CORINTHIAN COLLEGES INC
Form DEF 14A
October 03, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

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Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

CORINTHIAN COLLEGES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Title of each class of securities to which transaction applies:

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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

October 3, 2013

Dear Fellow Stockholder:

On behalf of the Board of Directors, you are cordially invited to attend the Annual Meeting of Stockholders of Corinthian Colleges, Inc. for its fiscal year ended June 30, 2013 to be held at the DoubleTree Hotel located at 201 East MacArthur Boulevard, Santa Ana, California 92707, on November 13, 2013 at 10:00 a.m., California time. The formal notice of the Annual Meeting appears on the following page. The attached Notice of Annual Meeting and Proxy Statement describe the matters that we expect to be acted upon at the Annual Meeting.

This year, we are pleased to be relying upon the Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to most of our stockholders a "Notice of Internet Availability of Proxy Materials" instead of a printed copy of the Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended June 30, 2013. The Notice of Internet Availability contains instructions on how stockholders can access those documents over the Internet and vote their shares. The Notice of Internet Availability also contains instructions on how stockholders can receive a printed copy of our proxy materials, including the Proxy Statement and our 2013 Annual Report. All stockholders who do not receive a Notice of Internet Availability will receive a printed copy of the proxy materials by mail. We believe this process will expedite stockholders' receipt of proxy materials, lower the costs of our Annual Meeting and reduce the environmental impact of our Annual Meeting.

During the Annual Meeting, stockholders will view a presentation by Corinthian's senior management and vote on the matters set forth in the Notice of Annual Meeting on the following page. Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented.

You may submit your proxy or voting instructions over the Internet or (if you receive a printed copy of the proxy materials) by telephone or by marking, signing, dating and mailing the proxy card or voting instruction form you received in the pre-addressed return envelope provided. Regardless of the number of shares you own, we urge you to promptly submit your proxy or voting instructions in order to ensure your representation and the presence of a quorum at the Annual Meeting. If you properly submit a proxy or voting instructions without specifying your choices, your shares will be voted in accordance with the recommendations of the Board of Directors contained in the Proxy Statement.

We look forward to seeing you on November 13, 2013 and urge you to submit your proxy or voting instructions as soon as possible.

Sincerely,

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

CORINTHIAN COLLEGES, INC.

6 Hutton Centre Drive, Suite 400
Santa Ana, CA 92707
(714) 427-3000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON NOVEMBER 13, 2013

TO THE STOCKHOLDERS OF CORINTHIAN COLLEGES, INC.:

The Annual Meeting of Stockholders of Corinthian Colleges, Inc. ("Corinthian" or the "Company") will be held at 10:00 a.m., California time, on November 13, 2013, at the DoubleTree Hotel located at 201 East MacArthur Boulevard, Santa Ana, California 92707, for the following purposes:

1. To elect the eleven director nominees named in this Proxy Statement to the Company's Board of Directors for a one-year term expiring at the Annual Meeting of Stockholders in 2014;

2. To approve the amendment and restatement of the Corinthian Colleges, Inc. 2003 Performance Award Plan (the "2003 Plan"), which authorizes the issuance of an additional 3,700,000 shares under the 2003 Plan, and certain other amendments described elsewhere herein;

3. To ratify the appointment by the Audit Committee of the Board of Directors of Ernst & Young LLP as the Company's independent auditors for its fiscal year ending June 30, 2014;

4. To approve, by a nonbinding advisory vote, executive compensation paid by the Company to its named executive officers; and

5. To transact such other business as may properly come before the meeting or any postponements or adjournments thereof.

The Board of Directors has fixed the close of business on September 19, 2013 as the record date for determining stockholders entitled to notice of, and to vote at, the meeting.

By order of the Board of Directors,

Stan A. Mortensen
Corporate Secretary

Santa Ana, California
October 3, 2013

ALL STOCKHOLDERS ARE URGED TO ATTEND THE MEETING IN PERSON OR BY PROXY. WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE MEETING, PLEASE VOTE YOUR SHARES PROMPTLY. TO VOTE YOUR SHARES, SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS OVER THE INTERNET OR (IF YOU RECEIVE A PRINTED COPY OF THE PROXY MATERIALS) CALL THE TOLL-FREE TELEPHONE NUMBER AS DESCRIBED IN THE INSTRUCTIONS ON YOUR PROXY CARD OR VOTING INSTRUCTION FORM, OR SIGN, DATE AND RETURN THE PROXY CARD OR VOTING INSTRUCTION FORM YOU RECEIVED IN THE PRE-ADDRESSED POSTAGE-PAID ENVELOPE PROVIDED FOR THAT PURPOSE. THIS WILL NOT LIMIT YOUR RIGHT TO VOTE IN PERSON IF YOU ATTEND THE ANNUAL MEETING (AND, IF YOU ARE NOT A STOCKHOLDER OF RECORD, YOU HAVE OBTAINED A LEGAL PROXY FROM THE BROKER, BANK OR OTHER NOMINEE THAT HOLDS YOUR SHARES GIVING YOU THE RIGHT TO VOTE THE SHARES IN PERSON AT THE ANNUAL MEETING).

PROXY STATEMENT

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of Corinthian Colleges, Inc., a Delaware corporation (the "Company" or "Corinthian"), for use in voting at the Annual Meeting of Stockholders to be held at 10:00 a.m., California time, on November 13, 2013, at the DoubleTree Hotel located at 201 East MacArthur Boulevard, Santa Ana, California 92707, and any postponements or adjournments thereof.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on November 13, 2013. This Proxy Statement and 2013 Annual Report are available electronically on the Company's website at *www.cci.edu* under the heading "Investors Financial Information." In addition, you may access these materials at www.edocumentview.com/COCO.

General

This year, we are pleased to be using the Securities and Exchange Commission ("SEC") rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials ("Notice of Internet Availability") instead of a printed copy of this Proxy Statement and our Annual Report on Form 10-K (our "2013 Annual Report") for the fiscal year ended June 30, 2013. The Notice of Internet Availability contains instructions on how stockholders can access a copy of this Proxy Statement and our 2013 Annual Report over the Internet and vote their shares. The Notice of Internet Availability also contains instructions on how stockholders can receive a printed copy of our proxy materials, including this Proxy Statement and our 2013 Annual Report. All stockholders who do not receive a Notice of Internet Availability will receive a printed copy of the proxy materials by mail. We believe this process will expedite stockholders' receipt of proxy materials, lower the costs of the Annual Meeting and reduce the environmental impact of the Annual Meeting.

We are first mailing the Notice of Internet Availability to our stockholders on or about October 3, 2013. For stockholders receiving a printed copy of our proxy materials, this Proxy Statement, the accompanying form of proxy or voting instructions and our 2013 Annual Report were first sent to stockholders on or about October 3, 2013. Our 2013 Annual Report is not incorporated into this Proxy Statement and is not considered proxy soliciting material.

Record Date and Outstanding Shares

The Board of Directors has fixed the close of business on September 19, 2013 as the record date (the "Record Date") for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting and any postponements or adjournments thereof. As of the Record Date, Corinthian had approximately 87,025,057 shares of Common Stock outstanding. Each of the outstanding shares of Common Stock is entitled to one vote on all matters to come before the Annual Meeting.

Voting of Record Holders

Beth Wilson and Kenneth S. Ord, the persons named as proxies to vote the shares represented by each properly submitted proxy, were selected by the Board of Directors to serve in such capacity. Ms. Wilson and Mr. Ord are both executive officers of Corinthian. The shares represented by each properly submitted proxy will be voted in accordance with the directions indicated thereon, or if no direction is indicated, such proxy will be voted in accordance with the recommendations of the Board of Directors contained in this Proxy Statement. Each properly submitted proxy will also be voted as the proxyholder may determine in his or her discretion with respect to any other matters property presented for a vote at the Annual Meeting.

Each stockholder giving a proxy has the power to revoke it at any time before the shares it represents are voted. Revocation of a proxy is effective if, before voting begins at the Annual Meeting, either (i) the Secretary of Corinthian receives from the stockholder an instrument bearing a later date than the proxy, revoking the proxy or (ii) the stockholder properly submits another proxy bearing a later date. Additionally, a stockholder may change or revoke a previously submitted proxy by voting in person at the Annual Meeting. Please note that attendance at the Annual Meeting will not by itself constitute revocation of a proxy.

Required Vote

Directors. A plurality of the votes represented by shares of Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors is required for the election of directors. This means that the eleven director nominees receiving the most votes "for" election will be elected. You may vote "for" or "withhold" with respect to the election of directors. Because directors are elected by plurality, withheld votes will have no effect on the outcome of the election of directors. Additionally, the Company's Corporate Governance Principles, which are available on the Company's website at *www.cci.edu* under the heading "Investors," set forth our procedures if a director-nominee is elected, but receives a majority of "withhold" votes. Under these principles, in an uncontested election any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election is required to tender his or her resignation following certification of the stockholder vote. The Nominating and Corporate Governance Committee (the "Nominating Committee") is then required to make recommendations to the Board with respect to any such letter of resignation. The Board is required to take action with respect to this recommendation and to disclose its decision and the reasons therefor.

Amendment and Restatement of the 2003 Performance Award Plan. The affirmative vote of a majority of the shares of Common Stock represented in person or by proxy and entitled to vote on the proposal is required to approve the amendment and restatement of the Corinthian Colleges, Inc. 2003 Performance Award Plan (the "2003 Plan"). Abstentions with respect to the proposal to approve the amendment and restatement of the 2003 Plan are treated as shares present or represented and entitled to vote and, therefore, will have the same effect as a vote against this proposal.

Ratification of Auditors. The affirmative vote of a majority of the shares of Common Stock represented in person or by proxy and entitled to vote on the proposal is required to ratify the appointment by the Audit Committee of the Board of Directors of Ernst & Young LLP as Corinthian's independent auditors. Abstentions with respect to the proposal to ratify Ernst & Young LLP as the Company's independent auditor are treated as shares present or represented and entitled to vote on the proposal and, therefore, will have the same effect as a vote against this proposal.

Advisory Vote on Executive Compensation. The affirmative vote of a majority of the shares of Common Stock represented in person or by proxy and entitled to vote on the proposal is required to approve, by a nonbinding advisory vote, the compensation paid by the Company to its named executive officers. Abstentions with respect to this nonbinding advisory vote are treated as shares present or represented and entitled to vote and, therefore, will have the same effect as a vote against this proposal.

Notwithstanding the vote standards described above, Proposal 3 (the ratification of auditors) and Proposal 4 (advisory vote on executive compensation) are advisory only and are not binding on the Company. The Board of Directors will consider the outcome of the vote on each of these items in considering what action, if any, should be taken in response to the vote by stockholders.

See "Quorum and Broker Non-Votes" below for a discussion concerning the impact of broker non-votes on determining the outcome of the proposals.

Voting by Street Name Holders

If you are the beneficial owner of shares held in "street name" by a broker, bank or nominee, the broker, bank or nominee, as the record holder of the shares, is required to vote those shares in accordance with your instructions. If your shares are held in a brokerage account and you do not submit voting instructions, the broker will nevertheless be entitled to vote the shares with respect to "discretionary" items but will not be permitted to vote the shares with respect to "non-discretionary" items (in which case, the shares will be treated as "broker non-votes"). See "Quorum and Broker Non-Votes" below. As a beneficial owner of shares, you are also entitled to attend the Annual Meeting; however, you may not vote your shares in person at the Annual Meeting unless you obtain from the broker, bank or nominee that holds your shares a "legal proxy" giving you the right to vote the shares in person at the Annual Meeting.

For shares you hold beneficially in "street name," you may change your vote by submitting new voting instructions to your broker, trustee or nominee, or, if you have obtained a "legal proxy" from your broker, trustee or nominee giving you the right to vote your shares, by attending the Annual Meeting and voting in person.

Quorum and Broker Non-Votes

The required quorum for transaction of business at the Annual Meeting will be a majority of the shares present in person or by proxy and entitled to vote at the Annual Meeting that are outstanding as of the Record Date. The election inspectors appointed for the meeting will determine whether or not a quorum is present. If you properly submit a proxy or voting instructions, even if you abstain from voting, then your shares will be counted for purposes of determining the presence of a quorum.

As described above, if your shares are held in a brokerage account and you do not submit voting instructions, the broker will nevertheless be entitled to vote the shares with respect to "discretionary" items but will not be permitted to vote the shares with respect to "non-discretionary" items. We believe that brokers have "discretionary" voting authority with respect to Proposal 3 to be voted on at the Annual Meeting but do not have "discretionary" voting authority with respect to Proposals 1, 2 and 4 to be voted on at the Annual Meeting. Accordingly, if you hold your shares in street name through a brokerage account and you do not submit voting instructions to your broker, your broker may exercise its discretion to vote your shares on Proposal 3 but will not be permitted to vote your shares on any of the other items at the Annual Meeting. If your broker exercises this discretion, your shares will be counted as present for the purpose of determining the presence of a quorum at the Annual Meeting and will be voted on Proposal 3 in the discretion of your broker, but your shares will constitute "broker non-votes" on each of the other items at the Annual Meeting. Broker non-votes will be treated as not present and not entitled to vote with respect to each of the other items at the Annual Meeting (even though those shares are considered entitled to vote for quorum purposes and will be entitled to vote on Proposal 3) and, therefore, will not be counted in determining the outcome of the vote on those items.

2013 Annual Report

Our 2013 Annual Report contains financial and other information pertaining to the Company and is being furnished to stockholders simultaneously with this Proxy Statement.

PROPOSAL 1

ELECTION OF DIRECTORS

Corinthian's Board of Directors is currently comprised of eleven members. The Company's Certificate of Incorporation provides that elections of directors are for one-year terms only. Accordingly, all eleven directors will be elected at this Annual Meeting, each for a term of one year expiring at Corinthian's Annual Meeting of Stockholders in 2014 and until their respective successors are elected and qualified. Each of these eleven director nominees, Terry Hartshorn, Paul St. Pierre, Linda Arey Skladany, Robert Lee, Jack Massimino, Alice Kane, Hank Adler, Sharon Robinson, Tim Sullivan, John Dionisio and Marc Morial, is presently serving as a director of Corinthian and each of the nominees, other than Mr. Morial, was previously elected to the Board by our stockholders. Mr. Morial was appointed to the Board on April 27, 2013. Mr. Morial was initially introduced to Mr. Massimino through common acquaintances on the board of directors of Jobs for Americas Graduates.

The Board of Directors, following the unanimous recommendation of its Nominating Committee, recommends that the stockholders vote in favor of the election of the nominees named in this Proxy Statement to serve as directors of Corinthian. See "Nominees for Election for a One-Year Term Expiring at the 2014 Annual Meeting" below.

Each of the director nominees has consented to be named in this Proxy Statement and to serve as a director if elected. If at the time of the Annual Meeting any of the nominees should be unable or unwilling for good cause to serve, the persons named as proxies to vote the shares represented by each properly submitted proxy will vote for such substitute nominee or nominees as the Board of Directors recommends, or vote to allow the vacancy created thereby to remain open until filled by the Board of Directors, as the Board of Directors recommends. The Board of Directors has no reason to believe that any nominee will be unable or unwilling to serve as a director if elected.

The Nominating Committee believes that the continuing service of qualified incumbents promotes stability and continuity in the boardroom, contributing to the Board's ability to work as a collective body while giving the Company the benefit of the familiarity and insight into the Company's affairs that its directors have accumulated during their tenure. Accordingly, the Nominating Committee has often re-nominated incumbent directors who continue to satisfy the Nominating Committee's criteria for membership on the Board, who the Nominating Committee believes continue to make important contributions to the Board, and who consent to continue their service on the Board. The nominees standing for election at the 2013 Annual Meeting were chosen based upon their records of professional integrity, dedication, collegial approaches to board deliberation and decision-making, strong work ethics and diverse professional backgrounds. The specific experience, qualifications, attributes and skills of each nominee that led to the Board's conclusion that the nominees should serve on the Board of Directors of the Company are described in each nominee's biographical information below.

Nominees for Election for a One-Year Term Expiring at the 2014 Annual Meeting

The names of the nominees for the office of director and certain information concerning such nominees are set forth below:

Terry O. Hartshorn, age 68, was appointed to the Board of Directors in September 2005, and is currently the lead independent director of the Board. Mr. Hartshorn is a member of the Audit Committee and the Chairperson of the Nominating Committee of the Company's Board of Directors. Mr. Hartshorn was a member of the Board of Directors of PacifiCare Health Systems, Inc. from March 1985 until PacifiCare was purchased by UnitedHealth Group in December 2005. He was Chairman of the Board of PacifiCare from 1993 to 1998. He was President and Chief Executive Officer of UniHealth from 1994 to 1997. Mr. Hartshorn also served as President and Chief Executive Officer of

PacifiCare from 1976 to 1993 and Secretary of PacifiCare from 1977 to 1981. Since 1997, Mr. Hartshorn has been an investor, advisor and personal coach for start-up and early stage companies in a variety of industries. Mr. Hartshorn currently serves as Chairman of the Board of LifeScript and sits on the board of directors of Alignment Healthcare. He also served as a member of the board of St. Joseph's Ballet from 2000 through 2008, and as a board member of Mariner's Church from 2000 to 2006. Mr. Hartshorn's decades of experience in the roles of chairman of the board, president and chief executive officer of publicly-traded companies, and his advisory role in a variety of industries, provide valued leadership on the Board and insight into its role in strategy development and corporate governance.

