <u>ARTICLE 1</u>.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed on its behalf as of the day and year first above written.

ZENITH EDUCATION GROUP, INC.

By:

Name:	David L. Hawn
Title:	President, Zenith Education Group, Inc.

CORINTHIAN COLLEGES, INC.

By:

Name: Title:

CORINTHIAN SCHOOLS, INC.

By:

Name: Title:

EVEREST COLLEGE PHOENIX, INC.

By:

Name: Title:

RHODES COLLEGES, INC.

By:

Name: Title:

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed on its behalf as of the day and year first above written.

ZENITH EDUCATION GROUP, INC.

By:	
Name	
Title:	
CORINT	HIAN COLLEGES, INC.
By:	8
Name Tiple:	CHAIRMON & COTO
CORINTI	HIAN SCHOOLS, INC.
0	
By: Name:	Jack massimino
Title:	Chairmen & CED
EVEREST	COLLEGE PHOENIX, INC.
()	
By:	A COLOR
Name:	Jack Massimino Chairman KCEO
ing:	Charman acto
RHODES	COLLEGES, INC.
0	
By:	
Name:	Juck Massimino
Tiple:	Chrimman # CED

TITAN SCHOOLS, INC.

By: Massimas Nam Chairman & LED Title!

MJB ACQUISITION CORPORATION

By: Name: Jack Massimino Title Chrisman & CBD

FLORIDA METROPOLITAN UNIVERSITY, INC.

By: Massimino Name; Title: Chairman & LEO

ETON EDUCATION, INC.

By: MUSSIMino Nam Title. Chairman ECED

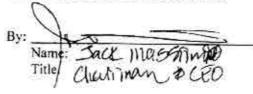
ASHMEAD EDUCATION, INC.

By: Jack mashimilo Name: Title: Chairman & LED

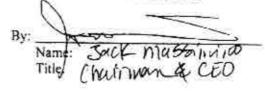
GRAND RAPIDS EDUCATIONAL CENTER, INC.

By: sack massimilio burnow & CED Name Yarr Title/

RHODES BUSINESS GROUP, INC.



PEGASUS EDUCATION, INC.



SOCLE EDUCATION, INC.

By: Name: fack Massinuino Tiple: Chairman & LED

And with respect to Section 10.15 only, ECMC GROUP, INC.

By:

Name: Title:

RHODES BUSINESS GROUP, INC.

By:

Name: Title:

PEGASUS EDUCATION, INC.

By:

Name: Title:

SOCLE EDUCATION, INC.

By:

Name: Title:

And with respect to Section 10.15 only, ECMC GROUP, INC.

10 5 6 By:

Name: David L. Hawn Title: President and CEO, ECMC Group, Inc.

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ANNEX A

CERTAIN DEFINITIONS

For the purposes of this Agreement, the following capitalized terms shall have the meanings set forth below (which shall apply equally to both the singular and plural forms of such terms):

"1.13(d) Lease" has the meaning set forth in Section 1.13(d).

"1.13(d) Sublease" has the meaning set forth in Section 1.13(d).

"1.13(e) Lease" has the meaning set forth in Section 1.13(e).

"1.13(e) Sublease" has the meaning set forth in Section 1.13(e).

"1.13(f) Lease" has the meaning set forth in Section 1.13(f).

"1.13(f) Sublease" has the meaning set forth in Section 1.13(f).

"Accounting Arbitrator" has the meaning set forth in Section 1.6(b)(ii).

"Accounts Receivable" has the meaning set forth in Section 1.1(a).

"Accrediting Body" means any Person, whether private or quasi-private, whether foreign or domestic, that engages in the granting or withholding of accreditation of postsecondary institutions or programs in accordance with standards and requirements relating to the performance, operations, financial condition and/or academic standards of such institutions and programs.

"Action" means any claim, action, cause of action, suit, demand, inquiry, proceeding, audit, hearing, subpoena, investigation, charge, notice of violation, citation, summons, litigation or suit (of any nature, whether civil, criminal, administrative, regulatory, judicial or investigative, whether formal or informal, whether public or private, whether at law or in equity) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Entity or Educational Agency, or any other arbitration, mediation or similar proceeding.

"Adjustment Escrow Amount" means an amount equal to Five Hundred Thousand Dollars (\$500,000).

"Adjustment Escrow Fund" has the meaning set forth in Section 1.7(b).

"Affiliate" means, with respect to any Person, a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the first-mentioned Person. For the purposes of this definition, "control," including the terms "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether

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through the ownership of voting securities, as trustee or executor, as general partner or managing member, by Contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"Agreement" has the meaning set forth in the Preamble.

"Agreement Date" means the date hereof.

"Allocation" has the meaning set forth in Section 1.8.

"Applicable Law" means, with respect to any Person, any Law applicable to such Person or any of its respective properties, assets, business, operations, officers, directors, employees, consultants or agents.

"Apportioned Obligations" has the meaning set forth in Section 5.4(a).

"Approvals" has the meaning set forth in Section 2.18.

"Assignment and Assumption Agreement" has the meaning set forth in Section 1.10(a).

"Assumed Contracts" has the meaning set forth in Section 1.1(e).

