

CAREER EDUCATION CORP
Form 10-K
February 22, 2011
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from to

Commission File Number 0-23245

CAREER EDUCATION CORPORATION

(Exact name of Registrant as specified in its charter)

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Delaware
(State of or other jurisdiction of

incorporation or organization)
231 N. Martingale Road

Schaumburg, Illinois
(Address of principal executive offices)

Registrant's telephone number, including area code: (847) 781-3600

36-3932190
(I.R.S. Employer

Identification No.)

60173
(zip code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, \$0.01 par value

(Title of Class)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company, as defined in Rule 12b-2 of the Securities Exchange Act of 1934. Yes No

The aggregate market value of the Registrant's voting common stock held by non-affiliates of the Registrant, based upon the \$23.02 per share closing sale price of the Registrant's common stock on June 30, 2010 (the last business day of the Registrant's most recently completed second

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quarter), was approximately \$1,429,065,900. For purposes of this calculation, the Registrant's directors and executive officers holding outstanding shares of voting common stock have been assumed to be affiliates, with such affiliates holding an aggregate of 19,198,826 shares of the Registrant's voting common stock on June 30, 2010. As of January 31, 2011, the number of outstanding shares of Registrant's common stock was 77,360,646.

Portions of the Registrant's Notice of Annual Meeting and Proxy Statement for the Registrant's 2011 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

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PART I

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements, as defined in Section 21E of the Securities Exchange Act of 1934, as amended, that reflect our current expectations regarding our future growth, results of operations, cash flows, performance and business prospects and opportunities, as well as assumptions made by, and information currently available to, our management. We have tried to identify forward-looking statements by using words such as anticipate, believe, plan, expect, intend, project, will, potential and similar expressions, but these words are not the exclusive means of identifying forward-looking statements. These statements are based on information currently available to us and are subject to various risks, uncertainties, and other factors, including, but not limited to, those discussed herein under the caption Risk Factors that could cause our actual growth, results of operations, financial condition, cash flows, performance and business prospects and opportunities to differ materially from those expressed in, or implied by, these statements. Except as expressly required by the federal securities laws, we undertake no obligation to update such factors or to publicly announce the results of any of the forward-looking statements contained herein to reflect future events, developments, or changed circumstances or for any other reason.

ITEM 1. BUSINESS

As used in this Annual Report on Form 10-K, the terms we, us, our, the Company and CEC refer to Career Education Corporation and our wholly-owned subsidiaries. The terms school and university each refer to an individual, branded, proprietary educational institution owned by us and includes its campus locations. The term campus refers to an individual main or branch campus operated by one of our schools or universities.

BUSINESS OVERVIEW

The colleges, schools and universities that are part of the Career Education Corporation family offer high-quality education to a diverse student population of more than 116,000 students across the world in a variety of career-oriented disciplines through online, on-ground and hybrid learning program offerings. The more than 90 campuses that serve these students are located throughout the United States and in France, Italy, the United Kingdom and Monaco, and offer doctoral, master's, bachelor's and associate degrees and diploma and certificate programs.

CEC is an industry leader whose institutions are recognized globally. Those institutions include, among others, American InterContinental University (AIU); Brooks Institute; Colorado Technical University (CTU); Harrington College of Design; INSEEC Group (INSEEC) Schools; International University of Monaco (IUM); International Academy of Design & Technology (IADT); Istituto Marangoni; Le Cordon Bleu North America (LCB); and Sanford-Brown Institutes and Colleges. Through its schools, CEC is committed to providing high-quality education, enabling students to graduate and pursue rewarding career opportunities.

For more information, see CEC's website at www.careered.com. The website includes a detailed listing of individual campus locations and web links to CEC's colleges, schools, and universities.

During 2010, we organized our businesses across four reporting segments which include University, Health Education, Culinary Arts and International. Each segment represents a group of postsecondary education providers that offer a variety of degree and non-degree academic programs. These segments are organized by key market segment to enhance brand focus and operational alignment within each segment to more effectively execute our strategic growth plan. Prior to December 2010, our Transitional Schools segment included those schools that were being taught out and ultimately closed. In December 2010, we completed the teach out of our last remaining Transitional school, AIU Los Angeles, CA. As a result, all current and prior period results for this campus that were previously reported in our Transitional Schools segment have been recast as a component of discontinued operations in this Annual Report on Form 10-K.