Paul R. St. Pierre, age 68, served as Corinthian's Executive Vice President, Marketing & Admissions until his retirement in June 2003. Mr. St. Pierre has been a member of the Board of Directors since the Company's inception in July 1995, and was elected Vice Chairman of the Board of Directors in January 2003. Mr. St. Pierre is a member of the Compliance and the Nominating Committees of the Board of Directors. Prior to the Company's founding in 1995, he was employed by a subsidiary of National Education Corporation ("NEC") from 1991 to 1995. His first assignment at NEC was as School President for its San Bernardino, California campus. Subsequently, he held corporate assignments as Director of Special Projects, Vice President of Operations for the Learning Institutes Group (the largest colleges owned by NEC) and as Vice President, Marketing & Admissions for NEC. With decades of operational and marketing experience in private sector education and more than fifteen years as a director of the Company, Mr. St. Pierre brings to the Board in-depth knowledge of the Company and the industry that is important to the Board's oversight of the Company's business, and assists in helping develop, implement and assess the Company's operating plan and long-term strategy.

Linda Arey Skladany, Esq., age 68, became a member of the Board of Directors effective upon the completion of Corinthian's initial public offering in February 1999. She is a member of the Nominating Committee and was the Chairperson of the Nominating Committee until August 14, 2013. Ms. Skladany retired in April 2003 from her position as Senior Associate Commissioner for External Relations at the United States Food and Drug Administration, a position she had held since June 2002. Prior to that time, she was Vice President for Congressional Relations at Parry, Romani, DeConcini & Symms, a Washington D.C. lobbying firm, from 1995 to June 2002. She was appointed to senior policy positions within the Departments of Education, Justice and Transportation from 1981 to 1985, and served as Commissioner and Acting Chair of the Occupational Safety and Health Review Commission from 1988 to 1989. Ms. Skladany served as Special Assistant to the President and Deputy Director for Public Liaison in the White House from 1985 to 1987. Earlier, she had worked as a teacher in public education and a university administrator. Ms. Skladany has previously served a four-year term on the Board of the College of William and Mary, her alma mater, where she chaired the Student Affairs Committee. Ms. Skladany has extensive regulatory and legislative experience gained through more than twenty years of work in federal agencies and in Congressional relations, all of which allows her to provide the Company with valuable insight into government affairs, regulatory compliance and Congressional relations. In addition, her thirteen years of service on the Board provide her with an in-depth understanding of the Company's business.

Robert Lee, age 65, became a member of the Board of Directors in October 2006. Mr. Lee is a member of the Audit Committee and is the Chairperson of the Compliance Committee of the Board. Mr. Lee retired from Pacific Bell ("PacBell") in 1998 after a 26-year distinguished career. At the time of his retirement, Mr. Lee was a Corporate Executive Vice President and President of the Business Communications Services Division. 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 career at PacBell, Mr. Lee served in a variety of senior marketing and general management positions, including Executive Vice President, California markets group and Executive Vice President, Marketing and Sales. Mr. Lee has been a director of Broadvision, Inc. since 2004 and serves as its compensation committee chair and a member of its nominating and audit committees. He serves as Chairman of the Board of Blue Shield of California, a board upon which he has sat since 2004, and is a member of its nominating and audit committees. From 1999 to 2007, Mr. Lee served on the board of directors of Web.com and as the chair of its compensation committee, and from 2001 to 2007 he served on the board of Netopia, Inc. and as a member of its audit committee. Mr. Lee is a seasoned executive with more than 25 years leading large organizations, including through service on the boards of several other public and private companies. His experience as a senior executive and director bring important knowledge to the Board's oversight of the Company's business and operations, strategy and corporate governance practices.

Jack D. Massimino, age 64, is the Company's Chairman of the Board and its Chief Executive Officer, a position he held from November 2004 through June 2009, and again beginning November 29, 2010. He was appointed Chairman of the Board in August 2008. Mr. Massimino initially joined the Board of Directors immediately upon the completion of Corinthian's initial public offering in February 1999. He was President and Chief Executive Officer of Talbert Medical Management Corporation, a publicly-traded physician practice management company, from 1995 through late 1997. Prior to his employment with Talbert, Mr. Massimino was Executive Vice President and Chief Operations Officer of FHP International Corporation, a multi-state, publicly-traded HMO, with revenues of approximately $4 billion at the time of his service. Mr. Massimino currently sits on the board of directors of Jobs for America's Graduates. With experience as the chief executive officer of two publicly-traded corporations, including the Company for an aggregate of more than six years, Mr. Massimino brings to the Board in-depth knowledge of the Company's operations and strategy that is important to the Board's role of overseeing long-term strategy development, implementation and assessment, enterprise risk management and corporate governance practices. He also possesses a strong ability to motivate and manage others, develop leaders and drive change and growth.

Hank Adler, age 67, has served on the Board of Directors since August 2004. He is the Chairperson of the Board's Audit Committee and a member of the Compliance Committee. Mr. Adler is currently an assistant professor of accounting at Chapman University. He was previously a partner with Deloitte & Touche, LLP, from which he retired in 2003 after 30 years with that firm. He specialized in tax accounting and served as client service and tax partner for a variety of public and private companies. Mr. Adler is a certified public accountant, licensed in the State of California, and is a member of the Audit Committee Roundtable. Mr. Adler has been a director of KBS REIT since 2005 and serves as its audit committee chair and a member of its conflicts committees. He also serves as a director of KBS REIT II and KBS REIT III and serves as the audit committee chair and a member of the conflicts committee of each. Mr. Adler was previously a board member of Hoag Hospital Memorial Presbyterian. Mr. Adler has over a quarter-century of experience in public accounting, giving him an expertise in finance and financial reporting processes that enables him to understand the impact of business decisions on the Company's financial statements and results. His experience serving on the Company's Board and on other boards has provided him with a deep understanding of the Company's business and operations that is important to the Board's oversight of the Company's corporate governance, risk management and strategy development and implementation.

John M. Dionisio, age 65, was appointed to the Board in April 2008. Mr. Dionisio is a member of the Audit Committee and the Compensation Committee of the Company's Board of Directors. He is currently chairman and chief executive officer of AECOM Technology Corp., a NYSE-listed company, and has served on its board of directors since 2003. During his 40-year career with AECOM and its predecessor companies, Mr. Dionisio has held a number of senior management positions, including executive vice president and chief operating officer, as well as president and chief executive officer of its DMJM Harris business. Mr. Dionisio earned a master's of science degree in civil engineering from Polytechnic Institute of New York and a bachelor's of science degree in civil engineering from The City

College of New York. Mr. Dionisio's experience as the chief executive officer and director of another public company provides him with important insight into the Board's role in strategy development, risk management, compensation matters and corporate governance.

Alice T. Kane, age 65, was appointed to the Board of Directors in July 2005. She is a member of the Compliance Committee and is the Chairperson of the Compensation Committee of the Board of Directors. Ms. Kane has more than 30 years of experience in the financial services industry. Ms. Kane joined the law firm Duane Morris LLP as a partner in 2012, after being a member of Dewey & LeBoeuf LLP for six months. She was previously the General Counsel of North America for the Zurich Financial Services Group, a position she held from 2005 to 2011. Prior to joining Zurich, she co-founded Q-Cubed Alternative Advisor LLC, a quantitative equity hedge fund, where she was Chair and Managing Director from September 2004 to October 2005. From September 2002 to March 2004, Ms. Kane was Chair of Blaylock Asset Management, a start-up minority- and women-owned institutional manager. Starting in 1998, Ms. Kane served as Chair and President of three mutual fund and variable annuity businesses with combined assets of over $30 billion with American General Financial Group. She began her career at New York Life Insurance Company in 1972, where she ultimately served as Executive Vice President of its $40 billion asset management business and as a member of the executive management committee. She also served as Executive Vice President and General Counsel of New York Life from 1986 to 1995. Ms. Kane joined the Board of PENSCO Trust Company, where she sits on both the Trust and the Audit Committees, in June 2012. Ms. Kane also serves on two not-for-profit boards: the Tourette Syndrome Association (on which she has served on the Finance Committee and the Government Relations Committee) and the Keck Graduate School of Applied Life Sciences (on which she has served on the Investment Committee, the Advancement Committee, the Budget and Finance Committee and the Audit / Risk Management Committee). Ms. Kane was formerly a member of the National Association of Securities Dealers (NASD) Board of Governors. Ms. Kane was also previously a director of Guess?, Inc. from 1998 to 2010, where she was a member of the Audit Committee and chair of the Nominating and Governance Committee. Ms. Kane's executive management experience and legal career over the course of more than 40 years brings to the Board an invaluable perspective on various corporate and financial matters impacting the Company.

Timothy J. Sullivan, age 69, was appointed to the Board of Directors in January 2008. Mr. Sullivan is a member of the Nominating Committee and the Compensation Committee of the Company's Board of Directors. Mr. Sullivan 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 and as executive director of its law school. Mr. Sullivan earned a bachelor's degree from the College of William and Mary and a juris doctorate degree from Harvard University. He served as chair of the Council of Presidents of the Association of Governing Boards from 2002 to 2005. Mr. Sullivan became a member of the board of Mariner's Museum in 2009 and serves on the finance and the programs committees. Mr. Sullivan was also a member of the board of directors of Towne Bank from 2000 to 2009. Mr. Sullivan's distinguished career at the College of William and Mary gives him a comprehensive understanding of post-secondary education and makes him a valuable resource to the Board. His experience serving on a publicly-traded company's board has provided him with a deep understanding of the Board's oversight of the Company's corporate governance and risk management.

Sharon P. Robinson, Ed.D, age 69, was appointed to the Board of Directors in January 2011 and is a member of the Compensation Committee of the Company's Board of Directors. Dr. Robinson currently serves as President and Chief Executive Officer of the American Association of Colleges for Teacher Education, a position she has held since 2005. Previously, she held a number of senior management positions at Educational Testing Service beginning in 1997, most recently as Executive Vice President and President of its Educational Policy Leadership Institute. From 1993 to 1997, Dr. Robinson was Assistant Secretary of Education with the U.S. Department of Education's Office of

Education Research and Improvement, and before that, she was Director of the National Center for Innovation for the National Education Association. Dr. Robinson earned a doctorate degree in educational administration and supervision, a master of arts degree in education curriculum and instruction and a bachelor's degree in English and education from the University of Kentucky. She has served, or currently serves, on the Board of Trustees of the Woodrow Wilson National Fellowship Program, Southern Education Foundation, National Education Association Foundation for the Improvement of Education, and the Management and Training Corp., for which she serves as compensation committee chair, and she serves as a director for Jobs for America's Graduates. Dr. Robinson brings to the Board invaluable experience in understanding regulatory oversight and how it affects academics and operations. She assists the Board in identifying trends that may impact the Company's operations, services or business model, in developing regulatory compliance models, and in delivering high-quality academic services.

Marc H. Morial, age 55, was appointed to the Board on April 27, 2013. Mr. Morial is currently President and Chief Executive Officer of the National Urban League, a position he has held since 2003. Prior to that, Mr. Morial served as the Mayor of New Orleans, Louisiana from 1994 to 2002, and also served as a Louisiana State Senator from 1992-1994. Before holding public office, he practiced law in the private sector for more than ten years. Mr. Morial currently serves on the corporate advisory board of Protiviti, a division of the Robert Half Company, a position he has held since 2009, and on the board of managers of Urban America Fund II, a position he has held since 2007. He also continues to sit on the Equity and Excellence in Education Commission and the Financial Capability Commission, as an appointee of President Obama in 2011 and 2012, respectively. Mr. Morial earned a bachelor's degree from the University of Pennsylvania and a juris doctor from Georgetown University Law Center. Mr. Morial's experience as the head of a national organization devoted to the advancement of education, job training and growth for inner city youth and adults provides him with important insight into the Company's students and the value of its academic offerings. His prior experience as an elected official allows him to provide a unique perspective into the needs of the communities that the Company serves and the legislative and regulatory challenges facing the Company.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" ALL OF THE NOMINEES FOR ELECTION AS DIRECTORS.

Director Compensation

Under its charter, the Nominating Committee is responsible for (among other things) reviewing the compensation and benefits of members of the Board of Directors of the Company who are not employed by the Company (referred to herein as "non-employee directors") and recommending to the Board for its approval an overall compensation package for such directors. During fiscal 2010, the Company's Compensation Committee and the Nominating Committee jointly retained Exequity LLP ("Exequity") to serve as those committees' independent compensation consultant. In this capacity, Exequity periodically reviews, at the request of the Nominating Committee, the compensation for non-employee directors at the Company's peers and general industry trends, and provides observations and input to the Nominating Committee with respect to the program value and structure. The Nominating Committee reviews such data and observations and makes recommendations to the Board regarding proposed revisions to non-employee director compensation. In 2010, following the unanimous recommendation of the Nominating Committee, the Board approved the following compensation arrangements for the Company's non-employee directors.

Each non-employee director is paid an annual retainer of $60,000 for his or her services as a director.

Each member of the Compensation Committee (other than the Chairperson) receives an additional annual retainer of $10,000; the Chairperson of the Compensation Committee receives an additional annual retainer of $25,000.

Each member of the Audit Committee (other than the Chairperson) receives an additional annual retainer of $10,000; the Chairperson of the Audit Committee receives an additional annual retainer of $25,000.

Each member of the Nominating Committee (other than the Chairperson) receives an additional annual retainer of $10,000; the Chairperson of the Nominating Committee receives an additional annual retainer of $15,000.

Each member of the Compliance Committee (other than the Chairperson) receives an additional annual retainer of $10,000; the Chairperson of the Compliance Committee receives an additional annual retainer of $20,000.

Non-employee directors also receive $1,500 for each Board meeting attended in excess of six Board meetings in a fiscal year, and each Committee member receives $1,500 for each Committee meeting attended in excess of six meetings in a year. All non-employee directors are reimbursed for their reasonable out-of-pocket expenses incurred in attending Board of Directors meetings and committee meetings.

Each non-employee director receives an annual grant of deferred stock units ("DSUs") with a target value of $90,000, calculated based upon the average closing market prices of the Common Stock during the month prior to the month in which the grant is made, but not to exceed 15,000 DSUs. The lead independent director also receives an additional annual grant of DSUs with a target value of $30,000, calculated in the same manner, but not to exceed 5,000 shares. DSUs vest in four equal quarterly installments during the year following the grant date, but may not be sold, and remain tax-deferred, until the earlier to occur of (i) three years after the date of grant, (ii) the director's separation from service on the Board, (iii) the director's death or disability, or (iv) a change-in-control of Corinthian. Directors also may voluntarily elect to receive their annual retainer in an equivalent amount of additional DSUs in lieu of cash. It is contemplated that these annual DSU grants will occur at the time of the Annual Stockholders' Meeting.

In 2012, the Nominating Committee retained Exequity to help it review and make recommendations to the Board regarding any changes in non-employee directors' compensation that should be considered. Exequity reviewed peer company data (using the same peers as those utilized by the Compensation Committee in determining executive compensation during such year) and made observations regarding board compensation for the Nominating Committee's consideration. Among other matters, Exequity and the Nominating Committee noted that for the prior two years the non-employee directors' effective compensation in the form of DSUs had been substantially below the target compensation of $90,000 (and the additional target of $30,000 for the lead independent director) because of the 15,000 share limit for directors and the additional 5,000 share limit for the lead independent director. In fiscal years 2011 and 2012, the grant date fair value of DSUs for directors was $64,500 and $40,350, respectively (well below the target value of $90,000), and the lead independent director received additional DSUs with a grant date value of an additional $21,500 and $13,450, respectively (well below the target value of $30,000).

Following such review, the Nominating Committee unanimously recommended to the Board that it retain most of the compensation elements for non-employee directors, but that the share limit on annual grants to non-employee directors and the lead independent director be removed. The Board unanimously adopted the Nominating Committee's recommendations. Accordingly, annual DSU grants to non-employee directors have not been subject to the share limits starting in November 2012 (for the fiscal 2013 year). All other compensation elements for non-employee directors set in August 2010 remain unchanged.

Directors are subject to a share ownership guideline under which they should hold, for as long as they continue to serve on the Board, Company Common Stock with a value equal to three times the annual cash retainer for the Company's non-employee directors, with no time limit to meet the ownership guideline, but with a requirement to hold 100% of net after-tax profit in shares acquired on option exercise or following DSU distribution until the guideline is met. In April 2013, the Board clarified these guidelines to allow non-employee directors to sell up to 50% of shares received upon the delivery of DSUs to satisfy any income tax liability associated with such delivery. The Board expects to periodically re-evaluate this ownership guideline in connection with changes in Board compensation.

Director Compensation Table Fiscal 2013

The following table presents information regarding the compensation paid with respect to services provided during fiscal 2013 to individuals who were members of the Company's Board of Directors at any time during fiscal 2013 and who were not also employees of the Company during such period. The compensation paid to Jack D. Massimino, who was a director and employed by the Company during all of fiscal 2013, is presented below in the Summary Compensation Table and the related explanatory tables. Mr. Massimino is not entitled to additional compensation for his services as a director.