"Assumed Leases" has the meaning set forth in Section 1.1(d).

"Assumed Liabilities" has the meaning set forth in Section 1.3.

"Balance Sheet Date" has the meaning set forth in Section 2.3(b).

"Bankruptcy" means any filing, voluntary or involuntary, under Title 11 of the United States Code, 11 U.S.C. § 101-1532 or any similar state or provincial law.

"Bankruptcy Legislation Event" means Section 102 of the HEA (20 U.S.C. § 1002) shall have been amended on or before December 31, 2014, so as to provide that the Sellers may file for relief under Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 without such action resulting in any postsecondary educational institution operated by Parent or one or more of its Subsidiaries losing eligibility for Title IV Program participation.

"Barclays" means Barclays Capital Inc.

"Basket" has the meaning set forth in Section 8.3(a).

"Benefit Plan" has the meaning set forth in Section 2.13(a)

"Bill of Sale" has the meaning set forth in Section 1.10(a).

"Books and Records" means all books, records, systems and documents with respect to or related to the Purchased Assets, Assumed Liabilities, and operations of the Everest Plus Business

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prior to the Closing, including human resources records, student records, accounting and financial records and related electronic systems.

"Business Day" means a day, other than a Saturday or Sunday, on which banks are open for business in California, between the hours of 8:00a.m. and 5:00p.m. local time.

"Business Employee" means any employee of any Seller working in or providing services with respect to the Everest Plus Business as of the Agreement Date or during the period commencing on the Agreement Date and ending immediately prior to Closing.

"Cap" has the meaning set forth in Section 8.3(d).

"<u>Cash</u>" means, as of the date in question, all cash and investments of cash of any Person in cash equivalents on a consolidated basis, plus the amount of all checks received but not deposited or cleared, minus the amount of all checks and drafts "cut" or issued but not cleared, determined in accordance with GAAP.

"Claim Notice" has the meaning set forth in Section 8.6(a).

"Closing" has the meaning set forth in Section 7.1.

"Closing Balance Sheet" has the meaning set forth in Section 1.6(b)(i).

"Closing Date" has the meaning set forth in Section 7.1.

"Closing Deferred Revenue" has the meaning set forth in Section 1.6(b)(i).

"Closing Working Capital" has the meaning set forth in Section 1.6(b)(i).

"Closing Working Capital and Closing Deferred Revenue Final Proposal" has the meaning set forth in Section 1.6(b)(ii).

"Closing Working Capital and Closing Deferred Revenue Statement" has the meaning set forth in Section 1.6(b)(i).

"COBRA" means the continuation requirements for the Sellers' welfare benefit plans under Section 4980B of the Code (as well as its predecessor provision, Section 162(k) of the Code) and Sections 601 through 608, inclusive, of ERISA, and any similar provisions under applicable state law.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Common Stock" means the common stock, par value \$0.0001 per share, of Parent.

"Compliance Date" means July 1, 2011.

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"<u>Consents</u>" means consents, assignments, Permits, Orders, certification, concession, franchises, approvals, authorizations, registrations, filings, registrations, waivers, declarations or filings with, of or from any Governmental Entity, parties to Contracts or any third Person.

"Contract" means any contract, agreement, instrument, option, lease, license, sales and purchase order, warranty, note, bond, mortgage, indenture, obligation, commitment, binding application, arrangement or understanding, express or implied, written or oral, in each case as amended and supplemented from time to time.

"Court Determination" means the determination of the Delaware Court, as evidenced by an order or written opinion, that the Requisite Stockholder Approval is not required under Section 271 of the General Corporation Law of the State of Delaware to consummate the Transactions (or is deemed satisfied or otherwise excused).

"Credit Agreement" means that certain Fourth Amended and Restated Credit Agreement, dated as of May 17, 2012, by and among Parent, Everest Colleges Canada, Inc., the Guarantors party thereto, the Lenders party thereto and Bank of America, N.A., as Domestic Administrative Agent and Canadian Agent (as amended, restated, supplemented or otherwise modified from time to time).

"CSI" has the meaning set forth in the Preamble.

"Curriculum" means all curricula owned or licensed by the Sellers and used in the educational programs of the Everest Plus Schools in the form of computer programs or software, slide shows, texts, films, web site content, audio, videos or any other form or media, including the following items: (1) course objectives, (2) lesson plans, (3) exams, (4) class materials (including any interactive or computer-aided materials), (5) faculty notes, (6) course handouts, (7) diagrams, (8) syllabi, (9) sample externship and placement materials, (10) clinical checklists, (11) course and faculty evaluation materials, (12) policy and procedure manuals, and (13) other related materials. The Curriculum includes all copyrights, copyright applications, copyright registrations and trade secrets to the extent incorporated in the above-listed items and to the extent owned or licensed by the Sellers and used in the educational programs of the Everest Plus Schools.

"DCP Liabilities" has the meaning set forth in Section 5.3(e).

"Deferred Revenue" means all prepaid tuition obligations (and the related obligations to provide instruction or refunds) as of the Closing with respect to students enrolled at any of the Everest Plus Schools, determined in accordance with GAAP and the policies and procedures set forth in <u>Schedule 1.6(a)</u>; provided, however that "Deferred Revenue" shall not include any portion of the Title IV Advance Amount.