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University includes our AIU, CTU, IADT, Harrington College of Design, Collins College and Brooks Institute schools. These schools collectively offer regionally and nationally accredited academic programs in the career-oriented disciplines of business studies, visual communications and design technologies, film and video production, photography, health education, information technology, criminal justice, and education in an online, classroom or laboratory setting.

Health Education includes our Sanford-Brown schools, along with Brown College, Briarcliffe College, Missouri College and Gibbs College Boston, MA. These schools collectively offer academic programs in the career-oriented disciplines of health education, complemented by certain programs in business studies and information technology in a classroom, laboratory or online setting.

Culinary Arts includes our LCB schools that collectively offer culinary arts programs in the career-oriented disciplines of culinary arts, baking and pastry arts, and hotel and restaurant management in a classroom, kitchen or online setting.

International includes our INSEEC, IUM, and Istituto Marangoni schools located in France, Italy, the United Kingdom and Monaco, which collectively offer academic programs in the career-oriented disciplines of business studies, health education, fashion and design, visual communications and technologies and luxury goods and services in a classroom or laboratory setting.

See Note 18 Segment Reporting of the notes to our consolidated financial statements for further discussion.

INDUSTRY BACKGROUND AND COMPETITION

The postsecondary education industry is highly fragmented and increasingly competitive, with no one provider controlling significant market share. Students choose among providers based on programs and degrees offered, program flexibility and convenience, quality of instruction, placement rates, reputation, recruiting effectiveness and cost. Such multi-faceted market fragmentation results in significant differentiation among various education providers.

According to the National Center for Education Statistics (NCES), there were approximately 6,730 Title IV eligible postsecondary education institutions in the United States for the academic year 2009-10, including approximately 2,935 private, proprietary schools; approximately 1,990 public, non-profit schools; and approximately 1,805 private, non-profit schools. According to the U.S. Department of Education, in the fall of 2009 approximately 21 million students were attending institutions that participate in the various financial aid programs under Title IV of the Higher Education Act.

Our primary competitors in the publicly traded, proprietary postsecondary education industry are: Apollo Group, Bridgepoint Education, Inc., Capella Education Company, Corinthian Colleges, Inc., DeVry Inc., Education Management Corporation, Grand Canyon Education, Inc., ITT Educational Services, Kaplan, a division of the Washington Post Company and Strayer Education. We also compete with a number of privately held, proprietary and non-profit postsecondary institutions.

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BUSINESS AND OPERATING STRATEGY

We believe that individuals, to compete successfully in today's demanding workplace, benefit significantly from a solid education that provides them with the foundation of knowledge and skills they can use on the job and to build meaningful careers. Our vision is to transform our Company into a progressive education leader that delivers life-changing education for generations of students. Our business and operating strategy are focused on educating students for jobs in specific fields and enabling our institutions to meet the needs and demands of our students. We have aligned our strategic plan on four primary enablers for growth:

Improve Academic Quality, Compliance and Operational Effectiveness

We have maintained our focus on delivering quality outcomes to our students as we continue to change lives through education. In order to do this, we have enhanced our efforts and introduced multiple initiatives in 2010 to improve academic quality throughout our institutions. Examples include changes in our admissions representative compensation plans, enhanced admissions processes, mystery shopping, and on-going reviews and evaluations of student management, course and recruiting processes and practices. We are confident that these efforts will improve the quality of the education we provide through our institutions, the overall student experience and lead to successful student outcomes.

We continue to focus on strengthening our foundation in regulatory compliance through our emphasis on individual and organizational responsibility and accountability. We have achieved a high level of compliance through several initiatives, which included conducting proactive internal and external assessments to identify and correct risks early, standardizing policies, processes and forms, and centralizing annual reporting to accreditors to ensure accuracy, consistency and timeliness.

In order to improve service, we continuously seek to leverage best practices and resources across our campuses. We have capitalized on our centralization efforts that continued through 2010 and were able to increase efficiencies and effectiveness in school support functions. We have also sought to minimize real estate costs and investments by utilizing existing space across our campuses to accommodate population growth and to more effectively serve our students.

Develop New Programs

To effectively serve the educational needs of our students, we offer a full range of educational options, including doctoral, master's, bachelor's, and associate's degrees; and non-degree certificates and diploma programs. Our schools focus on core curricula that we believe have traditionally provided quality employment opportunities for well-prepared graduates.