Name (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards ($)(2)(3)(4) (c)	Total ($) (h)
Linda Arey Skladany	78,000	72,459	150,459
Paul R. St. Pierre	83,000	72,459	155,459
Hank Adler	98,000	72,459	170,459
Terry O. Hartshorn	81,500	96,612	178,112
Alice Kane	99,500	72,459	171,959
Robert Lee	93,000	72,459	165,459
Timothy Sullivan	84,500	72,459	156,959
John Dionisio	81,500	72,459	153,959
Sharon P. Robinson	73,000	72,459	145,459
Marc H. Morial	15,000	46,433	61,433
Leon Panetta(1)	0	0	0

(1) Mr. Panetta was appointed to the Board on April 27, 2013. Due to time constraints on his schedule, he resigned from the Board pursuant to a letter delivered to the Company dated July 16, 2013. Mr. Panetta voluntarily returned to the Company all Board fees he had been paid and forfeited all DSUs he had been granted.

(2) In accordance with the SEC's disclosure rules, the amounts reported in Column (c) of the table above reflect the fair value on the grant date of the stock awards granted to the Company's non-employee directors during fiscal year 2013. These values have been determined under the principles used to calculate the grant date fair value of equity awards for purposes of the Company's financial statements. For a discussion of the assumptions and methodologies used to calculate the amounts reported in Column (c), please see the discussions contained in Note 9 (Common Stockholders' Equity) to the Company's Consolidated Financial Statements included as part of the Company's 2013 Annual Report.

(3) During fiscal year 2013 each of our continuing non-employee directors, other than Messrs. Morial and Panetta, received an annual award of 35,694 DSUs. In addition, the lead independent director of the Board, Mr. Hartshorn, received an additional 11,898

DSUs (for a total annual award of 47,592 DSUs). The Company's stock price on the date of such grants, November 14, 2012, was $2.03 per share. The grant date value for DSUs actually delivered to such directors was below the $90,000 (and additional $30,000 for the lead independent director) target value approved by the Board. Messrs. Morial and Panetta received prorated grants of 20,822 DSUs each (Mr. Panetta forfeited his grant to the Company upon his resignation from the Board in July 2013). The Company's stock price on the date of the grants to Messrs. Morial and Panetta, June 25, 2013, was $2.23. In accordance with the Board-approved director compensation arrangement described above, directors were not granted options to purchase the Company's Common Stock during fiscal year 2013.

(4)

As of June 30, 2013, the end of the Company's fiscal year 2013, the Company's non-employee directors held the following aggregate numbers of outstanding unexercised equity awards: (i) Linda Arey Skladany, 89,000 options and 68,694 DSUs; (ii) Paul R. St. Pierre, 89,000 options and 68,694 DSUs; (iii) Hank Adler, 69,000 options and 68,694 DSUs; (iv) Terry O. Hartshorn, 106,000 options and 90,592 DSUs; (v) Alice Kane, 59,000 options and 68,694 DSUs; (vi) Robert Lee, 43,000 options and 68,694 DSUs; (vii) Timothy Sullivan, 32,125 options and 68,694 DSUs; (viii) John Dionisio, 29,500 options and 68,694 DSUs; (ix) Sharon P. Robinson, 65,694 DSUs; (x) Marc Morial, 20,822 DSUs; and (xi) Leon Panetta, 20,822 DSUs (these DSUs were forfeited by Mr. Panetta upon his resignation from the Board in July 2013).

Attendance at Meetings

The Board of Directors met in person or conducted telephonic meetings a total of seven times during fiscal year 2013. During that same period, the Board acted three times by unanimous written consent. Each director who was a member of the Board at the time of the applicable meetings attended more than 75% of all Board meetings and applicable committee meetings held during the fiscal year, other than Messrs. Morial and Panetta (neither of whom sat on any Board committees during fiscal 2013), who each were unable to attend the one Board meeting held during their membership on the Board during fiscal year 2013 due to scheduling conflicts that existed prior to their appointment to the Board. In addition, regular executive sessions of non-employee directors are held at least twice during each fiscal year.

Board members are encouraged to attend the Annual Meeting of Stockholders. Five Board members attended the 2012 Annual Meeting, and five Board members were unable to attend.

Board Leadership Structure

The Board believes there is no single, generally accepted approach to providing Board leadership, and that leadership structure may vary as circumstances warrant. In the past, the Board has, at times, separated the positions of Chief Executive Officer and Chairman of the Board to facilitate management succession and leadership development. When the Board re-appointed Jack Massimino to the position of Chief Executive Officer in November 2010 (after he had previously served in that position from 2004-2009), it determined that he should maintain his position as Chairman of the Board as well. The Board of Directors believes this is the appropriate leadership structure for the Company at this time because it capitalizes on Mr. Massimino's experience as both a director of the Company for over thirteen years and as the Company's Chief Executive Officer for more than an aggregate of eight years. This dual role also promotes focused leadership and clarity in the overall direction of the Company's business strategy, and direct accountability between the Board and executive management. The Board of Directors acknowledges that the best leadership model for the Company may change based on the Company's needs at any given point in time, particularly with regard to management development and succession. Accordingly, the Board of Directors may, depending on the circumstances, determine that a different leadership structure would be in the best interests of the Company in the future.

Additionally, the Board of Directors has chosen Mr. Hartshorn to serve as the lead independent director to promote the independence of the Board and appropriate oversight of management. The lead independent director acts as a liaison between the independent directors and management and is responsible for assisting the Chairman and Chief Executive Officer in establishing the agenda for Board meetings and for performing such other duties as may be specified by the Board from time to time.

Risk Oversight

The Board has an active role, as a whole and through its committees, in overseeing management of the Company's risks. Management is responsible for identifying the material risks facing the Company and implementing appropriate risk management strategies. The Board's role includes oversight of management's day-to-day risk management activities and consideration of long-range strategic issues and risks to the Company. At regular Board meetings, the Chief Executive Officer and Chairman of the Board, in consultation with other members of management, proposes agenda items for the Board's approval of key issues of strategy, risk and integrity to be scheduled and discussed during the course of the fiscal year. In addition, the Board and its committees are periodically updated throughout the year on potential areas of risk exposure and processes to mitigate risks in the course of its review of the Company's strategy and business plan and through reports to the Board and its committees by senior members of management.

The Board's committees, all comprised solely of independent directors, assist the Board in fulfilling its oversight responsibilities in certain areas of risk. The Audit Committee oversees the Company's risk assessment and risk management policies, particularly the management of financial risks. The Compensation Committee oversees the management of risks relating to the structure of the Company's compensation plans, policies and overall philosophy. See "Risk Assessment and Mitigation." The Compliance Committee assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's education-related regulatory compliance obligations. In addition, the Nominating Committee monitors risks associated with the effectiveness of the Board and the implementation of the Company's corporate governance principles. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, each committee regularly reports to the entire Board regarding such risks, which allows the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

The Board of Directors believes that the processes it has established to administer the Board's risk oversight function would be effective under a variety of leadership frameworks and therefore do not have a material effect on the Company's leadership structure described above under "Board Leadership Structure."

Director Independence

The Board of Directors has determined that Mr. Adler, Ms. Skladany, Ms. Kane, Mr. Hartshorn, Mr. St. Pierre, Mr. Sullivan, Mr. Dionisio, Mr. Lee, Dr. Robinson and Mr. Morial are "independent" under applicable Nasdaq listing standards, including that each such director is free of any relationship that would interfere with his or her individual exercise of independent judgment in carrying out the responsibilities of a director. Due to his position as Chief Executive Officer of the Company, Mr. Massimino does not qualify as an independent director.

Committees of the Board of Directors

The Board of Directors has established an Audit Committee, a Compensation Committee, a Nominating Committee and a Compliance Committee.

Audit Committee. The Audit Committee is currently comprised of Mr. Adler (chairperson), Mr. Hartshorn, Mr. Lee and Mr. Dionisio. Each of these directors is an "independent director" as defined in the Nasdaq listing standards and in Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended. The Board of Directors has determined that Mr. Adler is an "audit committee financial expert," as such term is defined in Regulation S-K, Item 407(d)(5) promulgated under the Securities Exchange Act of 1934, as amended. The Audit Committee operates under a written charter adopted by the Board of Directors. A copy of the Audit Committee's Charter can be viewed under the heading "Investors" on the Company's website at *www.cci.edu.* The Audit Committee is responsible for, among other things, reviewing the results and scope of the audit and other services provided by the Company's independent auditors, consulting with the Company's independent auditors and retaining the Company's independent auditors. The Audit Committee met four times during the fiscal year ended June 30, 2013.

Compensation Committee. The Compensation Committee is currently comprised of Ms. Kane (chairperson), Mr. Dionisio, Dr. Robinson and Mr. Sullivan. Each of these directors is an "independent director" as defined in applicable Nasdaq rules. The Compensation Committee operates under a written charter adopted by our Board of Directors, a copy of which is available on the Company's website at *www.cci.edu* under the heading "Investors." The Compensation Committee has the authority to supervise all of the matters related to the compensation of executive officers of the Company, including determining policies and practices, changes in compensation and benefits for management, and all other matters relating to executive compensation. The Compensation Committee also administers the Company's 1998 Performance Award Plan, as amended, the Company's 2003 Performance Award Plan, as amended, the Company's 2004 New-Hire Award Plan, and the Company's Employee Stock Purchase Plan.

The Compensation Committee may form subcommittees and delegate to its subcommittees such power and authority as it deems appropriate. The Compensation Committee currently has no such subcommittees and has no current intention to delegate any of its authority to any subcommittee. The Company's executive officers, including the Named Executive Officers (as identified below), do not have any role in setting the form or amount of compensation paid to the Named Executive Officers and other senior executive officers. However, the Company's Chief Executive Officer does make recommendations to the Compensation Committee with respect to compensation paid to the other executive officers, in some instances after receiving input from other executive officers.

Pursuant to its charter, the Compensation Committee is authorized to retain such independent compensation consultants and other outside experts or advisors as it believes to be necessary or appropriate to carry out its duties. During fiscal 2013, the Compensation Committee retained the services of Exequity as its independent compensation consultant to provide advice in determining certain compensation matters for the Company's senior executive officers. Since fiscal 2008, the Company has also retained Mercer LLC to provide consulting services regarding the Company's overall compensation, benefits and human resources strategy. Mercer has not been retained directly by the Compensation Committee, and all data, observations and advice provided by Mercer to the Compensation Committee with respect to executive compensation have been reviewed and commented on by the Compensation Committee's independence consultant, Exequity. Additional information about the services provided by Exequity and Mercer is included in the "Compensation Discussion and Analysis" section under the heading "Role of the Compensation Committee and Compensation Consultants."

The Compensation Committee met eight times during the fiscal year ended June 30, 2013.

Nominating Committee. The Nominating Committee of the Board is currently comprised of Mr. Hartshorn (chairperson), Mr. St. Pierre, Ms. Skladany and Mr. Sullivan. Each of these directors is an "independent director" as defined in applicable Nasdaq rules. The Nominating Committee operates under a written charter adopted by our Board of Directors, a copy of which is available on the Company's website at *www.cci.edu* under the heading "Investors." The Nominating Committee's functions include identifying qualified individuals to become Board members, recommending the composition of the Board of Directors' committees, monitoring a process to assess Board effectiveness, and reviewing and making recommendations regarding director compensation. The Nominating Committee met five times during the fiscal year ended June 30, 2013.

Compliance Committee. The Compliance Committee is currently comprised of Mr. Lee (chairperson), Mr. Adler, Ms. Kane and Mr. St. Pierre. Each of these directors is an "independent director" as defined in the applicable Nasdaq rules. The Compliance Committee operates under a written charter adopted by our Board of Directors. A copy of the Compliance Committee Charter can be viewed under the heading "Investors" on the Company's website at *www.cci.edu.* The Compliance Committee is responsible for, among other things, reviewing the Company's processes to ensure that an appropriate framework of policies, procedures, reporting, ethical standards and employee accountability is established and functioning to achieve compliance with education-related regulatory matters. This includes reviewing with management the appropriate allocation of resources to achieve the desired results and reviewing the Company's efforts to nurture a culture of compliance and embed compliance awareness and accountability throughout the Company. The Compliance Committee met four times during the fiscal year ended June 30, 2013.

Director Nomination Process

The Nominating Committee does not apply any specific, minimum qualifications in considering potential board members. Instead, in its assessment of potential board member candidates, the Nominating Committee reviews the nominees' experience and independence, the current needs of the Board, and such other factors as the Nominating Committee may determine are pertinent at the time. The Nominating Committee does not have a formal policy regarding the consideration of diversity in identifying director nominees, but from time to time looks for individuals with specific qualifications so that the Board as a whole may maintain an appropriate diversity of backgrounds. The Nominating Committee will also take into account the ability of a person to devote the time and effort necessary to fulfill his or her responsibilities. Nominees may be suggested to the Nominating Committee by other directors, members of management and Company stockholders. The Nominating Committee also has in the past engaged third-party consultants to help identify and evaluate potential director nominees, although no such consultants were engaged by the Nominating Committee during fiscal 2013. In considering nominees to the Board, the Nominating Committee will select individuals who have the highest personal and professional integrity and who have demonstrated exceptional ability and judgment to be most effective, in conjunction with the other members of the Board, in collectively serving the long-term interests of the stockholders.

The Nominating Committee will consider stockholder recommendations for candidates to serve on the Board. The Nominating Committee's evaluation does not vary based on whether or not a candidate is recommended by a stockholder. In order to provide the Nominating Committee time to evaluate candidates prior to submission to the stockholders for vote at the 2014 Annual Meeting, stockholders desiring to recommend a candidate must submit a recommendation to the Secretary of the Company at the Company's corporate office no later than the close of business on July 16, 2014. The recommendation must contain the following: the name, residence and business address of the nominating stockholder; a representation that the stockholder is a record holder of Company stock or holds Company stock through a broker and the number of shares held; a representation as to whether or not the stockholder holds any derivative positions or has engaged in any hedging or other transactions that impacts voting power or economic interest with respect to the Company's securities; information regarding each nominee which would be required to be included in a proxy statement, including a statement of the qualifications of the recommended person; a description of any arrangements or understandings between and among the stockholder and each nominee; and the written consent of each nominee to serve as a director, if elected.

Stockholder Communications

Any stockholder wishing to communicate with the Board, or any individual director, may write to the Board of Directors or such individual director, as applicable, c/o the Corporate Secretary of the Company, at 6 Hutton Centre Drive, Suite 400, Santa Ana, California 92707. The Corporate Secretary will forward these communications directly to the individual director specified, or if none, to the Chairman of the Board.

Code of Ethics

The Board of Directors has adopted a Code of Business Conduct and Ethics that is applicable to all Corinthian directors and employees, including the Company's principal executive officer, principal financial officer, principal accounting officer or controller and all other persons performing similar functions, which meets the requirements of Item 406 of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended. A copy of the Code of Business Conduct and Ethics can be viewed under the heading "Investors" on the Company's website at *www.cci.edu.* Waivers from, and amendments to, the Code of Business Conduct and Ethics that apply to directors, executive officers, other principal financial officers or persons performing similar functions will be timely posted in the "Investors" section of the Company's website at *www.cci.edu*, or a Report on Form 8-K will be filed with the SEC with respect to such items.

Review and Approval of Transactions with Related Persons

The Audit Committee's Charter requires that the Audit Committee conduct an appropriate review of all proposed related person transactions (which term refers to transactions that would be required to be disclosed pursuant to Regulation S-K, Item 404(a) promulgated under the Securities Exchange Act of 1934, as amended) and that management shall not cause the Company to enter into any new related person transaction unless the Audit Committee approves such transactions. In addition, the Company's Code of Business Conduct and Ethics requires that all employees discuss any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest with the Company's General Counsel, except in the case of the Company's Chief Executive Officer, in which case such matter should be discussed with the chair of the Audit Committee. Additionally, executive officers and directors of the Company must not engage in any transaction with the Company unless it has been previously approved by the Audit Committee of the Board of Directors. For purposes of this requirement, the term "transaction" does not include compensation which is approved by the Compensation Committee of the Board for services to the Company.

Transactions with Related Persons

Ms. Skladany's husband is a partner at the law firm of Akin Gump Strauss Hauer & Feld LLP ("Akin Gump"), and in February 2011 the Company retained Mr. Skladany and other attorneys and advisors in that firm to provide it with legal advice and other ongoing services related to legislative and regulatory matters. Akin Gump is an international law firm with approximately 806 lawyers, 174 equity partners, and approximately $775 million in annual gross revenue in 2012, according to The American Lawyer. The Company expects that total payments to Akin Gump during fiscal year 2014 will not exceed approximately $200,000. The engagement by the Company of Akin Gump has been approved by the Audit Committee. The Company and its subsidiaries had no other transactions, nor are there any currently proposed transactions, in which the Company or its subsidiaries was or is to be a participant, where the amount involved exceeded $120,000, and where any director, executive officer or beneficial holder of more than 5% of the outstanding shares of Common Stock, or any of their immediate family members, had a material direct or indirect interest reportable under applicable SEC rules.