"Deferred Revenue Shortfall" has the meaning set forth in Section 1.6(c).

"Delaware Counsel" means Richards, Layton & Finger, P.A. or other Delaware counsel reasonably acceptable to Parent and Purchaser.

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"Delaware Court" means the Court of Chancery of the State of Delaware.

"De Minimis Threshold" has the meaning set forth in Section 8.3(b).

"Dispute Notice" has the meaning set forth in Section 1.6(b)(ii).

"DOL" has the meaning set forth in Section 2.13(b).

"Dollars" means the currency of the U.S. dollar, and all references to monetary amounts herein shall be in Dollars unless otherwise specified herein.

"ECMC" has the meaning set forth in the Preamble.

"ECP" has the meaning set forth in the Preamble.

"ED" means the United States Department of Education and any successor agency administering student financial assistance under Title IV.

"ED Payment" means the lesser of (a) Twelve Million Dollars (\$12,000,000) and (b) the net proceeds to be paid to the Seller Representative pursuant to Section 1.7(a) after giving effect to the adjustments contemplated by clauses (ii) through (vi) of Section 1.7(a).

"ED Pre-Acquisition Review Notices" means written notices from ED following ED's review of pre-acquisition review applications regarding the Transactions, which shall not indicate the existence of any material impediment to the issuance of a TPPPA, or to the subsequent issuance of a PPPA, to any Everest Plus School.

"Educational Agency" means any Person, entity or organization, whether governmental, government-chartered, private, or quasi-private, that engages in granting or withholding Educational Approvals for, administers Student Financial Assistance to or for students of, or otherwise regulates private postsecondary schools in accordance with standards relating to the performance, operation, financial condition or academic standards of such schools, including, without limitation, ED and any Accrediting Body or State Educational Agency.

"Educational Approval" means any license, permit, authorization, program participation agreement, certification, accreditation, or similar approval issued or required to be issued by an Educational Agency to an Everest Plus School subject to the oversight of such Educational Agency, including any such approval (a) for the Everest Plus School to operate and offer its educational programs in all jurisdictions in which it operates, including all jurisdictions where it offers educational programs online or through other distance education delivery methods, (b) for the Everest Plus School to participate in any program of Student Financial Assistance, and (c) for graduates of the Everest Plus Schools to be eligible to obtain certification or licensure, or take any examinations to obtain such certification or licensure, for any program for which the Everest Plus School has represented to students or prospective students that such program will enable students to obtain such certification or licensure, but excluding any license, permit, authorization, certification or similar approval issued to the Everest Plus Schools or any employee of an Everest Plus School on an individual basis.

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"Educational Consent" means any approval, authorization or consent by any Educational Agency, or any notification to be made by the parties to an Educational Agency, with regard to the Transactions, whether pre-Closing or post-Closing, which is necessary under applicable laws or regulations in order to maintain or continue any Educational Approval presently held by any Everest Plus School, as set forth on Schedule A-1.

"Educational Law" means any applicable federal, state, municipal, foreign or other Law, regulation, order or Accrediting Body standard, including without limitation the provisions of Title IV and any regulations implementing or relating thereto, issued or administered by, or related to, any Educational Agency.

"Educational Loan" means any student loan made, insured, or originated under Title IV.

"Encumbrance" means any mortgage, pledge, security interest, lien, easement, charge, encumbrance, claim, option (including without limitation, rights of first refusal or similar rights), restriction or claim of any kind.

"Environmental Laws" has the meaning set forth in Section 2.15(a).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" has the meaning set forth in Section 2.13(c).

"Escrow Agent" means Citibank, N.A.

"Escrow Agreement" means that certain Escrow Agreement, dated as of the Closing Date, by and among Purchaser, the Seller Representative and the Escrow Agent, in a form to be agreed upon among the parties to the Escrow Agreement.

"Escrow Fund" means the fund or funds in the amount that is equal to the sum of the Adjustment Escrow Fund and the Indemnification Escrow Fund maintained by the Escrow Agent pursuant to the Escrow Agreement.

"Estimated Closing Deferred Revenue" has the meaning set forth in Section 1.6(a).

"Estimated Closing Deferred Revenue Adjustment" means an amount equal to fifteen and one-half percent (15.5%) of the Estimated Closing Deferred Revenue.

"Estimated Closing Working Capital" has the meaning set forth in Section 1.6(a).

"Estimated Closing Working Capital Adjustment" means the Estimated Closing Working Capital minus the Working Capital Target.

"Everest Plus Business" means the operation of (i) the Everest Plus Schools (which for the avoidance of doubt shall not include any postsecondary educational institutions operated by the Sellers in the State of California), and (ii) all services provided by Socle to the Everest Plus Schools but expressly excluding services provided by Socle to any other postsecondary

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educational institutions operated by the Sellers in the State of California and to any unaffiliated entities.

"Everest Plus Financial Statements" has the meaning set forth in Section 2.4(a).

"Everest Plus IP" means (i) the Intellectual Property set forth on Schedule A-2 and all Intellectual Property rights therein, and (ii) the Curriculum.