In addition, we seek to foster organic growth by leveraging educational programs that have been successful at other campuses and continuing to explore opportunities to expand in programmatic areas which provide significant growth potential driven by student outcomes and employer demands. In the domestic proprietary postsecondary education market, industry data shows that the areas of highest growth potential include health education, business, education and information technology. Accordingly, we are expanding program offerings in these areas through accelerated program innovation and development.

Leverage Our Leading Technology

CEC continues to capitalize on its award-winning online architecture which we believe provides a key differentiator from other postsecondary institutions. We provide a unique integrated student experience with our proprietary virtual campus which allows the student to experience a seamless environment throughout his or her student lifecycle.

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CEC offers the student the full spectrum of educational options through its innovative proprietary technology. Our integrated platform is based on four primary functions: flexible access, flexible learning, social networking and the integrated experience. These functions include the online classroom, mobile access, learning resources and tutoring help, delivering student services, access to documents, collaboration tools, course information, messages and announcements, multi-channel communication with staff, advisors and faculty, a virtual commons area with integration of a social networking site and service and an alumni community. Our adaptive learning options allow students to mold the student experience to best fit their learning style.

Within our Sanford-Brown Institutes and Colleges, CEC has furthered our application of the Simpro Virtual Trainer. The Simpro Virtual Trainer software enables students to practice procedures at their convenience through virtual simulation, text, 3-D anatomy and video. Through our innovative technological expansion and focus, we have continued to enhance the student experience and differentiate our schools from other postsecondary institutions offerings.

Along with our fully-online platforms, we continue to develop our blended learning model, which capitalizes on our universities online virtual campus platform and enables students at our on-ground campuses to complete a portion of their academic programs on-ground and a portion of their academic programs online. We believe that our blended learning model provides our current and prospective students with the program flexibility they desire.

Expand Geographically

A key component of our growth strategy is the establishment of start-up branch campuses of our existing schools. Start-up branch campuses enable our schools to capitalize on new markets or geographic locations that exhibit strong enrollment and student outcome potential or exhibit the potential to establish successful operations for one of our core curricula.

During 2010, we opened six start-up branch campuses in Health Education, including SBC-Hillside and SBI-Cranston in the first quarter, SBC-Tinley Park and SBC-Indianapolis in the second quarter, SBC-Skokie in the third quarter and SBC-Portland in the fourth quarter.

We will continue to seek to grow our education institutions through measured expansion steps and expect to open additional new Health Education campuses in the upcoming year. In addition, we continue to expand our student population in existing markets through focusing our efforts on leveraging current programmatic offerings. We currently operate in 26 states and four countries outside of the U.S. We believe there are further geographic growth opportunities within the U.S. and internationally.

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Our operating divisions, schools and campuses are summarized in the following table:

School and Campus Locations	Website
CULINARY ARTS:	
California Culinary Academy, <i>San Francisco, CA</i>	www.chefs.edu
Le Cordon Bleu College (or Institute) of Culinary Arts (LCB)	www.chefs.edu
LCB-Atlanta, <i>Tucker, GA</i>	
LCB-Austin, <i>Austin, TX</i>	
LCB-Boston, <i>Cambridge, MA</i>	
LCB-Chicago, <i>Chicago, IL</i>	
LCB-Dallas, <i>Dallas, TX</i>	
LCB-Las Vegas, <i>Las Vegas, NV</i>	
LCB-Los Angeles, <i>Pasadena and Hollywood, CA(1)</i>	
LCB-Miami, <i>Miramar, FL</i>	
LCB-Minneapolis/St. Paul, <i>Mendota Heights, MN</i>	
LCB-Orlando, <i>Orlando, FL</i>	
LCB-Pittsburgh, <i>Pittsburgh, PA</i>	
LCB-Portland, <i>Portland, OR</i>	
LCB-Sacramento, <i>Sacramento, CA</i>	
LCB-Scottsdale (includes Online), <i>Scottsdale, AZ</i>	
LCB-Seattle, <i>Seattle, WA</i>	
LCB-St. Louis, <i>St. Peters, MO</i>	
HEALTH EDUCATION:	
Briarcliffe College Briarcliffe College, <i>Bethpage (includes Online)</i> <i>and Queens, NY(1)</i> Briarcliffe College, <i>Patchogue, NY</i>	www.bcl.org
Brown College, <i>Mendota Heights and</i> <i>Brooklyn Center, MN(1)</i>	www.browncollege.edu
Gibbs College of Boston, Inc. a private two-year college, <i>Boston, MA</i>	www.gibbsboston.edu
Missouri College, <i>Brentwood, MO</i>	www.missouricollege.com
Sanford-Brown College (SBC)	www.sanford-brown.edu
SBC-Atlanta, <i>Atlanta, GA</i>	
SBC-Cleveland, <i>Middleburg Heights, OH</i>	
SBC-Collinsville, <i>Collinsville, IL</i>	
SBC-Dallas, <i>Dallas, TX</i>	
SBC-Dearborn, <i>Dearborn, MI</i>	
SBC-Farmington, <i>Farmington, CT</i>	
SBC-Fenton, <i>Fenton, MO</i>	
SBC-Grand Rapids, <i>Grand Rapids, MI</i>	
SBC-Hazelwood, <i>Hazelwood, MO</i>	
SBC-Hillside, <i>Hillside, IL</i>	
SBC-Houston, <i>Houston, TX</i>	