Corporate Governance Principles

The Board of Directors, on the recommendation of the Nominating Committee, has adopted Corporate Governance Principles to assist the Board in the discharge of its duties and to serve the interest of the Company and its stockholders. The Corporate Governance Principles can be viewed under the heading "Investors" on the Company's website at *www.cci.edu*.

Compensation Committee Interlocks and Insider Participation

Since August 2011, the Compensation Committee has been comprised of Ms. Kane (chairperson), Mr. Sullivan, Mr. Dionisio and Dr. Robinson. No one during the period of his or her service on the Compensation Committee is a past or present officer or employee of the Company or had any relationship with the Company requiring disclosure under the SEC rules with respect to transactions with related persons. In addition, no executive officer of the Company serves or has served as a member of the Compensation Committee (or other committee serving an equivalent function) or board of directors of any entity, an executive officer of which served as a director or member of the Compensation Committee of the Company during fiscal 2013.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16 of the Securities Exchange Act of 1934, as amended, requires the Company's officers (as defined under Section 16), directors and persons who beneficially own greater than 10% of a registered class of the Company's equity securities to file reports of ownership and changes in ownership with the SEC. Based solely on a review of the forms it has received and those it has prepared on behalf of officers of the Company, the Company believes that all Section 16 filing requirements applicable to its officers, directors and 10% beneficial owners during or with respect to fiscal 2013 were complied with by such persons.

COMPENSATION DISCUSSION AND ANALYSIS

Corinthian is one of the leading post-secondary education companies in North America. Corinthian focuses on delivering value to students while steadily improving the Company's operational and financial results. In doing so, the Company believes it is serving students, employees, and stockholders alike. In fiscal 2013, Corinthian continued to make operational improvements despite challenges within the proprietary education industry generally. The Company also reduced operating expenses and continued to increase the efficiency of its operations through increased automation and standardization. Managing Corinthian's business during this time requires a team of talented and experienced executives, and, accordingly, Corinthian's executive compensation philosophy is designed to attract and retain top talent, align pay and performance, and encourage value creation for investors and students.

The following contains a discussion of the material elements of compensation for the Company's current principal executive officer, principal financial officer, and the three other most-highly compensated individuals who served as executive officers of the Company during its 2013 fiscal year.

These five individuals are referred to as the "Named Executive Officers" in this Proxy Statement. The Company's Named Executive Officers for fiscal 2013 were as follows:

Name	Title
Jack Massimino	Chairman of the Board and Chief Executive Officer
Robert Owen	Executive Vice President and Chief Financial Officer
Kenneth Ord	Executive Vice President and Chief Administrative Officer
Beth Wilson	Executive Vice President
Stan Mortensen	Executive Vice President and General Counsel

For fiscal 2013, the Company maintained the key elements of its executive compensation structure, but made changes to the annual bonus program and long-term incentive program to better reflect the Company's strategic goals and adapt to the changing industry environment.

For fiscal 2013, the primary compensation actions taken by the Compensation Committee for our executive officers are summarized below:

Base Salary: At the start of fiscal 2013 the Company made base salary adjustments for its executives officers. Base salaries for most executives increased by 3% consistent with overall market trends; however, the Chief Financial Officer, who is relatively new in his position, received a larger salary increase of 14% to reflect the Compensation Committee's assessment of his overall performance and growth in his role, competitive market levels and desired external and internal pay positioning, and the Chief Executive Officer did not receive an increase.

Cash Incentive Payouts: For fiscal 2013, the Named Executive Officers' cash incentive opportunities as a percentage of salary remained constant, with the exception of Mr. Ord, whose target award opportunity for 2013 was increased from 75% to 90% of his annual base salary in light of his increased responsibilities as Chief Administrative Officer. For fiscal 2013, the executive incentive plan was based on an operating income performance goal and the achievement of a regulatory compliance "gate." In addition, near the end of the fiscal year, the Compensation Committee exercised the discretion it reserved to revise, supplement or discontinue the annual incentive awards by providing that payment of the 2013 awards will be made over the four quarters following the end of fiscal 2013, with 25% of the award paid each quarter, rather than in a single lump sum following the end of the year. Additionally, employees (including all Named Executive Officers) must be employed as of the payment dates to receive the applicable payments. The Compensation Committee exercised this discretion in order to further enhance the retention power of Corinthian's incentive programs, to further spread the expenses of the bonus plan and to manage working capital. In fiscal 2013, the Company achieved 110% of its operating income target and met the regulatory compliance "gate." This resulted in achievement of 119% of the target incentive opportunities for executive officers, 25% of which will be paid in each quarter of fiscal 2014 contingent upon continued employment through the applicable payment date.

Long-Term Incentive Awards: Consistent with fiscal 2012, the Company maintained its existing equity grant guidelines for fiscal 2013 and delivered awards 50% in stock options and 50% in RSUs, based on grant date value. For fiscal 2013, the Company decided to use the greater of the average stock price for the month prior to the grant of equity awards or a stock price of $5.00 to convert the dollar denominated equity value into a number of options or RSUs for this purpose. In addition, the company assumed that the value of an option was 50% of the value of an RSU for value-to-share conversion purposes. Based on this policy, the Company used a stock price of

$5.00 for RSUs and a value of $2.50 for options to determine the number of RSUs and options granted in August 2012. As a result, the actual grant date fair value of the equity awards as reflected in the Summary Compensation Table for fiscal 2013 was once again below the approved target equity grant guidelines as the actual grant date stock price was substantially below the stock price used to determine the number of RSUs and options to award. Consistent with prior years, the exercise price of all stock option grants equaled the Company's closing stock price on the date of grant. In addition to the annual stock option and RSU awards, the Compensation Committee approved a special long term cash award for the Company's executive officers, including the Named Executive Officers, in order to encourage retention in light of below-target equity awards for the past several years.

Chief Executive Officer Compensation: For fiscal 2013, Mr. Massimino requested that he not receive any increase in base salary, target cash incentive opportunity, or target long-term incentive opportunity, and the Compensation Committee approved the request. As a result, Mr. Massimino's compensation structure remained unchanged for fiscal 2013, except that he was also granted the long-term retention cash award consistent with other executives. Even with this additional retention award, his total long-term incentive grant value remained below the approved guideline given the approach the Company has used to convert award values to actual RSUs and options as described above.

The Compensation Committee also took certain actions in June 2013 related to the Company's executive compensation for fiscal 2014:

Base Salary: In July 2013, the start of the Company's fiscal 2014, the Compensation Committee initially awarded a 3% increase in base salary for the Named Executive Officers, other than Mr. Massimino, who received a $50,000 (or 5.6%) increase, and Mr. Owen, who received a salary increase of 7.5% in order to better reflect competitive market pay levels and desired pay positioning. In August 2013, at management's request and as part of a Company-wide expense reduction effort, the Compensation Committee rolled back all executive base salaries to fiscal 2013 levels, except for Mr. Owen's market adjustment described above.

Annual Cash Incentive Plan Design: For fiscal 2014, the plan design and cash incentive opportunities as a percentage of salary will remain constant for the Named Executive Officers. As with fiscal 2013, the cash incentive plan design for executives is based on an operating income measure and a regulatory compliance "gate." The Compensation Committee believes that this plan best aligns with the interests of stockholders, with its focus on financial performance metrics, and helps to mitigate risk in a heavily regulated environment.

Long-Term Incentive Plan Design: For fiscal 2014, the Company introduced a long-term performance cash plan for Named Executive Officers. Payouts under this plan can range from 0 to 2 times the target award levels based on 3-year cumulative adjusted EBITDA performance relative to pre-defined performance goals. In addition, a threshold Department of Education ("ED") financial responsibility composite score "gate" must also be achieved for *any* payouts to occur under the plan. Awards under the plan are intended to comprise the majority of long-term incentive compensation for Named Executive Officers in fiscal 2014. However, executives (including the Named Executive Officers) also received a portion of long-term incentives in the form of stock options and RSUs. The actual grant date fair value of the long-term incentive awards was once again below the approved target long-term incentive grant guidelines. Also consistent with prior years, the exercise price of all stock option grants equaled the Company's closing stock price on the date of grant.

Role of the Compensation Committee and Compensation Consultants

The Company's executive compensation programs are determined and approved by the Compensation Committee. As contemplated by its Charter, the Compensation Committee annually evaluates the Chief Executive Officer's compensation in light of corporate performance and the competitive labor market environment in which the Company competes for executive talent, and bases the Chief Executive Officer's compensation, including salary, annual cash incentive opportunity, grants of long-term incentive compensation, perquisites and severance arrangements, upon such evaluations. The Compensation Committee also annually reviews and approves the compensation structure for the Company's other executive officers, including the other Named Executive Officers, by assessing the Company's general performance and the competitive labor market, and sets the annual compensation, including salary, bonus, and long-term incentive compensation grants, for such executive officers. None of the Named Executive Officers are members of the Compensation Committee or otherwise had any role in making decisions regarding the compensation of other Named Executive Officers, although the Compensation Committee does consider the recommendations of the Chief Executive Officer in setting the compensation levels for other executive officers.

Under its Charter, the Compensation Committee has the authority to hire independent consultants to advise it on executive compensation matters. During fiscal 2013, the Compensation Committee continued to retain Exequity as its independent compensation consultant. In this role, Exequity has advised the Compensation Committee regarding fiscal 2013 compensation decisions, as well as 2014 program design and executive compensation levels, including advising the Compensation Committee as it determined the compensation structure for the Company's Chairman of the Board and Chief Executive Officer. Exequity has not, at any time, provided any services to the Company other than (i) consulting services provided since fiscal 2010 to the Compensation Committee regarding executive compensation, and (ii) consulting services provided to the Nominating Committee regarding Director compensation during the same period.

Since fiscal 2008, the Company has also retained Mercer LLC ("Mercer") to provide consulting services regarding the Company's overall compensation, benefits and human resources strategy. As part of its overall services to the Company, Mercer has provided observations and input regarding the compensation of executive officers, other than Mr. Massimino in his roles as Chief Executive Officer and Chairman of the Board. Mercer also provides management with other non-executive compensation and benefit consulting services. Mercer has not been engaged by the Compensation Committee, and all data, observations and advice provided by Mercer with respect to executive compensation have, to the extent they are considered by the Compensation Committee, been reviewed and commented on by the Compensation Committee's independent consultant, Exequity. In preparation for both fiscal 2013 and fiscal 2014, Mercer conducted an assessment of the compensation practices of the Company's peers and advised the Company's management regarding salaries, short-and long-term incentives, internal pay equity considerations and stock ownership guidelines.

The Compensation Committee has assessed Exequity and Mercer's relationship with management and the Compensation Committee pursuant to applicable SEC and NASDAQ rules. Specifically, Mercer and Exequity provided the Compensation Committee with an overview of the other services provided to Corinthian, the financial relationship with the Company, and the policies and procedures in place to mitigate potential conflicts of interest. Mercer and Exequity also represented to the Compensation Committee that there are no personal or business relationships between the consultants to the Compensation Committee or any members of the Compensation Committee or Named Executive Officers, beyond the relationship described above. Further, Mercer and Exequity consultants to the Compensation Committee do not directly own any Corinthian shares. Based on these and other factors, the Compensation Committee does not believe that there are any factors that prevent Mercer and Exequity from providing objective advice.

The Role of Stockholder Say-on-Pay Votes

The Company's stockholders are provided with an opportunity to cast an annual advisory vote on the Company's executive compensation program through the say-on-pay proposal. At the Company's annual meeting of stockholders held in November 2012, approximately 88% of the votes cast supported the Company's say-on-pay proposal. The Compensation Committee believes these positive results affirm stockholders' support of the Company's approach to its executive compensation program. The Compensation Committee generally did not change its approach to executive compensation for fiscal 2013 or fiscal 2014 based on the result of the voting on the Company's 2012 say-on-pay proposal and believes the program in place, as in prior years, includes a number of features that further the goals of the Company's executive compensation program and reflect best corporate practices in the market. The Compensation Committee will continue to consider the outcome of the Company's say-on-pay proposals when making future compensation decisions for the Named Executive Officers.

Executive Compensation Program Objectives and Elements

The Company's current executive compensation programs are intended to help the Company achieve three fundamental objectives: (1) recruit and retain superior talent; (2) create a significant direct relationship between pay and performance; and (3) reinforce the alignment between executive officers' and stockholders' interests.

As described in more detail below, the material elements of our current executive compensation programs for Named Executive Officers consist of the following: a base salary, an annual cash incentive opportunity (referred to in the Summary Compensation Table below as "Non-Equity Incentive Plan Compensation"), a long-term incentive opportunity in the form of performance cash, stock options and RSUs, perquisites, and severance and other benefits payable in connection with a termination of employment. We believe that each element of our executive compensation program helps us to achieve one or more of our compensation objectives, as summarized in the table below.

Compensation Element	**Principal Compensation Objectives**
Base Salary	Provide competitive salary to recruit and retain superior talent and to reward for day-to-day job performance
Annual Cash Incentive Opportunity	Drive annual corporate financial results and maintain high standards of regulatory compliance, and provide retention
Long-Term Incentives	Create alignment with stockholders, drive stockholder value and long-term financial performance, and provide retention
Perquisites	Provide modest supplemental benefits to attract and retain key talent
Severance and Other Benefits	Help ensure unbiased assessment of mergers and acquisitions activity and fair treatment in the event of termination

The Compensation Committee believes that the Company's most senior executives should have a majority of their total direct compensation delivered in variable or performance-based pay, including awards tied to stockholder returns and other financial performance measures. To further this goal, the Company implemented a long-term performance cash plan for fiscal 2014 to further align executive compensation with long-term organizational performance. We believe the Company's executive compensation structure appropriately balances short-term financial performance, long-term financial performance, and stockholder value creation while maintaining the Company's focus on student success and regulatory compliance. Although the Compensation Committee has not defined specific targets for allocating between long-term and currently-paid compensation, or between cash and non-cash compensation, the Compensation Committee believes the current mix between these compensation elements appropriately achieves the Company's compensation objectives. The overall mix of the aggregate current compensation structure at target for the Named Executive Officers is approximately 25% base salary, 25% annual cash incentive, and 50% long-term incentives. As discussed in more detail below under the heading, "Executive Compensation Elements Long-Term Incentive Awards," the actual mix in fiscal 2013 and 2014 differed from this structure as the actual grant date value of long-term incentives was substantially lower than the long-term incentive grant guidelines due to the Company's stock price.

Market Assessment

In setting compensation for fiscal years 2013 and 2014, the Company engaged Mercer to perform a market compensation assessment. For both years, Mercer assisted the Company in identifying peer groups of other publicly- traded companies to serve as reference points for competitive pay practices, while Exequity provided the Compensation Committee with guidance on final peer group selection with respect to executive compensation decisions. In addition to peer company data, survey data was collected from both specialized for-profit education compensation surveys as well as general industry compensation surveys, which consisted of Mercer's US Executive Remuneration Suite, Towers Watson Data Services' Survey Report on Top Management Compensation, and Mercer's US HRPEN Compensation Survey: A For-Profit Post-Secondary Education Study. These surveys were considered generally, and no one company's data within the survey received particular focus. Where possible, data was selected based on Corinthian's revenue in order to reflect the compensation of executives at similarly sized companies. In both years, Mercer gathered peer and survey data for base salary, short-term incentive compensation, long-term incentive compensation and total direct compensation (consisting of annual base salary and short-and long-term incentive compensation) for each Named Executive Officer.

Mercer provided market data for the Chief Executive Officer position to the Compensation Committee's independent advisor, Exequity, in fiscal years 2013 and 2014. Exequity advised the Compensation Committee in making decisions regarding the compensation of the Company's Chief Executive Officer, Mr. Massimino. The determination of Mr. Massimino's compensation structure was the result of a combination of benchmarking and the Compensation Committee's subjective judgment of his continued strategic leadership of the Company, after reviewing competitive market data, and was consistent with the Compensation Committee's stated compensation philosophy of targeting executive total compensation levels between the 50^{th} and the 75^{th} percentiles of the market. Given the actual grant date value of long-term incentive awards, actual compensation for Mr. Massimino was below the low end of this competitive market range.

In setting fiscal 2013 compensation, the Company updated its peer groups with Mercer's and Exequity's input. The Compensation Committee continues to believe that the peer group should still include both proprietary education companies and general industry companies having similar operational characteristics and revenue size because we may compete with companies in both groups to attract and retain executive talent. For fiscal 2013, the Compensation Committee decided to add two additional for-profit education companies, Bridgepoint Education and Strayer University, to provide better balance between the number of for-profit education industry peers and general industry peers. The Compensation Committee also decided to remove one general industry peer, Wyndham Worldwide, based on its recent revenue growth compared to that of the Company.

The fiscal 2013 peer group included the following for-profit education companies:

Company	Industry	Location	Revenue as of June 30, 2012 (millions)(1)
Apollo Group, Inc.	Education Services	Phoenix, Arizona	$ 4,401
Bridgepoint Education, Inc.	Education Services	San Diego, California	$ 971
Career Education Corporation	Education Services	Schaumburg, Illinois	$ 1,671
DeVry Inc.	Education Services	Oakbrook Terrace, Illinois	$ 2,090
Education Management Corporation	Education Services	Pittsburgh, Pennsylvania	$ 2,761
ITT Educational Services, Inc.	Education Services	Carmel, Indiana	$ 1,401
Strayer University, Inc.	Education Services	Herndon, Virginia	$ 587
Median of Fiscal 2013 For-Profit Education Peers			$ 1,671
Corinthian			$ 1,605

(1) Represents most recent four quarters ending on or prior to June 30, 2012 (before giving effect to Corinthian's subsequent discontinued operations as reported in 2013).