"Everest Plus School" means each postsecondary educational institution that has been issued an Office of Postsecondary Education Identification Number by ED (including any main campus and additional locations) and is set forth on Schedule A-3.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Assets" has the meaning set forth in Section 1.2.

"Excluded Records" means the corporate seals, organizational documents, minute books, stock books, Tax Returns, books of account or other records having to do with the corporate organization of the Sellers, all privileged documents relating to the Sellers, all back-up tapes, and, to the extent that the Sellers are prohibited by Applicable Laws or any Order from providing or are required by Applicable Laws or any Order to retain, all employee-related or employee benefit-related files or records and any other books and records.

"Excluded Taxes" means (i) all Taxes relating to the Purchased Assets or the Everest Plus Business that are attributable to periods (or portions thereof) ending prior to the Closing Date. (ii) all capital gains tax, net income tax, or corporation tax of the Sellers, and (iii) any other Taxes of Sellers that are not expressly taken into account in the determination of Final Closing Working Capital.

"Expiration Date" means the eighteen (18) month anniversary of the Closing Date.

"Final Closing Deferred Revenue Adjustment" means an amount equal to fifteen and one-half percent (15.5%) of the Estimated Closing Deferred Revenue.

"Final Closing Deferred Revenue" means the Closing Deferred Revenue as finally determined pursuant to Section 1.6(b)(ii) or 1.6(b)(iii).

"Final Closing Working Capital" means the Closing Working Capital as finally determined pursuant to Section 1.6(b)(ii) or 1.6(b)(iii).

"Final Closing Working Capital Adjustment" means the Final Closing Working Capital minus the Working Capital Target.

"Forcelosure" means the forcelosure on the Purchased Assets by the Lenders that allows the Purchaser to acquire the portion of the Purchased Assets forcelosed upon by the Lenders without impairing the continued eligibility of any Everest Plus School to participate in the Title IV Programs.

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"<u>Fundamental Representations</u>" means, with respect to the Sellers, each of the representations and warranties of the Sellers set forth in <u>Section 2.1</u> (Organization; Authorization), <u>Section 2.17(a)</u> (Title to Assets), and <u>Section 2.20</u> (Brokers', Finders' Fees, Etc.); and, with respect to Purchaser, the representations and warranties of Purchaser set forth in <u>Section 3.1</u> (Organization; Authorization), and <u>Section 3.8</u> (Brokers', Finders' Fees, Etc.).

"GAAP" means, the generally accepted accounting principles for financial reporting in the United States as in effect on the Agreement Date, consistently applied.

"Gainful Employment Disclosure Requirements" means the disclosure and reporting requirements set forth at 34 C.F.R. § 668.6(b) as of the Closing Date.

"Governmental Consents" has the meaning set forth in Section 2.3(a).

"Governmental Entity" means any federal, state, local, municipal, foreign or other government; any governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal, or other entity exercising governmental or quasi-governmental powers); any arbitrator; anybody exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or official of any of the foregoing; in each case excluding any Educational Agency.

"Hazardous Materials" shall mean all materials, wastes or substances regulated, classified or otherwise characterized under any applicable Environmental Laws as "hazardous," "toxic," "pollutant," or "contaminant."

"HEA" means the Higher Education Act of 1965, 20 U.S.C. §1001 et seq., as amended, or successor statutes thereto, and its implementing regulations promulgated by ED.

"Illinois Leases" has the meaning set forth in Section 1.2(q).

"Illinois Subleases" has the meaning set forth in Section 1.13(b).

"Inbound IP Contracts" has the meaning set forth in Section 2.8(e).

"Indebtedness" means all indebtedness of a Person, (i) for borrowed money, (ii) for letters of credit, (iii) evidenced by notes, bonds, debentures, capitalized leases, bank guarantees or similar facilities or instruments that are due and payable, or (iv) in the nature of guarantees of the obligations described in the immediately preceding clauses (i), (ii) and (iii), of any other Person.

"Indemnification Escrow Amount" means an amount equal to Eight Million Dollars (\$8,000,000).

"Indemnification Claim" has the meaning set forth in Section 8.6(a).

"Indemnification Escrow Fund" has the meaning set forth in Section 1.7(b).

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"Indemnification Escrow Release Date" means the two-year anniversary of the Closing Date.

"Indemnification Period" has the meaning set forth in Section 8.2(a).

"Indemnifying Party" has the meaning set forth in Section 8.6(a).

"Indemnitees" means Purchaser Indemnitees and Seller Indemnitees.

"Initial Closing" has the meaning set forth in Section 6.4.

"Insurance Policies" has the meaning set forth in Section 2.10.

"Intellectual Property" means all of the following in any jurisdiction worldwide, and all rights therein: (i) patents and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof; (ii) trademarks, service marks, trade dress, trade names, corporate names, together with all goodwill associated with the foregoing; (iii) copyrights, including all copyrights in the Curriculum; (iv) registrations and applications for any of the foregoing with any Governmental Entity; (v) trade secrets and know-how; (vi) domain names; (vii) all intangible rights in or to inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know how, technology, technical data and supplier and customer lists, and all documentation relating to any of the foregoing; (viii) all intangible rights in or to computer software, including all source code, object code, firmware, development tools, files, records and data, information and communication software; (ix) all intangible rights in or to databases and data collections and all rights therein throughout the world; and (x) all other intellectual property throughout the world.