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School and Campus Locations	Website
HEALTH EDUCATION (Cont):	
SBC-Houston North Loop, <i>Houston, TX</i>	
SBC-Indianapolis, <i>Indianapolis, IN</i>	
SBC-McLean, <i>McLean, VA</i>	
SBC-Phoenix, <i>Phoenix, AZ</i>	
SBC-Portland, <i>Portland, OR</i>	
SBC-San Antonio, <i>San Antonio, TX</i>	
SBC-Skokie, <i>Skokie, IL</i>	
SBC-St. Peters, <i>St. Peters, MO</i>	
SBC-Tinley Park, <i>Tinley Park, IL</i>	
SBC-Milwaukee, <i>West Allis, WI</i>	
Sanford-Brown Institute (SBI)	www.sanford-brown.edu
SBI-Cranston, <i>Cranston, RI</i>	
SBI-Ft. Lauderdale, <i>Ft. Lauderdale, FL</i>	
SBI-Garden City, <i>Garden City, NY</i>	
SBI-Iselin, <i>Iselin, NJ</i>	
SBI-Jacksonville, <i>Jacksonville, FL</i>	
SBI-Landover, <i>Landover, MD</i>	
SBI-Monroeville, <i>Monroeville, PA</i>	
SBI-New York, <i>New York, NY</i>	
SBI-Orlando, <i>Orlando, FL</i>	
SBI-Pittsburgh, <i>Pittsburgh, PA</i>	
SBI-Tampa, <i>Tampa, FL</i>	
SBI-Trevoise, <i>Trevoise, PA</i>	
SBI-White Plains, <i>White Plains, NY</i>	
SBI Campus an affiliate of Sanford-Brown	www.sanford-brown.edu
<i>Melville, NY</i>	
INTERNATIONAL:	
INSEEC Group	www.inseec-france.com
CEFIRE, <i>Paris, France</i>	
ECE, <i>Bordeaux and Lyon, France</i>	
INSEEC, <i>Bordeaux and Paris, France</i>	
MBA Institute, <i>Paris, France</i>	
Sup de Pub, <i>Paris, Lyon and Bordeaux, France</i>	
Sup Sante, <i>Paris and Lyon, France</i>	
International University of Monaco,	www.monaco.edu
<i>Monte-Carlo, Principality of Monaco</i>	
Istituto Marangoni, Milan, Italy;	www.istitutomarangoni.com
<i>London, England; Paris, France</i>	
UNIVERSITY:	
American InterContinental	www.aiuniv.edu
University (AIU)	
AIU Online, <i>Hoffman Estates, IL</i>	www.aiuonline.edu
AIU Atlanta, <i>Atlanta, GA</i>	
AIU Houston, <i>Houston, TX</i>	
AIU London, <i>London, England</i>	
AIU South Florida, <i>Weston, FL</i>	
Brooks Institute, Santa Barbara and	www.brooks.edu

Ventura, CA (1)