The fiscal 2013 peer group included the following general industry companies:

Company	Industry	Location	Revenue as of June 30, 2012 (millions)(1)
The Cheesecake Factory Incorporated	Restaurants	Calabasas Hills, California	$ 1,799
Hyatt Hotels Corporation	Hospitality	Chicago, Illinois	$ 3,859
LifePoint Hospitals, Inc.	Healthcare Facilities	Brentwood, Tennessee	$ 3,162
P.F. Chang's China Bistro, Inc.	Restaurants	Scottsdale, Arizona	$ 1,240
Quiksilver, Inc.	Retail	Huntington Beach, California	$ 1,990
Sun Healthcare Group, Inc.	Healthcare Facilities	Irvine, California	$ 1,874
Select Medical Holdings Corporation	Healthcare Facilities	Mechanicsburg, Pennsylvania	$ 2,907
Service Corporation International	Healthcare Facilities	Houston, Texas	$ 2,359
VCA Antech, Inc.	Healthcare Facilities	Los Angeles, California	$ 1,602
Williams-Sonoma, Inc.	Retail	San Francisco, California	$ 3,827
Median of Fiscal 2013 General Industry Peers			$ 2,175
Corinthian			$ 1,605

(1) Represents most recent four quarters ending on or prior to June 30, 2012 (before giving effect to Corinthian's subsequent discontinued operations as reported in 2013).

The compensation data derived from the peer groups and surveys is intended to inform the Compensation Committee's decision-making process within the context of the Company's defined compensation philosophy and desired market pay positioning. However, the Compensation Committee does not use the compensation data to set specific compensation levels based on formulaic benchmarking. Rather, the Compensation Committee determined that it would generally target total direct compensation for its executives at a level it determined to be between the 50^{th} and 75^{th} percentiles of the market based on the information considered by the Compensation Committee, with specific compensation levels for each executive officer based on the subjective judgment of the Compensation Committee considering several unweighted factors, including the executive's experience, organization impact and performance contributions. In the aggregate, fiscal 2013 structural compensation for the Company's Named Executive Officers is aligned with the Compensation Committee's articulated philosophy.

In setting fiscal 2014 compensation, the Company updated its peer groups with Mercer's and Exequity's input. The Compensation Committee continues to believe that the peer group should still include both for-profit education companies and general industry companies. For fiscal 2014, the Company decided to remove several general industry peers including Hyatt Hotels Corporation and Williams-Sonoma, due to their increased revenue size, and Sun Healthcare and P.F. Chang's China Bistro, both of which are no longer publicly-traded companies. The Compensation Committee also decided to add one additional for-profit education company, K12 Inc, based on its similar revenue size and business characteristics, as well as two additional general industry companies, Ruby Tuesday and Hanger. These two companies were added in order to maintain the balanced approach between the direct industry peers and the general industry peers as well as to balance the revenue size characteristics of the general industry group. The Compensation Committee's preference is to establish a stable group of peer companies with limited changes year-to-year; however, revenue volatility and restructuring in the industry and among general industry peers has required these changes to maintain an appropriate and valid sample size for market comparisons.

The fiscal 2014 peer group included the following for-profit education companies:

Company	**Industry**	**Location**	**Revenue as of June 30, 2013 (millions)(1)**
Apollo Group, Inc.	Education Services	Phoenix, Arizona	$ 3,833
Bridgepoint Education, Inc.	Education Services	San Diego, California	$ 881
Career Education Corporation	Education Services	Schaumburg, Illinois	$ 1,321
DeVry Inc.	Education Services	Oakbrook Terrace, Illinois	$ 1,964
Education Management Corporation	Education Services	Pittsburgh, Pennsylvania	$ 2,499
ITT Educational Services, Inc.	Education Services	Carmel, Indiana	$ 1,163
K12 Inc.	Education Services	Herndon, Virginia	$ 848
Strayer University, Inc.	Education Services	Herndon, Virginia	$ 536
Median of Fiscal 2014 For-Profit Education Peers			$ 1,242
Corinthian			$ 1,600

(1) Represents most recent four quarters ending on or prior to June 30, 2013.

The fiscal 2014 peer group included the following general industry companies:

Company	**Industry**	**Location**	**Revenue as of June 30, 2013 (millions)(1)**
The Cheesecake Factory Incorporated	Restaurants	Calabasas Hills, California	$ 1,852
Hanger, Inc	Healthcare Facilities	Austin, Texas	$ 1,023
LifePoint Hospitals, Inc.	Healthcare Facilities	Brentwood, Tennessee	$ 3,539
Quiksilver, Inc.	Retail	Huntington Beach, California	$ 1,961
Ruby Tuesday, Inc.	Restaurants	Maryville, Tennessee	$ 1,251
Select Medical Holdings Corporation	Healthcare Facilities	Mechanicsburg, Pennsylvania	$ 2,961
Service Corporation International	Healthcare Facilities	Houston, Texas	$ 2,488
VCA Antech, Inc.	Healthcare Facilities	Los Angeles, California	$ 1,756
Median of Fiscal 2014 General Industry Peers			$ 1,906
Corinthian			$ 1,600

(1) Represents most recent four quarters ending on or prior to June 30, 2013.

Overview of Company Performance, Decisions for Fiscal Year 2013, and Changes for Fiscal 2014

Fiscal 2013 Company Performance

In fiscal 2013, Corinthian continued to make operational improvements while managing through the loss of Ability-to-Benefit students. The Company also reduced operating expenses to align with its lower student population and closed or sold underperforming campuses. Corinthian also continued to increase the efficiency of its operations through increased automation and standardization. Despite continued challenges in the economic and regulatory environment, the Company achieved 110% of the operating income goals established by the Compensation Committee at the beginning of the year. The Company also achieved its regulatory compliance objective.

Fiscal 2013 and 2014 Compensation Decisions and Changes

For fiscal 2013, the executive compensation program was comprised of three key elements: base salary, short-term cash incentives, and long-term incentives. While the Company maintained the key elements of its executive compensation structure from prior years, it did make changes to the annual and long-term incentive programs to better reflect the Company's strategic goals and the industry environment. Details regarding the approach the Compensation Committee took with respect to establishing targets for fiscal 2013 annual incentives and long-term incentive grants are included below in the "Annual Cash Incentives" and "Long-Term Incentive Awards" sections, respectively.

The Company is constantly evaluating and refining its executive compensation programs to better align with its compensation objectives. To this end, the Company also completed a thorough review of its executive compensation program design prior to the start of fiscal 2014 and, following advice and input from both Mercer and Exequity, made select changes to its compensation programs for fiscal year 2014.

Executive Compensation Elements

Base Salaries

At the beginning of fiscal 2013, the Company made adjustments to the base salaries of its executive officers. Most executives received a modest 3% increase in annual base salary consistent with general industry practices and to better align with salary levels for similar positions at peer companies. Mr. Owen received a base salary increase from $350,000 to $400,000, representing an increase of 14%, to reflect the Compensation Committee's assessment of his overall performance and growth in the Chief Financial Officer role, and to better align with market information for overall compensation levels for the Chief Financial Officer role. At his request, Mr. Massimino received no increase in base salary for fiscal 2013.

At the start of fiscal 2014, the Compensation Committee initially awarded a 3% increase in base salary for the Named Executive Officers, other than Mr. Massimino, who received a $50,000 (or 5.6%) increase, and Mr. Owen, who received a salary increase of 7.5% in order to better reflect competitive market pay levels and desired pay positioning. In August 2013, at management's request and as part of a Company-wide expense reduction effort, the Compensation Committee rolled back all executive base salaries to fiscal 2013 levels, except for Mr. Owen's market adjustment.

Base salary changes during fiscal 2013 and for fiscal 2014 were as follows:

Named Executive Officer	Fiscal 2013 Base Salary	Percentage Increase	Fiscal 2014 Base Salary	Percentage Increase
Jack Massimino	$ 900,000	0%	$ 900,000	0%
Robert Owen	$ 400,000	14%	$ 430,000	7.5%
Kenneth Ord	$ 530,450	3%	$ 530,450	0%
Beth Wilson	$ 451,140	3%	$ 451,140	0%
Stan Mortensen	$ 396,550	3%	$ 396,550	0%

Fiscal 2014 changes are presented above after giving effect to the August 2013 rollback of salary levels.

Annual Cash Incentive

None of the Company's executive officers, including the Named Executive Officers, are entitled to a guaranteed or minimum annual bonus. Instead, variable cash awards for the executive officers are based upon the Company's performance relative to Company financial performance and certain regulatory compliance objectives. The Compensation Committee annually approves a target annual incentive opportunity for each executive that is expressed as a percentage of the executive's base salary. In addition, the Compensation Committee retains the right to revise, supplement or discontinue incentive payments at its discretion.

For fiscal 2013, the Named Executive Officers' cash incentive opportunities as a percentage of salary remained the same as for fiscal 2012, except for Mr. Ord, whose target award opportunity for 2013 was increased from 75% to 90% of his annual base salary in light of his increased responsibilities as Chief Administrative Officer and based on the Compensation Committee's assessment of compensation levels for similar positions at peer companies. For fiscal 2013, the executive incentive plan was based on an operating income performance goal and a regulatory compliance "gate." The strategic objective components, included in fiscal 2012, were not included for fiscal 2013. These strategic objective components were primarily included in fiscal 2012 to help drive important non-financial objectives that the Company implemented throughout the organization in light of new ED regulations. The Compensation Committee believes that having successfully implemented these strategic objectives in fiscal 2012, the executive incentive plan should focus on financial performance and regulatory compliance in fiscal 2013. This approach is consistent with the incentive plan that was in place for executives in fiscal 2011. Consistent with prior years, potential payouts under the fiscal 2013 annual incentive program continue to range from 0% to 200% of target based on actual performance relative to goals.

The operating income target for the Company was $50 million. At the time the Company's performance objectives were set for fiscal 2013, the Compensation Committee believed this goal represented a challenging objective to achieve. The Company achieved 110% of this performance goal or operating income of $55.1 million (both the target and the actual measured performance included only income from continuing operations, and excluded impairment, facility closing and severance charges which totaled $3.6 million for fiscal 2013). GAAP operating income for fiscal 2013 was $51.5 million. The Company also met the regulatory compliance "gate" as required for an annual incentive to be paid.

For fiscal 2013, the Compensation Committee set the Named Executive Officers' target annual incentive opportunities as set forth in the table below. Consistent with the Compensation Committee's philosophy and observed peer company data, each of the Chief Executive Officer's and Chief

Administrative Officer's target incentive is higher than that of other executive officers so that a greater percentage of his respective compensation is linked to Company performance.

Named Executive Officer	Threshold Award as (%) of Base Salary	Threshold Award ($)	Target Award as (%) of Base Salary	Target Award ($)	Max Award as (%) of Base Salary	Max Award ($)
Jack Massimino	46%	$ 414,000	115%	$ 1,035,000	230%	$ 2,070,000
Robert Owen	30%	$ 120,000	75%	$ 300,000	150%	$ 600,000
Kenneth Ord	36%	$ 190,962	90%	$ 477,405	180%	$ 954,810
Beth Wilson	30%	$ 135,342	75%	$ 338,355	150%	$ 676,710
Stan Mortensen	30%	$ 118,965	75%	$ 297,413	150%	$ 594,825

In order for each Named Executive Officer to receive 100% of his or her target award for fiscal 2013, the Company had to achieve 100% of its operating income goal of $50 million (excluding impairment, facility closing and severance charges) and achieve a regulatory compliance "gate" based on a compliance score as determined by the Company's internal audit department. Subject to the achievement of the compliance "gate," award payouts would be made at the following percentages of each executive's award target, based upon the Company's fiscal 2013 operating income achievement (with interpolation between expressed points):

Company 2013 Operating Income Achievement ($, in millions)	Percent of Targeted Operating Income Achievement (%)	Percent of Executive's Award Target Payout Level (%)
< $45.0	< 90%	0%
$45.0	90%	40%
$50.0	100%	100%
$75.0	150%	200%
> $75.0	> 150%	200%

As stated above, at the end of fiscal year 2013, the Compensation Committee determined that the Company met its regulatory compliance "gate" and achieved operating income of $55.1 million (excluding impairment, facility closing and severance charges) or 110% of its target goal. Based on this performance, payouts under the annual incentive program will be 119% of the target award amount for all executives. As discussed above, the Compensation Committee exercised its discretion to revise, supplement or discontinue the annual incentive program by providing that payment of the 2013 annual incentives will be made over the four quarters following the end of fiscal 2013, with 25% of the award paid each quarter over fiscal 2014, rather than as a lump sum payment during the first quarter of fiscal year 2014 as in prior years. The Compensation Committee exercised this discretion in order to further enhance the retention power of Corinthian's incentive programs, to further spread the expenses of the bonus plan, and to manage working capital.

Name	Fiscal 2013 Base Salary	Fiscal 2013 Award Target, as a % of Salary (%)	Target Award ($)	Payout Level Based on Achievement (%)	Fiscal 2013 Award ($)
Jack Massimino	$ 900,000	115%	$ 1,035,000	119%	$ 1,229,580
Robert Owen	$ 400,000	75%	$ 300,000	119%	$ 356,400
Kenneth Ord	$ 530,450	90%	$ 477,405	119%	$ 567,157
Beth Wilson	$ 451,140	75%	$ 338,355	119%	$ 401,966
Stan Mortensen	$ 396,550	75%	$ 297,413	119%	$ 353,326

For fiscal 2014, the Named Executive Officers' cash incentive opportunities as a percentage of salary will remain the same, as will the performance metrics and overall structure of the plan. Consistent with prior years, potential payouts under the fiscal 2013 annual incentive program will continue to range from 0% to 200% of target based on actual performance relative to goals.

Long-Term Incentive Awards

The Compensation Committee believes that long-term incentive awards should be a significant component of the Named Executive Officers' total compensation to emphasize the link between compensation and long-term performance. In fiscal 2013 and in prior years, the Company delivered long-term incentive awards using a combination of stock options and RSUs to align executive interests with stockholders and balance the emphasis on performance and retention. In an effort to further enhance the relationship between executive pay and performance and reduce share usage, the Compensation Committee approved a long-term performance cash plan for fiscal 2014, to be granted in conjunction with stock option and RSU awards. Payouts under the performance cash plan can range from 0 to 2 times the target award levels based on 3-year cumulative adjusted EBITDA performance relative to pre-defined performance goals. In addition, a threshold Department of Education financial responsibility composite score "gate" must also be achieved for *any* payouts to occur under the plan. This use of multiple long-term incentive vehicles supports the Compensation Committee's objectives of alignment with stockholders' interests, pay for performance and retention of key talent. In addition, this approach allows the Company to provide competitive award opportunity while managing the potential dilutive impact to its stockholders.

Long-Term Incentive Mix

For fiscal 2013, long-term incentive grants for the Named Executive Officers were comprised of 50% options and 50% RSUs determined on a grant date value basis under the principles used to determine the grant date value of the award for financial reporting purposes. For fiscal 2014, the long-term incentive grant guidelines were shifted to 60% long-term performance cash, 20% stock options, and 20% RSUs. The Company made this shift in order to reduce share usage (since long-term performance cash awards are not paid in shares of Company stock) and incorporate (through the long-term performance cash awards) operating performance into long-term incentive awards. The Company believes that this grant mix provides an appropriate balance between the goals of driving long-term financial performance, increasing the price of the Company's Common Stock (as options only have value if the stock price increases after the option is granted), and avoiding risks that could threaten the Company's longer term growth and stability (as RSUs are exposed to decreases in the Company's stock price). Under customary grant date valuation principles, the grant date value of a stock option is generally less than the grant date value of a RSU covering an equal number of shares. Thus, fewer RSUs can be awarded (when compared with stock options) to convey the same grant date value for these purposes. The Compensation Committee considers these distinctions, and introduced the long-term cash award program, to help minimize the dilutive effects of the awards on the Company's stockholders generally. The introduction of long-term cash awards did not increase the Named Executive Officer's target long-term incentive award values, as the Compensation Committee merely re-allocated award levels between long-term performance cash, stock options and RSUs.

Long-Term Incentive Grant Guidelines

In determining annual long-term incentive awards, the Company uses a "value-based," or dollar-denominated approach, which provides guidelines for establishing the target annual value of long-term incentive awards expressed as a percentage of base salary. Value-based long-term incentive compensation increases the transparency of the actual amount of long-term incentives granted, and allows the Company greater control of its long-term incentive compensation expense. As in the Company's annual incentive plan, the value of long-term incentive awards is denominated as a percentage of base salary and is determined by the employees' level within the organization. By setting individual long-term incentive target opportunity levels as a percentage of base salary, the Company is able to more effectively manage pay mix year-to-year and drive desired performance focus and award outcomes. Also, the value-based guidelines are sufficiently broad so that individual awards for eligible employees can be differentiated based on such factors as individual performance, potential and retention. The Compensation Committee also exercises its subjective judgment in increasing or decreasing the total equity pool size from year to year based upon any factors it may consider appropriate, including the Company's operational performance compared to its previously-determined objectives and compared to the performance of its education industry peers, program cost, overall share usage and retention needs.