"Inventory" has the meaning set forth in Section 1.1(g).

"IRS" means the U.S. Internal Revenue Service.

"Knowledge of Purchaser" and similar terms means, with respect to any fact or matter, the knowledge of the officers or managers of Purchaser and ECMC with primary responsibility for, or oversight of, the portion of their respective business that is the subject of the applicable representation or warranty in this Agreement, after due inquiry of their respective direct reports, as of the Agreement Date and as of the Closing Date.

"Knowledge of the Sellers" and similar terms means, with respect to any fact or matter, the knowledge of the officers or managers of the Sellers with primary responsibility for, or oversight of, the portion of the Everest Plus Business that is the subject of the applicable representation or warranty in this Agreement, after due inquiry of their respective direct reports. as of the Agreement Date and as of the Closing Date.

"Later Identified Asset" has the meaning set forth in Section 5.5(b).

"Latest Balance Sheet" has the meaning set forth in Section 2.3(b).

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"Law" means any statute, law, treaty, ordinance, regulation, directive, rule, code, executive order, injunction, judgment, decree, writ, Order, common law or other requirement, including any successor provisions thereof, of any Governmental Entity, but excluding any Educational Law.

"Leases" has the meaning set forth in Section 2.7.

"Legal Opinion" means the written opinion of Delaware Counsel opining that, more likely than not, the Requisite Stockholder Approval is not required under Section 271 of the General Corporation Law of the State of Delaware to consummate the Transactions.

"Lenders" means the lenders under the Credit Agreement as of the applicable date.

"Losses" means any losses, damages, liabilities, deficiencies, judgments, awards, interest, penalties, costs or expenses incurred by a Person, including: (a) in connection with any Action for which a party may be indemnified hereunder or any Action by a party to enforce the terms of this Agreement, (b) reasonable legal, accounting, and other costs and expenses of professionals, but excluding, subject to the reimbursement provision set forth in Section 5.6(c), internal management, administrative, or overhead costs that a party incurs in connection with the administration, supervision, or performance of any actions required in response to a claim, and (c) the cost of enforcing any right to indemnification under this Agreement; provided, however, that Losses shall not include (i) with respect to any Purchaser Indemnitees, any amount incurred with respect to Assumed Liabilities but only to the extent not arising from any failure to perform, improper performance, warranty or other breach, default, or violation by the Sellers on or prior to the Closing, (ii) with respect to a Seller Indemnitees, any amount incurred with respect to Retained Liabilities, or (iii) any special or exemplary damages, except in the case of fraud or to the extent actually awarded to a Governmental Entity or other third party.

"made available" means that, on or before 12:00 p.m. Pacific Time on the day that is two Business Days immediately preceding the Agreement Date, the Sellers have posted such materials to the virtual data room managed by the Sellers in a manner such that the materials may be accessed by Purchaser without further action by the Sellers.

"<u>Material Adverse Effect</u>" means any event, circumstance, change or effect that has resulted in, or would reasonably result in, a material adverse effect on, or a material adverse change in, the Everest Plus Business or the Purchased Assets taken as a whole, except to the extent that any such event, circumstance, change or effect results from (i) any change in general economic conditions in any of the geographical areas in which the Sellers operate the Everest Plus Business, (ii) any change in conditions generally affecting businesses in the same or similar industries as the Everest Plus Business, (iii) any natural disasters, acts of God, occurrence of terrorism, military action or war (including any escalation or worsening of war), (iv) any change in the financial, banking, currency or capital markets in general, including changes in interest rates, (v) any change in Applicable Law (including any Educational Law) or the interpretation thereof or GAAP, in each case generally applicable to businesses in the same or similar industries as the Everest Plus Business, (vi) the execution and delivery of this Agreement, the announcement or pendency of the Transactions (including the impact of any such announcements or communications on relationships with students, suppliers, employees or

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regulators), or (vii) any actions required to be taken pursuant to this Agreement or any agreement contemplated herein or consented to in writing by Purchaser.

"Material Contracts" has the meaning set forth in Section 2.9.

"MJB" has the meaning set forth in the Preamble.

"NDA" has the meaning set forth in Section 5.1.

"Non-Transferable Asset" has the meaning set forth in Section 1.9.

"Order" means any writ, judgment, decision, decree, award, order, stipulation, determination, injunction, ruling or similar order of, or entered with, any federal, state or local court or any Governmental Entity, in each case that is preliminary or final.

"Outbound IP Contracts" has the meaning set forth in Section 2.8(c).

"Outside Date" means January 5, 2015.

"Owned Real Estate" means any real property owned by the Sellers.

"Parent" has the meaning set forth in the Preamble.

"Parent DCP" has the meaning set forth in Section 5.3(e).

"Parent Trust" has the meaning set forth in Section 5.3(e).

"Permits" means all licenses, permits, franchises, approvals, certificates, waivers, concessions, exemptions, exceptions, clearances, variances, Orders, certificates of occupancy, registrations, notices, approvals, authorizations, consents or similar rights granted or obtained by or from, or filings with, any Governmental Entity, excluding any Educational Approval.