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School and Campus Locations	Website
UNIVERSITY (Cont):	
Collins College, <i>Phoenix, AZ</i>	www.collinscollege.edu
Colorado Technical University (CTU)	www.coloradotech.edu
CTU Colorado Springs, <i>Colorado Springs and Pueblo, CO</i> (1)	
CTU Denver, <i>Denver and Westminster, CO</i> (1)	
CTU Kansas City, <i>North Kansas City, MO</i>	
CTU Online, <i>Colorado Springs, CO</i>	
CTU Sioux Falls, <i>Sioux Falls, SD</i>	
Harrington College of Design, Chicago, IL	www.interiordesign.edu
International Academy of Design & Technology (IADT)	
IADT-Chicago, <i>Chicago, IL</i>	www.iadtchicago.edu
IADT-Detroit, <i>Troy, MI</i>	www.iadtdetroit.com
IADT-Las Vegas, <i>Henderson, NV</i>	www.iadtvegas.com
IADT-Nashville, <i>Nashville, TN</i>	www.iadtnashville.com
IADT-Online, <i>Tampa, FL</i>	www.online.academy.edu
IADT-Orlando, <i>Orlando, FL</i>	www.iadt.edu
IADT-Sacramento, <i>Sacramento, CA</i>	www.iadtsacramento.com
IADT-San Antonio, <i>San Antonio, TX</i>	www.iadtsanantonio.com
IADT-Schaumburg, <i>Schaumburg, IL</i>	www.iadtschaumburg.com
IADT-Seattle, <i>Seattle, WA</i>	www.iadtseattle.com
IADT-Tampa, <i>Tampa, FL</i>	www.academy.edu

- (1) The first location listed represents the school's main campus location and the second location listed represents a satellite campus of the school. We define a satellite campus as a separate location of a main or branch campus that is in reasonable geographic proximity to, and is managed by, the related main or branch campus. Satellite campuses are not included in our campus count.

Student Recruitment and Admissions

Our schools seek highly motivated, career-oriented students with both the desire and ability to complete their academic programs of choice. To promote interest among potential students, each of our schools engages in a wide variety of marketing activities. Each of our U.S. campuses has an admissions office whose staff is responsible for interacting with individuals interested in enrolling at the campuses. Admissions representatives serve as prospective students' primary contacts, providing information to help them make informed enrollment decisions and assisting them with the completion of the enrollment process. As of December 31, 2010, our domestic schools employed 2,123 admissions representatives serving both current and potential students.

We seek to increase enrollment at each of our schools through marketing programs designed to maximize each campus' market penetration. The geographic scope of the marketing programs as well as the media deployed varies by school and location. The following table represents our estimated percentage of domestic new student starts generated by student leads obtained from various marketing sources during the years ended December 31, 2010, 2009 and 2008:

	Domestic New Student Starts by Source		
	Year Ended December 31,		
	2010	2009	2008
Internet	71%	70%	71%
Referrals	16%	15%	14%
Television and print	9%	10%	9%
Other	4%	5%	6%

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The admissions and entrance processes of each of our schools are intended to identify students who are equipped to meet the requirements of their chosen program of study. We believe that a success-oriented student body ultimately results in higher student retention and employment rates, increased student and employer satisfaction, and lower student default rates on government loans. Generally, to be qualified for admission to one of our schools, an applicant must have received a high school diploma or a recognized equivalent, such as a General Education Development certificate. Some of our programs may also require applicants to meet other admissions requirements, such as obtaining certain minimum scores on assessment examinations.

Student Academics

At CEC, learning outcomes and career readiness are attained by our students as a result of the quality learning experience we provide. Those learning experiences are characterized by career-oriented curriculum, engaging instructional delivery, qualified faculty, and accessible student support services. As a result, more than 500,000 students have graduated from CEC schools as of December 31, 2010.

Curriculum

Our schools and universities develop and deliver a variety of programs resulting in the award of credentials ranging from certificates and diplomas to master's and doctorate degrees in career-oriented programs of study including visual communication and design technologies, business studies, culinary arts, health education and information technology.

CEC's curricula, instructional delivery, and faculty comprise the learning experience that appeals to our student population and provides them with a unique opportunity to develop the knowledge, skills and competencies required for specific career outcomes. The curriculum development process begins with the identification of desired career outcomes and associated competencies, informed by advisory boards, programmatic accrediting agencies and industry standards. Subsequently, learning objectives are identified and courses are developed which foster student engagement in activities which optimally result in the attainment of program learning outcomes and employment readiness.

Instructional Delivery

CEC's instructional delivery is based upon the belief that learning is dependent upon instructional methodologies that facilitate student engagement with the instructor, with other students and with the course content. This engagement is fundamental to student learning outcomes, regardless of whether instruction occurs within a physical or virtual classroom.

Sanford-Brown has partnered with Pegasus Lectures Inc. as a means of reinforcing student engagement with the content. Pegasus Lectures provides ultrasound continuing medical education for physicians, practicing sonographers and beginning students of sonography for the purpose of exam preparation. As a result of this partnership, Sanford-Brown students will have access to Pegasus exam preparatory review materials that are easily integrated into the curriculum at no additional cost to the student.