Individual Long-Term Incentive Grant Guidelines

The Compensation Committee has developed a value-based grant target for each executive officer. The value-based grant target for each executive is expressed as a dollar value or percentage of the executive's base salary then in effect and represents the target level of long-term incentive awards (converted to a long-term performance cash award and a number of RSUs and stock options) to be awarded to the executive during the year, subject to the Compensation Committee's discretion to determine the actual number, type and terms of the awards to be granted.

For fiscal 2013, the Company used the *greater of* the average stock price for the month prior to the grant of equity awards *or* a stock price of $5.00 for RSUs and a value of $2.50 for options. Based on this policy, the Company used a stock price of $5.00 for RSUs and a value of $2.50 for options to determine the number of shares for fiscal 2013. This policy was intended to reduce the maximum number of shares that could be granted in light of industry volatility and depressed stock values. These mechanisms are only used to determine the number of shares and not to determine the value of equity awards as of the grant dates, since the reported value of the RSUs and the exercise price of all options are based on the actual grant date closing stock price. The result of the translation price was to grant fewer shares and less value than would otherwise be granted had the lower applicable monthly average price been used.

For fiscal 2014, given the introduction of a long-term performance cash opportunity, the Company has moved away from this translation price methodology and instead granted awards with an intended grant value of approximately 75% of the Company's defined target long-term incentive grant guidelines. The number of options and RSUs actually granted was determined using the average closing stock price for the Company's Common Stock during July 2013, the month prior to the month in which the grants were approved by the Compensation Committee. This discount to the defined award guidelines was applied in order to conserve shares in light of continued depressed stock prices in the industry. The actual value of equity awards as of the grant dates and the exercise price of all options are based on the actual grant date closing stock price.

The actual grant values of the fiscal 2013 and 2014 long-term incentive awards were significantly less than the target long-term incentive guidelines. This is because the grant date closing stock price was less than the translation price used for converting "value" to a number of RSUs and options in fiscal 2013 and due to the discount applied to the target long-term incentive guidelines for the fiscal 2014 awards. The long-term incentive grant targets for the Named Executive Officers, as well as the actual grant date values, were as follows for fiscal 2013 and 2014:

Name	Fiscal 2013 Long-Term Incentive Target, as a % of Salary (%)	Actual Fiscal 2013 Long-Term Equity Incentive grant date values (options and RSUs), as a % of Salary (%)	Fiscal 2014 Long-Term Incentive Target, as a % of Salary (%)	Actual Fiscal 2014 Long-Term Equity Incentive grant date values (options and RSUs), as a % of Salary (%)
Jack Massimino	350%	191%	350%	253%
Robert Owen	115%	63%	115%	83%
Kenneth Ord	115%	63%	115%	83%
Beth Wilson	115%	63%	115%	83%
Stan Mortensen	115%	63%	115%	83%

For fiscal 2013, to make up a portion of the target grant value shortfall, and considering the share constraints under the Company's 2003 Performance Award Plan, as amended (the "2003 Plan"), the Compensation Committee approved a special long-term cash award for the Named Executive Officers in August 2012, one-third of which will vest and be delivered in cash on each of the first three anniversaries of the award date, subject to the executive's continued employment through that date. The first one-third vested and was delivered to the Named Executive Officers in August 2013. This special award was intended to provide additional retention incentives in light of below-target equity award values in fiscal 2012 and 2013, and given continued uncertainty and volatility in the private sector education industry. The Compensation Committee approved the following long-term cash awards for Named Executive Officers:

Name	**2013 Long-Term Retention Cash Award Amount**	**Actual Fiscal 2013 Long-Term Incentive Values (including Retention Cash Award Amount) as a % of Salary**
Jack Massimino	$ 1,027,000	305%
Robert Owen	$ 150,000	101%
Kenneth Ord	$ 199,000	101%
Beth Wilson	$ 169,000	101%
Stan Mortensen	$ 149,000	101%

Even with the addition of these special retention cash awards, the combined grant date value of all awards to the Named Executive Officers was still below the approved fiscal 2013 long-term incentive guidelines for each executive.

Perquisites and Retirement Benefits

The Company provides certain limited perquisites and retirement benefits to the Named Executive Officers in order to assist in retention and enhance the competitiveness of its overall compensation program. Perquisites provided to the Named Executive Officers consist of an automobile allowance and Company-paid premiums for health insurance coverage under the Company's executive health plan. The Company also provides retirement benefits consistent with the benefit formulas for other broad-based managerial-level employees in the form of matching contributions to the executives' accounts under the Company's 401(k) plan and deferred compensation plan. The Company believes that these perquisites and retirement benefits are a way to provide the Named Executive Officers with a relatively modest level of additional compensation that supplements their other compensation opportunities and is consistent with general industry practice. These modest benefits were considered by the Compensation Committee in its subjective judgment, and specific benchmarking of perquisites and retirement benefits at peer companies was not undertaken. The perquisites and retirement benefits provided to each Named Executive Officer in fiscal 2013 are reported in the table below entitled "Summary Compensation Table" and are explained in more detail in the footnotes thereto.

Additionally, when Mr. Massimino became Executive Chairman in July 2009, the Company considered Mr. Massimino's principal place of business to be his home office in Utah, and all travel, including to and from the Company's Campus Support Center in Santa Ana, California, was considered to be Company business and reimbursable by the Company. When Mr. Massimino reassumed the position of Chief Executive Officer in November 2010, he began spending more of his time at the Company's Campus Support Center. Nevertheless, in light of the significant travel Mr. Massimino's position entails, much of which originates from and concludes in his home office in Utah, the Compensation Committee determined that it was still appropriate to continue reimbursing Mr. Massimino for all travel expenses. Mr. Massimino's travel to Santa Ana may be deemed to be part of a commute under applicable tax rules and, if so determined, not a reimbursable business expense. We have included the amounts of such reimbursement under the heading "All Other Compensation" in the Summary Compensation Table below.

Severance and Other Benefits

The Company believes that severance protections can play a valuable role in recruiting and retaining superior executive talent. In the labor market for executive talent and the post-secondary education industry in which the Company competes, executives are commonly being recruited by more established companies and by start-up ventures. The Compensation Committee believes that a competitive compensation structure along with severance and other termination benefits are an effective way to encourage its executives to forego opportunities with other companies. Outside of the change in control context, severance benefits are payable to the Named Executive Officers under their employment agreements if employment is involuntarily terminated by the Company without cause, or if the Named Executive Officers terminate their own employment for a "good reason" (as such terms are defined in each of their employment agreements). The good reason definition in each Named Executive Officer's employment agreement generally would entitle the officer to severance benefits only if the Company materially reduces or diminishes the officer's compensation or scope of responsibility, or significantly moves the work location in a manner that would result in a constructive termination of that Named Executive Officer's employment. The level of each Named Executive Officer's severance is generally expressed as a specified multiple of his or her respective annual base salary. Each Named Executive Officer's level of potential severance benefits is determined by the Compensation Committee in its discretion and at a level the Compensation Committee believes is within competitive market practices.

Each of the Named Executive Officers entered into an employment agreement with the Company effective March 15, 2013, in connection with the expiration of each Named Executive Officer's prior employment agreement. The Compensation Committee, in reviewing and considering the employment agreements, employed the services of Exequity, its independent compensation consultant, as well as independent legal counsel, to provide advice regarding competitive pay practices. The changes made to the employment agreements in fiscal 2013 were based upon discussions among the Company's executive officers and the Compensation Committee, and the Compensation Committee believes that such changes are appropriate in light of competitive pay practices and the current market for executive talent in which the Company competes.

The prior agreements contained substantially similar terms to the current employment agreements, with a few exceptions. The prior employment agreements provided for a modified excise tax "gross-up" with respect to severance payments in connection with a change in control. The current employment agreements have eliminated this modified tax "gross-up," and replaced it with a "best net" provision, so that if payments made to a Named Executive Officer following a change of control would result in the imposition of excise taxes under Section 4999 of the Code, then the payments would be reduced to one dollar less than the amount that would trigger the excise tax payment, but only if such reduction would yield an after-tax benefit to the Named Executive Officer that is greater, after giving effect to such reduction, than if no reduction had been made. Additionally, the current employment agreements provide, in connection with the payment of severance following a termination other than for "cause" or a resignation for "good reason", for (i) a pro-rated annual bonus for the year in which the Named Executive Officer's termination occurs, (ii) Company payment of premiums under continued group health plan insurance coverage under COBRA for a period of eighteen months, and (iii) Company-funded outplacement services for a period of six (6) months. The current employment agreements also provide for the accelerated vesting of unvested equity awards and payment of certain cash-based retention incentive plan grants upon the retirement of Named Executive Officers. These employment agreements are described in greater detail in the section below entitled, "Employment, Severance, and Potential Change in Control Payments"

Additionally, the Named Executive Officers would receive enhanced severance and other benefits pursuant to their employment agreements if their employment is terminated under certain circumstances in connection with a change in control of the Company, which benefits are described in detail under the heading "Employment, Severance, and Potential Change in Control Payments" below. The Company believes these enhanced severance benefits are appropriate because the occurrence, or potential occurrence, of a change in control transaction would likely create uncertainty regarding the continued employment of each Named Executive Officer, and these enhanced severance protections encourage the Named Executive Officers to remain employed with the Company through the change in control process and to focus on stockholders' interests during the change in control. Additionally, these protections are intended to put the Named Executive Officers in a position to evaluate possible business combination transactions that would benefit the Company and stockholders even though the possibility exists that such a combination might result in the loss of the executive's job. As described below under the heading "Employment, Severance, and Potential Change in Control Payments", the Company entered into employment agreements with each of the Named Executive Officers on March 15, 2013, the terms of which include, among other things, a "best net" provision, so that if payments made to the executive following a change in control of the Company would result in the imposition of excise taxes under Section 4999 of the Code, then the payments would be reduced to one dollar less than the amount that would trigger the excise tax payment, but only if such reduction would yield an after-tax benefit to the executive that is greater, after giving effect to such reduction, than if no reduction had been made.

Except in limited circumstances noted below, the terms of the Named Executive Officer's outstanding equity awards do not provide for the automatic vesting of the awards on a change in control of the Company. Upon the occurrence of a change in control in which the Company does not survive or the Common Stock ceases to be publicly traded, all outstanding equity awards, including 100% of each Named Executive Officer's outstanding unvested stock options and RSU awards, would become fully vested, unless the administrator under the 2003 Plan has made a provision for the substitution, assumption, exchange or other continuation or settlement of the applicable award. Additionally, even if the Company were the surviving entity and its stock continued to be publicly traded, the Named Executive Officers' unvested stock options and RSUs would vest if their employment is involuntarily terminated by the Company without cause, or if the Named Executive Officer terminated his or her own employment for good reason, in anticipation of, or within twelve months after such change in control, as described below under the heading "Employment, Severance, and Potential Change in Control Payments". The Company believes these accelerated vesting provisions are appropriate given the importance of long-term equity awards in its executive compensation program and the uncertainty regarding the continued employment of the Named Executive Officers that typically occurs in a change in control context. The Company's view is that this vesting protection helps assure the Named Executive Officers that they will not lose the expected value of their past option grants and RSU awards because of a change in control of the Company.

Chief Executive Officer Compensation

Mr. Massimino's annual base salary is $900,000, his target annual incentive opportunity is 115% of his annual base salary, and his target long-term incentive opportunity is 350% of his annual base salary. This compensation structure is generally aligned with the market median.

For fiscal 2013, Mr. Massimino requested, and the Compensation Committee approved, that he not receive any increase in base salary, target cash incentive opportunity, or target long-term incentive opportunity for the year. As discussed above, for fiscal 2014 the Compensation Committee initially approved a $50,000 increase in Mr. Massimino's base salary. In August 2013, at the request of management as part of a Company-wide expense reduction effort, the Compensation Committee approved the reduction of Mr. Massimino's base salary to its fiscal 2013 level. As a result, Mr. Massimino's compensation structure has remained unchanged for fiscal 2013 and 2014, compared to his compensation structure at the end of fiscal 2012.

Executive Stock Ownership Guidelines

The Company first implemented executive stock ownership guidelines at the start of fiscal 2010 in order to further align executive and stockholder interests. These guidelines have been refined from time to time. Consistent with market practices and the Company's compensation objectives, the ownership guidelines currently apply to all Senior Vice Presidents and Division Presidents, Executive Vice Presidents and the Chief Executive Officer. Only fully-owned shares of Common Stock count for purposes of complying with the ownership guideline, which have been established as follows:

- The target share ownership guideline for the Chief Executive Officer is three times (3x) base salary;
- The target share ownership guideline for all Executive Vice Presidents is two times (2x) base salary; and
- The target share ownership guideline for all other Senior Vice Presidents and Division Presidents is one times (1x) base salary.

The guidelines establish no minimum time in which to achieve the targeted ownership levels, but restrict the amount of equity compensation which can be sold by covered officers until the guideline is achieved. The restrictions apply to all equity awards which vest after September 1, 2009, and prohibit an officer from selling more than 50% of any net shares received, after the payment of taxes, and, in the case of options, the payment of the exercise price for the options, until the ownership guideline is reached. None of the Named Executive Officers has yet achieved the ownership guidelines, but all are complying with the restrictions on sale until the guidelines are met. The Board retains the discretion to modify the guidelines from time to time.

Section 162(m) Policy

Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended (the "Code") generally disallows a tax deduction to public corporations for compensation over $1,000,000 paid for any fiscal year to the corporation's chief executive officer and certain of its other executive officers. However, Section 162(m) exempts qualifying performance-based compensation from the deduction limit if certain other requirements are met.

Current base salary, vesting of RSUs and other non-performance-related compensation, if any, for fiscal 2013 are not expected to materially exceed the Section 162(m) limit. The Company has generally intended to structure stock option grants and annual cash incentive opportunities (referred to in the tables below as "non-equity incentive plan compensation") to the Company's executive officers as qualifying performance-based compensation for Section 162(m) purposes, although certain elements of the Company's non-equity incentive plan compensation in fiscal 2013 may not be deductible as noted below. Moreover, because of timing and other technical requirements, ambiguities, uncertainties and complexities as to the application and interpretation of Section 162(m) and the regulations issued thereunder, no assurance can be given, notwithstanding the Company's efforts, that compensation intended by the Company to satisfy the requirements for deductibility under Section 162(m) will in fact be deductible. Additionally, the Company's RSU awards and long-term cash award opportunities are not qualifying performance-based compensation for Section 162(m) purposes. In granting RSUs and long-term cash award opportunities, the Company has and will continue to consider the possibility that all or a portion of the grants may not be deductible by the Company to the extent that the income realized by the recipient of the grant in connection with the vesting of the award, when combined with other compensation paid to the executive officer in that year that does not satisfy the performance-based rules of Section 162(m), would exceed the $1,000,000 limit under Section 162(m). The Company believes that the structure of these awards was appropriate even though the awards do not satisfy the rules of Section 162(m).The Company reserves the authority to award non-deductible compensation in such circumstances as it deems appropriate.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this Proxy Statement. Based on its review and discussions with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Proxy Statement for its 2013 Annual Meeting of Stockholders. This report is provided by the following independent directors who comprise the Compensation Committee:

COMPENSATION COMMITTEE

Alice T. Kane (Chair)
Tim Sullivan
John Dionisio
Sharon P. Robinson

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THE COMPANY'S PREVIOUS FILINGS UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, THAT MIGHT INCORPORATE BY REFERENCE PREVIOUS OR FUTURE FILINGS, INCLUDING THIS PROXY STATEMENT, IN WHOLE OR IN PART, THE FOREGOING COMPENSATION COMMITTEE REPORT SHALL NOT BE INCORPORATED BY REFERENCE INTO ANY SUCH FILINGS.

RISK ASSESSMENT AND MITIGATION

Each year, management, with the assistance of Mercer, reviews the structure of all of the Company's compensation plans to identify elements that could create material risk to the Company. Subsequently, the Compensation Committee reviewed the outcomes of management's assessment. The Company focuses on key risk factors such as any use of uncapped awards, single performance measures in incentive programs, magnitude of aggregate and individual award values, the balance of fixed versus variable pay, the balance of short versus long term pay, and Compensation Committee and executive oversight of plans. Beginning in fiscal 2011, the Company increased its focus on the legal, business and financial risks arising out of ED regulations regarding compensation for employees engaged in certain admissions and financial aid activities. In fiscal 2013, the Company continued to follow the compensation practices put into place under these ED regulations.