"Permitted Encumbrances" means (i) Encumbrances for Taxes and other governmental charges and assessments that are not yet due and payable or that are being contested in good faith and, to the extent applicable, for which adequate accruals or reserves have been made on the Everest Plus Financial Statements and have been taken into account in the determination of Final Closing Working Capital; (ii) statutory Encumbrances of landlords for amounts not yet due and payable and, to the extent applicable, for which adequate accruals or reserves have been made on the Everest Plus Financial Statements and have been taken into account in the determination of Final Closing Working Capital; (iii) Encumbrances in favor and liens of carriers, warehousemen, mechanics and materialmen arising in the ordinary course of business securing payments not yet due and payable and other similar liens with respect to amounts that are or that are being contested in good faith and which are not individually or in the aggregate material to the Everest Plus Business; (iv) zoning, building codes, and other land use laws regulating the use or occupancy of the Rental Real Estate or the activities conducted thereon that are imposed by any Governmental Entity having jurisdiction over such Rental Real Estate (subject to Section 2.7(c)); (v) easements, servitudes, covenants, conditions, restrictions, and other similar matters of record affecting title to any Purchased Assets and other title defects that do not or would not materially

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impair the value of or use or occupancy of such Purchased Assets in the operation of the Everest Plus Business taken as a whole; (vi) Encumbrances securing obligations in respect of equipment leases assumed by Purchaser at Closing under this Agreement; and (vii) Encumbrances or other restrictions imposed directly by the parties pursuant to this Agreement or the other Transaction Documents or under Applicable Law; provided however that that none of the Permitted Encumbrances described in clauses (iv) and (v) will, individually or in the aggregate (a) render any Seller's leasehold interest in any Rental Real Estate invalid or unenforceable, or (b) materially impair the continued use and operation of the Rental Real Estate to which the Permitted Encumbrances relate in the Everest Plus Business as presently conducted.

"Person" means an individual, corporation, partnership, limited liability company, association, trust, joint venture, unincorporated organization or other entity including any Governmental Entity or Educational Agency.

"Post-Closing Educational Consents" means those Educational Consents identified as Post-Closing Educational Consents on <u>Schedule A-1</u>.

"<u>PPPA</u>" means a Provisional Program Participation Agreement issued to an Everest Plus School post-Closing and countersigned by or on behalf of the Secretary of ED, evidencing ED's certification of the Everest Plus School to continue its Title IV Program participation following consummation of the Transactions.

"Pre-Closing Educational Consents" means those Educational Consents identified as Pre-Closing Educational Consents on Schedule A-1.

"Private Educational Loan" means any student loan provided by a lender that is not made, insured or guaranteed under Title IV and is issued expressly for postsecondary educational expenses, including any loan made by a private third-party lender whether on a recourse or nonrecourse basis.

"Private Loan Owners" means the holder of any Seller Private Educational Loans.

"Program Integrity Rules" means those ED regulations that went into effect on July 1, 2011, as published in final form in the Federal Register on October 29, 2010, including (a) the regulations at 34 C.F.R. §§ 600.2 and 668.8 (and such regulations cross-referenced therein) relating to the definition of a credit hour, clock-to-credit hour conversions and clock hour programs, (b) those portions of the regulations at 34 C.F.R. § 600.9 (and such regulations cross-referenced therein) regarding state authorization that have not been invalidated by a court of law, and (c) those portions of the regulations at 34 C.F.R. Part 668, Subpart F regarding misrepresentation that have not been invalidated by a court of law.

"Program Participation Agreement" means a Program Participation Agreement issued by ED to any Everest Plus School, whether or not on a provisional basis.

"Purchase Price" has the meaning set forth in Section 1.5.

"Purchased Assets" has the meaning set forth in Section 1.1.

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"Purchaser" has the meaning set forth in the Preamble.

"Purchaser Indemnitees" has the meaning set forth in Section 8.1(a).

"Purchaser Trust" has the meaning set forth in Section 5.3(e).

"Rental Real Estate" has the meaning set forth in Section 2.7.

"<u>Representatives</u>" means, with respect to any Person, such Person's officers, directors, principals, employees, counsel, advisors, auditors, agents, consultants, bankers and other representatives.

"Requisite Stockholder Approval" means the affirmative vote of the holders of a majority of the outstanding shares of Common Stock in favor of the Transactions.

"Retained Liabilities" has the meaning set forth in Section 1.3(j).

"<u>Retained Schools</u>" means those postsecondary educational institutions operated by one or more of the Sellers under the Everest or WyoTech names as of immediately prior to the Initial Closing, but excluding the Everest Plus Schools.

"Rhodes" has the meaning set forth in the Preamble.

"SEC" means the United States Securities and Exchange Commission.

"SEC Documents" has the meaning set forth in Section 2.22.

"Seller Disclosure Schedule" has the meaning set forth in the introduction to Section 1.13(d).

"Seller Indemnitees" has the meaning set forth in Section 8.1(b).

"Seller Private Educational Loan" means any student loan originated pursuant to a loan program to which one or more of the Sellers was a party and provided by a lender that is not made, insured or guaranteed under Title IV and is issued expressly for postsecondary educational expenses, including any loan made by a private third-party lender whether on a recourse or nonrecourse basis.