With respect to executive compensation, management noted that the Compensation Committee had structured the overall compensation program to include features that subject officers to the long-term financial risks and opportunities that align with those faced by the Company's stockholders. Base salaries are fixed in amount and thus do not encourage risk taking. A substantial portion of the compensation provided to our executive officers is in the form of long-term incentives. This includes equity awards tied to the Company's stock, which rewards executives for long-term business results and helps to further align executives' interests with those of our stockholders. In addition, long-term performance cash awards were introduced for fiscal year 2014 to further align employee compensation with long-term financial results. The Company believes that long-term incentive awards do not encourage unnecessary risk-taking because the ultimate value of these awards is tied to our stock price and long-term financial performance, and because grants are generally awarded on an annual basis and subject to long-term vesting schedules to help ensure that executives always have significant value tied to long-term organizational performance. The Company's current practice is to grant executives a mixture of stock options, RSUs and long-term performance cash. The Company believes that this mixture provides an appropriate balance between the goals of increasing the price of the Company's Common Stock (as options only have value if the stock price increases after the option is granted), avoiding risks that could threaten the Company's growth and stability (as RSUs are exposed to decreases in the Company's stock price) and achieving its long-term financial and operating objectives. Alignment with stockholders' interests is further achieved by stock ownership guidelines that help tie a substantial amount of an executive's wealth to the Company's long-term share value. While our annual incentive program focuses on achievement of short-term or annual goals, and short-term goals may encourage the taking of short-term risks at the expense of long-term results, the primary metric used to measure performance for purposes of determining annual incentive awards to executive officers operating income is intended to reflect the Company's overall business results without undue emphasis on one particular metric. The short-term focus of the annual incentive program is also balanced by the long-term performance cash awards, which measure multi-year adjusted EBITDA achievement. Furthermore, annual incentive awards are not guaranteed irrespective of performance, and in all cases the Compensation Committee retains authority to reduce annual incentive amounts (or to pay no annual incentive) based on any factors the Compensation Committee may consider.

Additionally, management identified compliance with the incentive compensation prohibitions in the Higher Education Act, as amended (the "HEA"), to be a feature of the industry in which the Company operates that potentially exposes the Company to compensation-related risks. The HEA prohibits the Company's educational institutions from providing any 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 recruitment, admission or financial aid awarding activity for programs eligible for federal student financial aid funds. A school participating in Federal Title IV student financial aid programs may not pay any commission, bonus or other incentive payments to any person involved in student recruitment or admissions or awarding of Title IV program funds, if such payments are based directly or indirectly on success in enrolling students or obtaining student financial aid. The statutory language of this prohibition does not establish clear criteria for compliance in all circumstances, but between 2002 and June 30, 2011 there were twelve "safe harbors" that defined specific types of compensation that were deemed not to constitute impermissible incentive compensation. Until June 30, 2011, the Company relied on several of these safe harbors to help ensure that its compensation and recruitment practices complied with the statutory prohibition. On October 29, 2010, ED issued final regulations, which became effective as of July 1, 2011, that eliminated all twelve safe harbors, and in lieu of the safe harbors, took the position that any adjustment to compensation based directly or indirectly on securing enrollments or awarding financial aid is inconsistent with the incentive payment prohibition in the HEA.

The rule further expands the prohibition to individuals who have "responsibility for" recruitment or admission of students or making decisions about awarding Title IV program funds. ED stated that an institution still will be able to make merit-based adjustments to employee compensation, but will not be permitted to consider or base compensation adjustments directly or indirectly, in any part, on success in securing student enrollments, the award of financial aid or institutional goals based on that success. As a result of the final regulations, which took effect July 1, 2011, the Company redesigned its compensation programs for a substantial portion of the organization. The Company interpreted the ED regulations to preclude the use of financial measures, including operating income, in making individual compensation decisions for employees who engage in covered activities under the regulations. It is not entirely clear, however, which employees in the Company are covered by the regulations, except that the ED has stated that employees who engage solely in "policy making" functions are not covered. For employees who arguably engage in covered activities, the Company's compensation programs have been redesigned to exclude metrics that are directly or indirectly related to enrollments, including operating income. For executive officers and other senior employees who oversee admissions and financial aid personnel at a senior level, and whose activities consist of "policy making" functions, operating income continues to be a performance measure for annual incentive awards, and a minimum level of operating income performance must be achieved for any annual incentive to be paid to these employees. Furthermore, the Company has determined that the funding of the overall bonus pool will be adjusted based on operating income to help ensure the affordability of incentive payments. The allocation of the overall bonus pool to individual employees who potentially engage in covered activities will not be based, however, on operating income. Nevertheless, the ED regulations weaken the Company's overall pay for performance relationship, as fewer management-level employees can have compensation tied to financial performance, which introduces additional financial risk. The Company believes it has mitigated this risk to the extent reasonably possible within a difficult and uncertain regulatory environment. The Company believes that it maintains a strong pay for performance relationship where permissible and utilizes other allowable key performance drivers where financial metrics are disallowed. The revised compensation programs for fiscal 2013 and 2014 also set challenging goals to help ensure affordability of such programs.

The compensation practices necessitated by the ED compensation regulations could adversely affect the Company's ability to compensate many of its employees in a manner that appropriately reflects their job performance, which in turn could reduce their effectiveness and make it more difficult to attract and retain qualified and competent personnel. The Company has retained regulatory counsel to review its compensation practices for employees who engage in covered activities under the regulations, and we believe that our current compensation plans are in compliance with current HEA standards and the ED's regulations. We cannot, however, provide assurance that the ED will not find deficiencies in our compensation plans. In addition, the application of the new ED compensation regulations is unclear in a number of respects, and a lack of certainty could increase the risk of future Federal False Claims Act *qui tam* lawsuits in which private plaintiffs assert that the Company's compensation practices violate the incentive compensation rules and, therefore, that its receipt of Title IV funds constitutes a false claim. The Company has been the subject of three such known *qui tam* lawsuits relating to its compensation practices, all of which that have been unsealed were initially dismissed at the district court level. The relator in one of the dismissed cases appealed to the U.S. Ninth Circuit Court of Appeals, which reversed the district court's dismissal on August 8, 2011, and remanded the case to the district court to permit the relator to amend its complaint. On December 15, 2011, the relator filed a first amended complaint in U.S. District Court. The Company moved the U.S. District Court to dismiss the first amended complaint, and on April 12, 2013, the District Court dismissed with prejudice the action in its entirety. The relators have appealed the dismissal to the U.S. Ninth Circuit Court of Appeals. Since *qui tam* lawsuits are filed under seal to permit the government time to investigate prior to making intervention decisions, *qui tam* lawsuits may be filed against the Company at any time without the Company knowing about them.

In conducting its review of the Company's overall compensation plans with an eye towards risk, management also identified and confirmed the following design features of our compensation policies and practices that mitigate risks: Compensation Committee review and approval of plans and negative discretion with respect to payment of awards, senior executive oversight of lower-level employee plans, mixture of cash and equity opportunities, mixture of performance time horizons, avoidance of uncapped awards, compliance gating requirements for all annual incentive payments, internal controls and compliance programs to discourage inappropriate conduct, individual awards that are limited in size such that they do not create a material financial risk, aggregate value of all short-term incentive payments that is less than 10% of the total wages for the Company, and regulatory counsel review of plans to advise on governmental compliance. In light of the foregoing, the Company concluded that the established design features of the compensation programs mitigate inappropriate risk-taking and that its compensation policies and practices are not reasonably likely to have a material adverse effect on the Company. However, there can be no assurances that the Company's compensation policies will never have a material adverse effect on the Company, particularly with respect to the Company's efforts to comply with the incentive compensation prohibitions in the HEA.

SUMMARY COMPENSATION TABLE

The following table presents information regarding the compensation of our Named Executive Officers for services rendered during fiscal years ended June 30, 2013, June 30, 2012 and June 30, 2011.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	All Other Compensation ($)(3)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(i)	(j)
Jack Massimino	2013	900,000	0	711,900	1,007,307	307,395	91,257	3,017,859
Chief Executive Officer	2012	900,000	0	425,250	487,845	1,300,219	77,830	3,191,144
and Chairman of the Board	2011	871,291	0	443,756	1,516,524	517,500	64,372	3,413,443
Robert Owen	2013	400,000	0	103,960	147,099	89,100	43,809	783,968
Executive Vice President	2012	350,000	0	54,338	62,336	329,766	44,137	840,577
and Chief Financial Officer	2011	284,000	0	56,708	140,934	131,250	25,137	638,029
Kenneth S. Ord	2013	530,450	0	137,865	195,072	141,789	26,521	1,031,697
Executive Vice President	2012	515,000	0	79,955	91,722	582,272	26,942	1,295,891
and Chief Administrative Officer	2011	479,934	0	90,859	225,793	193,125	25,538	1,015,249
Beth Wilson	2013	451,140	0	117,251	165,905	100,491	42,999	877,786
Executive Vice President	2012	438,000	0	68,000	78,009	412,678	43,382	1,040,069
	2011	425,000	0	84,865	210,905	164,250	40,931	925,951
Stan A. Mortensen	2013	396,550	0	103,063	145,831	88,332	54,040	787,816
Executive Vice President	2012	385,000	0	59,771	68,569	362,742	55,175	931,257
and General Counsel	2011	350,000	0	69,888	173,686	144,375	52,554	790,503

(1) In accordance with SEC rules, the amounts reported in Columns (e) and (f) of the table above reflect the fair value on the grant date of the stock awards and option awards, respectively, granted to our Named Executive Officers. These values have been determined under the principles used to calculate the grant date fair value of equity awards for purposes of the Company's financial statements. For a discussion of the assumptions and methodologies used to calculate the amounts reported in Columns (e) and (f), please see (i) the discussions contained in Note 9 (Common Stockholders' Equity) to the Company's Consolidated Financial Statements included as part of the Company's 2013 Annual Report, which note is incorporated herein by reference, and (ii) similar Common Stockholders' Equity notes contained in the Company's Consolidated Financial Statements filed on Forms 10-K for prior fiscal years as to the option and RSU awards granted in those years.

(2) The amounts reported in Column (g) of the table above reflect 25% of the total non-equity incentive plan payment that each Named Executive Officer is entitled to receive with respect to fiscal year 2013, which amount was paid to such Named Executive Officer on September 20, 2013. During fiscal year 2013, the Compensation Committee exercised its discretion to revise, supplement or discontinue the annual incentive program by providing that payment of the 2013 non-equity incentive plan compensation will be made over the four quarters following the end of fiscal 2013, with 25% of the award paid each quarter, rather than as a lump sum payment during the first quarter of fiscal year 2014 as in prior years. Each Named Executive Officer must still be employed by the Company as of each quarterly payment date in order to receive that payment. Accordingly, the Company does not consider the amounts scheduled to be paid in December 2013,

March 2014 and June 2014 to have yet been earned by the Named Executive Officers. The total amount of each Named Executive Officer's potential bonus under the Company's non-equity incentive compensation plan for fiscal 2013, assuming such Named Executive Officer is still employed by the Company through the end of fiscal year 2014 and including the payment that was made in September 2013, is, for Mr. Massimino, $1,229,580; for Mr. Owen, $356,400; for Mr. Ord, $567,157; for Ms. Wilson, $401,966; and for Mr. Mortensen, $353,326.

For a description of our bonus program for fiscal 2013 identified in the table above under the heading, "Non-Equity Incentive Plan Compensation," please see the discussion in the "Compensation Discussion and Analysis" above under the heading, "Executive Compensation Elements Annual Cash Incentive."

(3)

For fiscal year 2013, the amount reported in Column (i) for Mr. Massimino consists of an automobile allowance of $12,220, Company-paid medical, dental and vision premiums and cost reimbursement under an executive medical plan of $23,773 and Company reimbursement of Mr. Massimino's travel between his home in Utah and our Campus Support Center in Santa Ana, California during fiscal 2013 of $55,264. The amount reported for Mr. Owen consists of an automobile allowance of $12,220 and Company-paid medical, dental, vision premiums and cost reimbursement under an executive medical plan of $31,589. The amount reported for Mr. Ord consists of an automobile allowance of $12,220 and Company-paid medical, dental and vision premiums and cost reimbursement under an executive medical plan of $26,521. The amount reported for Ms. Wilson consists of an automobile allowance of $12,220, Company-paid 401(k) match contribution of $10,263 and Company-paid medical, dental, vision premiums and cost reimbursement under an executive medical plan of $20,516. The amount reported for Mr. Mortensen consists of an automobile allowance of $12,220, Company-paid 401(k) match payments of $10,231 and Company-paid medical, dental and vision premiums and cost reimbursement under an executive medical plan of $31,589.

Compensation of Named Executive Officers

The Summary Compensation Table above quantifies the value of the different forms of compensation earned by or awarded to our Named Executive Officers during our 2013 fiscal year. The primary elements of each Named Executive Officer's total compensation reported in the table are base salary, non-equity incentive compensation and long-term equity incentives consisting of options to purchase Common Stock and RSUs. The Named Executive Officers also earned the other benefits listed in Column (i) of the Summary Compensation Table, as further described in footnote (3) to the table.

The Summary Compensation Table should be read in conjunction with the tables and narrative descriptions that follow. The table entitled "Grants of Plan-Based Awards in Fiscal 2013," and the description of the material terms of the stock options and RSUs granted in fiscal 2013 that follows it, provides information regarding the stock options and RSUs awarded to Named Executive Officers during our 2013 fiscal year. The tables entitled "Outstanding Equity Awards at Fiscal 2013 Year-End" and "Option Exercises and Stock Vested in Fiscal 2013" provide further information on the Named Executive Officers' potential realizable value and actual value realized with respect to their equity awards. The Company has employment agreements with each of its current Named Executive Officers. These agreements are described in detail in the section below entitled "Employment, Severance, and Potential Change in Control Payments."

Realized Compensation

In evaluating our executives' compensation, we believe it is important to understand not only the potential value of incentive awards at the time they are granted, but also the value actually realized by the executives from their awards. The Realized Compensation Table below supplements the 2013 Summary Compensation Table that appears above and shows the compensation actually realized in fiscal 2013 by each Named Executive Officer. The primary difference between the Realized Compensation Table and the standard Summary Compensation Table is the method used to value stock options and stock awards. Securities and Exchange Commission rules require that the grant date fair value of all stock options and stock awards be reported in the Summary Compensation Table for the year in which they were granted. As a result, a significant portion of the total compensation amounts reported in the Summary Compensation Table relates to stock options and stock awards that have not vested and for which the value is therefore uncertain (and which may end up, in some cases, as having no value at all). In contrast, the Realized Compensation Table below includes only option awards that vested and stock awards that vested or were delivered during 2013 (including those granted in prior years) and shows the value of those awards as of the applicable vesting or delivery date. As shown in the Realized Compensation Table below, our Chief Executive Officer's total realized compensation in 2013 was $1,398,036 less than his total compensation amount reported in the 2013 Summary Compensation Table above. None of our Named Executive Officers sold any of the Company's Common Stock or exercised any stock options during fiscal year 2013, and, therefore, received no cash proceeds as a result of equity awards during fiscal year 2013. This information is supplemental to, and should be read in connection with, the Summary Compensation Table directly above.

Realized Compensation Table

Name and Principal Position	Year	Salary ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	All Other Compensation ($)	Total ($)	Difference Between Total Realized Compensation and Total Compensation as Reported in Summary Compensation Table ($)
Jack Massimino Chief Executive Officer and Chairman of the Board	2013	900,000	274,158	45,000	307,395	91,257	1,619,823	1,398,036
Robert Owen Executive Vice President and Chief Financial Officer	2013	400,000	35,174	5,750	89,100	43,809	575,846	208,122
Kenneth S. Ord Executive Vice President and Chief Administrative Officer	2013	530,450	51,444	8,461	141,789	26,521	760,678	271,019
Beth Wilson Executive Vice President	2013	451,140	45,469	7,196	100,491	42,999	649,308	228,478
Stan A. Mortensen Executive Vice President and General Counsel	2013	396,550	39,744	6,325	88,332	54,040	587,004	200,812

(1) The dollar amounts shown in this column above for stock awards are determined by multiplying the number of shares that vested or were delivered during 2013 by the per-share closing price of the Company's Common Stock on the vesting or delivery date. The dollar amounts shown in this column above for option awards are determined by multiplying the number of options that vested during 2013 by the difference between the applicable exercise price for the specific option and the per-share closing price of the Company's Common Stock on the vesting date. If the exercise price for a particular option was higher than the per-share closing price of the Company's Common Stock on the vesting date, such option was determined to not have value to the applicable Named Executive Officer and was not included in this table. All options that were so excluded from this table had exercise prices that were at least twice as high as the applicable per-share closing price of the Company's Common Stock on the vesting date.

(2) The amounts reported as Non-Equity Incentive Plan Compensation in the table above reflect 25% of the total non-equity incentive plan payment that each Named Executive Officer is entitled to receive with respect to fiscal year 2013, which amount was paid to such Named Executive Officer on September 20, 2013. During fiscal year 2013, the Compensation Committee determined to make the non-equity incentive plan payments with respect to fiscal 2013 on a quarterly basis during fiscal 2014. Each Named Executive Officer must still be employed by the Company as of each quarterly payment date in order to receive that payment. Accordingly, we do not consider the amounts scheduled to be paid in December 2013, March 2014, and June 2014 to have yet been earned by the Named Executive Officers. The total amount of each Named Executive Officer's potential bonus under the Company's non-equity incentive compensation plan for fiscal 2013, assuming such Named Executive Officer is still employed by the Company through the end of fiscal year 2014 and including the first quarter payment that was made in September 2013, is, for Mr. Massimino, $1,229,580; for Mr. Owen, $356,400; for Mr. Ord, $567,157; for Ms. Wilson, $401,966; and for Mr. Mortensen, $353,326.