"Seller Representation Claim" has the meaning set forth in Section 8.1(a)(i).

"Seller Representative" has the meaning set forth in Section 1.12.

"Sellers" has the meaning set forth in the Preamble.

"Special Representations" means the representations and warranties of the Sellers set forth in Section 2.10 (Litigation; Compliance with Laws), Section 2.16 (Educational Laws and Educational Approvals), and Section 2.17(b) (Sufficiency of Assets).

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"Specified Employees" means all Business Employees other than those Business Employees identified in writing by Purchaser to the Sellers as promptly as practicable after the Agreement Date, but in no event later than fifteen (15) Business Days immediately following the Agreement Date, and provided further that the total number of Business Employees who are not considered Specified Employees for purposes of this definition cannot exceed 40 with respect to any "covered establishment" as such term is defined in California Labor Code Section 1400 or any "single site of employment" as contemplated by 29 U.S. Code §2101.

"State Educational Agency" means any state educational licensing authority, agency, department, board or commission that provides a license, certification, exemption or other authorization necessary for a postsecondary institution (whether its main campus, branch campus, additional location, satellite or other facility thereof) to provide postsecondary education in that state, including any approval required under applicable state law to offer an educational program in any particular occupational field, or that is needed to participate in any Student Financial Assistance Program in that state.

"Student Financial Assistance" means any form of financial assistance, grants or loans provided to any student pursuant to (i) the Title IV Programs and any other program authorized by the HEA and administered by ED, (ii) any educational assistance program for military servicemembers and families administered by the U.S. Department of Defense and the military service branches thereof, (iii) any educational assistance program for veterans administered by the U.S. Department of Veterans Affairs and the designated state approving agencies for the supervision of such programs, and (iv) any state-sponsored postsecondary grant or loan program.

"Subsidiary" of Purchaser, any Seller or any other Person means any Person of which Purchaser, such Seller or any such other Person, as the case may be (either alone or through or together with any other Subsidiary), (i) owns, directly or indirectly, fifty percent (50%) or more of the shares of capital stock or other equity interests that are generally entitled to vote for the election of the board of directors or other governing body of such corporation or other legal entity, or (ii) has the contractual or other power to designate a majority of the board of directors or other governing body (and, where the context permits, includes any predecessor of such an entity).

"Substantial Control" has the meaning set forth at 34 C.F.R. §668.174(c)(3).

"Tangible Personal Property" means any tangible personal property of a Person, including furniture, fixtures, equipment, machinery, tools, vehicles, telephones, computers, supplies, and inventory.

"Tax" means (i) all direct and indirect statutory, governmental, federal, provincial, state, local, municipal, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, social security, employee-related social charges or contributions, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, escheat obligations, contributions, rates, levies, fees, assessments or charges of any kind whatsoever, whether disputed or not, together with any interest and any penalties, additions to tax or additional amounts with respect thereto, (ii) any liability for

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payment of amounts described in clause (i) whether as a result of transferee liability, of being a member of an affiliated, consolidated, combined, unitary or similar group for any period, or otherwise through operation of Law, and (iii) any liability for the payment of amounts described in clause (i) or (ii) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement to indemnify any other Person.

"Tax Return" means any written or electronic return, certificate, declaration, notice, report, statement, election, information statement and document filed or required to be filed with respect to Taxes, amendments thereof, and schedules and attachments thereto.

"Taxing Authority" means any Governmental Entity having authority with respect to Taxes.

"Teach Out Lease" has the meaning set forth in Section 1.2(p).

"Teach Out Location" has the meaning set forth in Section 1.13(b).

"Teach Out School" has the meaning set forth in Section 1.13(a).

"Teach Out Sublease" has the meaning set forth in Section 1.13(b).

"Third Party Claim" has the meaning set forth in Section 8.6(a).

"Titan" has the meaning set forth in the Preamble.

"Title IV" means Title IV of the HEA.

"<u>Title IV Advance Amount</u>" means the amount of Title IV funds advanced by ED to the Sellers on or after the Agreement Date, but prior to the Initial Closing, for students at the Everest Plus Schools, but solely to the extent the Sellers would not have been entitled to receive such Title IV funds prior to the Initial Closing in the ordinary course of operating the Everest Plus Schools, as operated by the Sellers as of the Agreement Date.

"<u>Title IV Programs</u>" means the programs of federal student financial assistance administered pursuant to Title IV.

"<u>TPPPA</u>" means a Temporary Provisional Program Participation Agreement issued to an Everest Plus School post-Closing and countersigned by or on behalf of the Secretary of ED, continuing the Everest Plus School's certification to participate in the Title IV Programs on an interim basis following the Closing.

"Transaction Documents" means this Agreement, the Seller Disclosure Schedule, the NDA, the Bill of Sale, the Assignment and Assumption Agreement, the Assignment and Assumption of Lease(s), the Escrow Agreement, the Transition Services Agreement and each of the Schedules and Exhibits hereto and thereto.

"Transactions" has the meaning set forth in the Recitals.

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"<u>Transfer Taxes</u>" means all transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees incurred in connection with this Agreement and the Transactions (including any real property transfer tax and any other similar Tax).

"<u>Transferred Employees</u>" means such Specified Employees who accept Purchaser's (or an Affiliate of Purchaser's) offer of employment with such employment to be effective at the Closing.

"Transferred Participants" has the meaning set forth in Section 5.3(e).

"Transition Services Agreement" means the agreement in substantially the form attached hereto as Exhibit D.

"WARN Act" has the meaning set forth in Section 2.14(d).

"Working Capital" means, without duplication, the result of (x) the sum of the current assets of the Everest Plus Business (to the extent included in the Purchased Assets), excluding Cash, <u>minus</u> (y) the sum of the current liabilities of the Everest Plus Business (to the extent included in the Assumed Liabilities), excluding Deferred Revenues, the Title IV Advance Amount and the current portion of long-term Indebtedness, with each aspect of this definition determined in accordance with GAAP and the policies and procedures set forth in <u>Schedule 1.6(a)</u>; for the avoidance of doubt, Working Capital shall not include any Private Educational Loans.

"Working Capital Shortfall" has the meaning set forth in Section 1.6(c).

"Working Capita! Target" means \$0.

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1023 For (Rev. Docember 2013) Department of the Trea

Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

OMB No 1545-0058 Note, if exempt status is approved, this application will be open for public inspection.

(Use with the June 2006 revision of the Instructions for Form 1023 and the current Notice 1382) Internal Revenue Service

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Use the instructions to complete this application and for a definition of all **bold** items. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500 Visit our website at www.irs.gov for forms and publications. If the required information and documents are not submitted with payment of the appropriate user fee, the application may be returned to you. Attach additional sheets to this application if you need more space to answer fully. Put your name and EIN on each sheet and identify each answer by Part and line number. Complete Parts I - XI of Form 1023 and submit only those Schedules (A through H) that

apply to you.

Zenit 3 1 Ima Dakda 6	Full name of organization (exactly as it appears in your organizing on the Education Group, Inc. Matting address (Number and street) (see instructions) Action Place Building 2 City or lown, state or country, and ZIP + 4	Room/Suite	2 c/o Name (if 4 Employer Ide	entification Number	(EIN)
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	Primary contect (officer, director, trustee, or authorized repres a Name: James P. Joseph, Esq.	entative)	b Phone: 202 c Fax: (options	-942-5355 1) 202-942-599	9
7	Are you represented by an authorized representative, such a provide the authorized representative's name, and the r representative's firm. Include a completed Form 2848, F Representative, with your application if you would like us to con	name and addr lower of Attom	ess of the auth ey and Declarati	iorized ion of	No No
8	Was a person who is not one of your officers, directors, representative listed in line 7, paid, or promised payment, to the structure or activities of your organization, or about your f the person's name, the name and address of the person's fin paid, and describe that person's role.	help plan, managinancial or tax m	ge, or advise you atters? If "Yes," p	about	X No
9a	Organization's website n/a				······································
	Organization's email: (optional) n/a	1			
10	Certain organizations are not required to file an information n are granted tax-exemption, are you claiming to be excused t "Yes," explain. See the instructions for a description of organ Form 990-EZ.	from filing Form	690 or Form 990-	EZ? If	X No
11	Date incorporated if a corporation, or formed, if other than a co	propration (A	M/DD/YYYY) 0	9/27/2014	
12	Were you formed under the laws of a foreign country? If "Yes," state the country.			Yes	X No
22	perwork Reduction Act Notice, see page 24 of the instructions.	230001		Form 1023 (Rev 12-2013
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Part I Power of Attorney Caution: A separate Form 2848 should be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.						Tetephone Function Date / /			
1	Taxpayer Information.	Taxpayer must sign and date this form on p	age 2, lin			_			
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2	Representative(s) mus	at sign and date this form on page 2, Part II.				_			
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5	Acts authorized. Un information and to per sign any agreements amounts paid to the or	less otherwise provided below, the repre- form any and all acts that I can perform wi , consents, or other documents. The rep- diant in connection with this representation a box(es) below are checked, the representa- ts a third party, substitute another representa-	sentativi ith respective resentativi i (includin stive(s) is itive or an	es generally are author t to the tax matters des ve(s), however, is (are ng refunds by either ele (are) not authorized to id additional representat	ized to rec cribed on li) not autho ctronic met execute a n twes, or sign	eive and ne 3, for rized to ans or pa equest to n certain t	inspect confidential example, the authority receive or negobate per checks). Additiona r disclosure of tax retu lax returns.		
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	(see instructions for more inform Exceptions. An unenrolled return preparer cannot sign any document for a taxpayer and may only represent taxpayers in limited situe An enrolled actuary may only represent taxpayers to the extent provided in section 10.3(d) of Treasury Department Circular No. 230 (C 230). An enrolled retirement plan agent may only represent taxpayers to the extent provided in section 10.3(d) of Circular 230. A register return preparer may only represent taxpayers to the extent provided in section 10.3(f) of Circular 230. See the line 5 instructions for restri- on tax matters partners. In most cases, the student practitioner's (level k) authority is simited (for example, they may only practice und supervision of another practitioner).						ayers in limited situation Circular No. 230 (Circular No. 230) Jular 230. A registered Instructions for restriction by only practice under		
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