GRANTS OF PLAN-BASED AWARDS IN FISCAL 2013

The following table presents information regarding non-equity incentive plans and grants of equity awards made during the Company's fiscal year ended June 30, 2013 to each of the Named Executive Officers. The material terms of each equity grant are described below under the heading "Description of Plan-Based Awards."

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(2)
(a)	(b)	(c)	(d)	(e)	(i)	(j)	(k)	(l)
Jack Massimino	6/25/2012	414,000	1,035,000	2,000,000				
	8/23/2012				315,000			711,900
	8/23/2012					630,000	2.26	1,007,307
Robert Owen	6/25/2012	120,000	300,000	600,000				
	8/23/2012					92,000	2.26	147,099
	8/23/2012				46,000			103,960
Kenneth S. Ord	6/25/2012	190,800	477,000	954,000				
	8/23/2012					122,004	2.26	195,072
	8/23/2012				61,002			137,865
Beth Wilson	6/25/2012	135,300	338,250	676,500				
	8/23/2012					103,762	2.26	165,905
	8/23/2012				51,881			117,251
Stan A. Mortensen	6/25/2012	119,100	297,750	595,500				
	8/23/2012					91,207	2.26	145,831
	8/23/2012				45,603			103,063

(1) Each of the Named Executive Officers was eligible to receive a cash incentive payment with respect to fiscal year 2013 pursuant to an award established under the Company's 2003 Plan approved by stockholders. Columns (c), (d) and (e) in the table above reflect the threshold, target and maximum amounts, respectively, under the incentive arrangement approved by the Compensation Committee of the Company's Board of Directors for each of such Named Executive Officers on June 25, 2012. These arrangements are described in more detail in the "Compensation Discussion and Analysis" section above under the heading, "Executive Compensation Elements Annual Cash Incentive."

(2) The amounts reported in Column (l) of the table reflect the fair value of these awards on the grant date as determined under the principles used to calculate the value of equity awards for purposes of our consolidated financial statements. For a discussion of the assumptions and methodologies used to calculate the amounts reported in Column (l), please see footnote (1) to the Summary Compensation Table above.

Description of Plan-Based Awards

The material terms of the non-equity incentive plan awards reported in the Grants of Plan-Based Awards in Fiscal 2013 table are described in the "Compensation Discussion and Analysis" section above under the heading "Executive Compensation Elements Annual Cash Incentive." Each of these awards was granted under, and is subject to, the terms of the 2003 Plan approved by stockholders. The 2003 Plan is administered by the Compensation Committee of the Company's Board of Directors.

Each of the equity-based awards reported in the Grants of Plan-Based Awards Table was granted under, and is subject to, the terms of the Company's 2003 Plan. During fiscal 2013, each Named Executive Officer was granted long-term equity incentive awards under the 2003 Plan in the form of options to purchase shares of Common Stock of the Company and RSUs. Each Named Executive Officer received a grant of options to purchase Common Stock on August 23, 2012, one-third of which vests on each of August 23, 2013, August 23, 2014 and August 23, 2015. The exercise price of the options is the closing market price of the Company's stock on August 23, 2012 ($2.26). On August 23, 2012, each Named Executive Officer also received a grant of RSUs, one-third of which vests on each of August 23, 2013, August 23, 2014 and August 23, 2015. All options granted during fiscal 2013 expire seven years from the grant date. The unvested portion of the options will generally terminate upon a termination of the Named Executive Officer's employment. The Named Executive Officer will generally have three months to exercise the vested portion of the option following a voluntary termination of his or her employment (other than upon retirement) or a termination by the Company other than for cause. This period is extended to twelve months if the termination is a result of the Named Executive Officer's death, disability or retirement. If the Named Executive Officer is terminated by the Company for cause, the option (whether or not then vested) will immediately terminate. Please see the section below entitled "Employment, Severance, and Potential Change in Control Payments" for a description of the potential vesting of options and RSU awards that may occur in connection with a change in control and/or certain terminations of a Named Executive Officer's employment.

OUTSTANDING EQUITY AWARDS AT FISCAL 2013 YEAR-END

The following table presents information regarding the outstanding equity awards held by each Named Executive Officer as of June 30, 2013, the end of the Company's 2013 fiscal year, including the vesting dates for the portions of these awards that had not vested as of that date.

	Option Awards					Stock Awards	
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable(1)**	**Number of Securities Underlying Unexercised Options (#) Unexercisable(2)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date(3)**	**Number of Shares or Units of Stock That Have Not Vested (#)(4)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(5)**
(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**
Jack Massimino	20,000	0		27.16	8/25/2013		
	12,000	0		11.37	8/31/2014		
	350,000	0		18.65	11/17/2014		
	70,000	0		12.75	8/30/2015		
	210,000	0		13.34	2/2/2014		
	260,000	0		14.06	8/31/2014		
	240,000	0		14.25	1/2/2015		
	87,500	0		13.27	8/29/2015		
	20,782	0		19.11	8/28/2016		
	430,000	215,000(6)		4.82	2/4/2018		
	150,000	300,000(7)		1.89	8/26/2018		
	0	630,000(8)		2.26	8/23/2019		
						34,399(9)	77,054
						150,000(7)	336,000
						315,000(8)	705,600
Robert Owen	20,000	0		32.05	11/3/2013		
	18,667	0		11.37	8/31/2014		
	24,500	0		12.75	8/30/2015		
	24,500	0		13.34	2/2/2014		
	35,000	0		14.06	8/31/2014		
	52,500	0		13.27	8/29/2015		
	33,753	0		19.11	8/28/2016		
	29,957	14,978(10)		4.73	8/25/2017		
	12,839	6,419(10)		4.30	11/17/2017		
	19,167	38,333(7)		1.89	8/26/2018		
	0	92,000(8)		2.26	8/23/2019		
						4,396(11)	9,847
						19,166(7)	42,932
						46,000(8)	103,040
Kenneth S. Ord	70,000	0		17.84	2/10/2015		
	52,500	0		12.75	8/30/2015		
	52,500	0		13.34	2/2/2014		
	52,500	0		14.06	8/31/2014		
	52,500	0		13.27	8/29/2015		
	38,907	0		19.11	8/28/2016		
	47,994	23,997(10)		4.73	8/25/2017		
	20,569	10,285(10)		4.30	11/17/2017		
	28,203	56,404(7)		1.89	8/26/2018		
	0	122,004(8)		2.26	8/23/2019		
						10,000(12)	22,400

	7,043(11)	15,776
	28,202(7)	63,172
	61,002(8)	136,644

	Option Awards					Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercisable(2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date(3)	Number of Shares or Units of Stock That Have Not Vested (#)(4)	Market Value of Shares or Units of Stock That Have Not Vested ($)(5)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Beth Wilson	150,000	0		30.14	11/20/2013		
	70,000	0		11.37	8/31/2014		
	52,500	0		12.75	8/30/2015		
	52,500	0		13.34	2/2/2014		
	52,500	0		14.06	8/31/2014		
	52,500	0		13.27	8/29/2015		
	36,359	0		19.11	8/28/2016		
	44,829	22,415(10)		4.73	8/25/2017		
	19,213	9,607(10)		4.30	11/17/2017		
	23,986	47,971(7)		1.89	8/26/2018		
	0	103,762(8)		2.26	8/23/2019		
						6,579(11)	14,737
						23,986(7)	53,729
						51,881(8)	116,213
Stan A. Mortensen	31,000	0		27.16	8/25/2013		
	39,000	0		30.14	11/20/2013		
	22,667	0		11.37	8/31/2014		
	24,500	0		12.75	8/30/2015		
	24,500	0		13.34	2/2/2014		
	35,000	0		14.06	8/31/2014		
	52,500	0		13.27	8/29/2015		
	35,822	0		19.11	8/28/2016		
	36,918	18,459(10)		4.73	8/25/2017		
	15,823	7,911(10)		4.30	11/17/2017		
	21,084	42,166(7)		1.89	8/26/2018		
	0	91,207(8)		2.26	8/23/2019		
						5,418(11)	12,136
						21,083(7)	47,226
						45,603(8)	102,151

(1)

All exercisable options are currently vested.

(2)

All unexercisable options are currently unvested. Subject to each Named Executive Officer's continued employment, options granted prior to August 2009 generally become vested in four equal annual installments on the first four anniversaries of the grant date. Options granted to the Named Executive Officers in August 2009 and thereafter vest in three equal annual installments on the first three anniversaries of the grant date. As described in the section below entitled "Employment, Severance, and Potential Change in Control Payments," all or a portion of each option grant may vest earlier in connection with a change in control or certain terminations of employment.

(3)

The expiration date shown is the normal expiration date and the latest date that options may be exercised. Options may terminate earlier in certain circumstances, such as in connection with a Named Executive Officer's termination of employment.

(4)

RSU awards (Column (g)) typically become vested in three or four equal annual installments on the first three or four anniversaries, as applicable, of the grant date, subject to the Named Executive Officer's continued employment through each vesting date. As described in the section below entitled "Employment, Severance, and Potential Change in Control Payments," all or a portion of each RSU award may vest earlier in connection with a change in control or certain conditions of termination of employment.

(5)

The aggregate market value of outstanding RSUs (Column (h)) is based on $2.24 per share, the closing price of the Company's common stock on June 28, 2013, which was the last trading day of the Company's fiscal year 2013.

(6)
The unvested portion of this award is scheduled to vest on February 4, 2014.

(7)
The unvested portion of this award is scheduled to vest in two equal installments on August 26, 2013 and August 26, 2014.

(8)
The unvested portion of this award is scheduled to vest in three equal installments on August 23, 2013, August 23, 2014 and August 23, 2015.

(9)
The unvested portion of this award is scheduled to vest on November 17, 2013; provided however, (1) since Mr. Massimino remained Chairman of the Board for at least one year following the grant date, if he resigns from such position, any remaining unvested RSUs subject to the award will immediately vest upon his retirement from the Board, and (2) if a change in control event occurs, any remaining unvested RSUs subject to the award will vest upon such event. 51,600 RSUs, or one-half of the total grant of 103,199, was delivered to Mr. Massimino on November 17, 2012, the second anniversary of the grant date; the remaining 51,599 RSUs are scheduled to be delivered to Mr. Massimino on November 17, 2013, the third anniversary of the grant date.

(10)
The unvested portion of this award is scheduled to vest on August 25, 2013.

(11)
The unvested portion of this award is scheduled to vest on November 17, 2013.

(12)
The 10,000 RSUs reported for Mr. Ord have vested, but Mr. Ord elected to defer delivery until his retirement pursuant to the Company's Executive Deferral Plan.

OPTION EXERCISES AND STOCK VESTED IN FISCAL 2013

The following table presents information regarding option exercises and the vesting of RSUs held by the Named Executive Officers during the Company's 2013 fiscal year.

	Option Awards		**Stock Awards**	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)(1)**
(a)	**(b)**	**(c)**	**(d)**	**(e)**
Jack Massimino	0	0	126,600(2)	274,158
Robert Owen	0	0	16,287	35,174
Kenneth S. Ord	0	0	23,805	51,444
Beth Wilson	0	0	21,056	45,469
Stan A. Mortensen	0	0	18,408	39,744

(1)
The dollar amounts shown in Column (e) above for stock awards are determined by multiplying the number of RSUs that vested by the per share closing price of the Common Stock on the vesting date.

(2)
Of these shares, 51,600 related to a grant of 103,199 RSUs on November 17, 2010, which vest in three equal annual installments on November 17, 2011, November 17, 2012 and November 17, 2013, but which are delivered in two equal installments on November 17, 2012 and November 17, 2013. The amount included in column (d) above reflects the delivery of the first installment.

NONQUALIFIED DEFERRED COMPENSATION PLANS IN FISCAL 2013

The following table provides information relating to the Company's deferred compensation plans, which provide for the deferral of compensation on a basis that is not tax-qualified.

	Nonqualified Deferred Compensation				
Name	Executive Contributions in Last Fiscal Year ($)	Registrant Contributions in Last Fiscal Year ($)	Aggregate Earnings in Last Fiscal Year ($)(1)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End($)
(a)	(b)	(c)	(d)	(e)	(f)
Jack Massimino	-0-	-0-	-0-	-0-	-0-
Robert Owen	-0-	-0-	-0-	-0-	-0-
Kenneth Ord	-0-	-0-	(6,500)(2)	-0-	22,400(2)
Beth Wilson	-0-	-0-	-0-	-0-	-0-
Stan A. Mortensen	-0-	-0-	-0-	-0-	-0-

(1) The amount reported under Column (d) reflects the change in value of Mr. Ord's deferred RSUs during fiscal 2013. The amount reported under Column (d) is not included in the Summary Compensation Table because plan earnings were not considered preferential or above market under the applicable disclosure rules.

(2) Pursuant to the Company's Executive Deferral Plan, Mr. Ord elected to defer the delivery of 10,000 RSUs granted to him on February 10, 2005 until his retirement. The shares underlying the RSUs, absent the deferral election, would have been delivered to Mr. Ord on February 10, 2006, February 10, 2007, February 10, 2008 and February 10, 2009. The value for Mr. Ord in Column (f) reflects the value of all 10,000 shares deferred as of the last trading day of fiscal 2013 at the closing market price of $2.24 on such date. Mr. Ord does not participate in the Company's Deferred Compensation Plan. No other Named Executive Officer has elected to defer the delivery of his or her RSUs.

In addition to the Executive Deferral Plan, which permits deferral of equity compensation awards, the Company maintains a Deferred Compensation Plan that permits employees at or above the level of assistant vice president or regional vice president to elect to defer receipt of up to 75% of annual base salary and up to 100% of bonus. The minimum annual deferral under the Deferred Compensation Plan is $5,000. None of the Named Executive Officers participated in the Deferred Compensation Plan during fiscal 2013.

To equalize benefits provided under the Company's qualified defined contribution 401(k) plan that are lost due to limits under ERISA and the Code, the Company makes a matching contribution in respect of certain deferrals under the Deferred Compensation Plan. Through December 31, 2012, the matching contribution was generally equal to 100% of a participant's deferrals up to the first 2% of the participant's base salary and bonus, and 50% of the participant's deferrals in excess of such amount, up to a maximum of 6% of the participant's base salary and bonus, less the amount of the employer matching contribution that the Company would have made to the participant's account under the Company's 401(k) plan had the participant made the maximum 401(k) deferrals for that plan year. Beginning January 1, 2013, the matching contribution became equal to 50% of a participant's deferrals up to the first 4% of the participant's base salary and bonus, less the amount of the employer matching contribution that the Company would have made to the participant's account under the Company's 401(k) plan had the participant made the maximum 401(k) deferrals for that plan year. Company matching contributions generally become vested according to the same vesting schedule that applies to matching contributions under the 401(k) plan, and unvested matching contributions will also become vested upon a participant's death. The Deferred Compensation Plan also permits the Company to make discretionary contributions under the plan. The Company made no matching or discretionary contributions to the Deferred Compensation Plan for the benefit of the Named Executive Officers in fiscal 2013.

Deferred amounts are credited to accounts for participants under the Deferred Compensation Plan. Participants direct the deemed investment of their accounts among fourteen mutual funds selected by the Company, and account earnings are based on the performance of the chosen funds. Participants may change the deemed investment of their accounts on a monthly basis. During the Company's 2013 fiscal year, the returns for the chosen funds ranged from 0.02% to 25.67%.

Payments from the Deferred Compensation Plan may be made, as elected by participants, at: (i) the beginning of the first calendar year that begins at least 6 months following the participant's separation from service; or (ii) the beginning of a designated year, not earlier than five years after the deferral is made. Payments from the Deferred Compensation Plan may be received in a lump sum or, if payment is triggered by the participant's separation from service, in annual installments over five, ten or fifteen years, as elected by the participant. Payments are accelerated in the event of a participant's death or disability. In addition, a participant may make a hardship withdrawal for an unforeseeable emergency (within the meaning of Section 409A of the Code) if the participant's request is approved by the Company.

EMPLOYMENT, SEVERANCE, AND POTENTIAL CHANGE IN CONTROL PAYMENTS

Employment Agreements

The Company maintains employment agreements (collectively, the "Employment Agreements") with each of the Named Executive Officers, all of which were entered into effective March 15, 2013. These new Employment Agreements replaced employment agreements with each of the Named Executive Officers which expired in March 2013 (the "Prior Agreements"). The Compensation Committee, in reviewing and considering the Employment Agreements, employed the services of Exequity, its independent compensation consultant, as well as independent legal counsel, to provide advice regarding competitive practices for executive employment agreements. The changes made to the Employment Agreements in fiscal 2013 were based upon discussions among the Company's executive officers and the Compensation Committee. The Compensation Committee believes that the new Employment Agreements are appropriate in light of competitive pay practices and the current market for executive talent in which the Company competes. This section describes the compensation and other benefits to the Named Executive Officers under the Employment Agreements that were in effect as of June 30, 2013, including payments in the event of certain terminations of their employment or in the event of a change in control of the Company. All such benefits will be paid or provided by the Company.

The Employment Agreements each have a term of five years. The Employment Agreements provide for the payment of annual base salaries of no less than that in effect for the particular Named Executive Officer as of the date of the applicable Employment Agreement with such officer.