CTU Online and Sanford-Brown exemplify CEC's commitment to the engagement of the learner by introducing a new student experience through a virtual health laboratory. Working with software that medical billing and coding professionals use in the workplace, the virtual health laboratory experience provides the student with:

hands-on, relevant health information management software experience;

opportunities to work with patient records for experience in coding, abstracting and chart completion;

options and convenience that accommodate diversity in student learning styles;

experience that facilitates a smooth transition from classroom theory to workplace practice; and

skills training with a recognized software product that increases graduate marketability.

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Construction of a virtual classroom that engages online students with their instructor, their peers and the content is critical to the achievement of student learning outcomes. CEC online instructional delivery is accomplished utilizing an innovative, student-focused learning management system. While online content delivery is very common today, CEC's proprietary system, M.U.S.E. (My Unique Student Experience), has several features that make it distinctive in the education marketplace. M.U.S.E. allows students to apply a filter to the content, according to preferred learning styles, enabling learners to determine how they would like to engage with the course content.

Our Simpro Virtual Trainer is a highly interactive tool for students to learn, practice and perfect cognitive and clinical procedure skills. Cognitive skills, such as knowledge, recall, analytical thinking, decision making and judgment, are often difficult to develop. Simpro Virtual Trainer was designed to be a cognitive simulator that breaks down each clinical procedure into its component steps, enabling the student to use this innovative software to learn how to perform each step in the correct order, at the correct time, with the correct hand, using the correct instrument, applied to the correct anatomical structure. Simpro Virtual Trainer combines four types of media to engage and teach students that include:

rich descriptive text with hyperlinks that users can simply click on to reference material and information;

interactive 3-D anatomy where images are specific to the procedure, helping to give students a more detailed look and familiarity with the human anatomy;

video descriptions of each procedure narrated by a medical expert; and

virtual reality simulations, where students utilize learning and testing modes.

Simpro Virtual Trainer provides diagnostic medical sonography, cardiovascular and radiography students computer-based opportunities to practice their skills and knowledge prior to entering clinical experiences, reducing the time needed in the clinical training environment.

Faculty

CEC employs approximately 6,600 appropriately credentialed, geographically disbursed, full-time and adjunct faculty who are responsible for facilitating learning in our lecture halls, kitchens, labs, studios and virtual classrooms. Our faculty are hired, assigned, developed and evaluated in compliance with state, institutional accreditation and programmatic accreditation standards. Twenty-four percent of our full-time faculty have earned master's degrees and forty-nine percent of our adjunct instructors possess master's degrees. Generally, all schools require the instructor to have a degree at least one level higher than the level of course being taught plus teaching and/or industry experience. General Education faculty members must possess a master's degree. The average tenure of a CEC faculty member is 3.8 years.

Faculty Development

Instructors are required to engage in faculty development activities each year as part of the continuous improvement process. CEC has contracted with MaxKnowledge to provide online and ground instructor access to online faculty modules located within the Center for Excellence in Education (CEE). CEE provides faculty with interactive content and asynchronous discussion opportunities in areas such as teaching methodology, instructional practice, classroom management, outcomes assessment and student retention. Instructors may enroll in up to three online courses per subscription year. Additionally, each institution provides in-services as a means to support and improve instructional practice. We believe that by developing our faculty, we are enriching not only the faculty's skills, but also the educational experience of our students.

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Instructional Practice in Higher Education: An Online Journal

Instructional Practice in Higher Education is an online, peer-reviewed journal sponsored by Career Education Corporation and intended to provide postsecondary faculty from the for-profit career sector an opportunity to publish work relevant to their instructional context. The online journal resides on the Imagine America Foundation (IAF) website. The journal site is located at <http://www.imagine-america.org/highereducationjournal.asp>.

The online journal highlights instructional theory and practice that promotes student engagement, achievement of learning outcomes, implementation of technology, and demonstration of holistic assessment within the context of career education.

A peer review board evaluates each submission to determine currency and relevancy of the topic to the target audience, as well as the degree to which the topic has been thoroughly addressed. The online journal also has an editorial board that is charged with evaluation of submissions to ensure adherence to a consistent style and appropriate documentation.

The first issue of the online journal was published in July 2010; a second issue is expected to be issued early in 2011.

Student Support Services

CEC has historically served a diverse student population. Our students represent a broad range of educational and employment experience, contributing to their college-level readiness.

Beginning in 2011, our domestic schools will be expanding the use of testing strategies to assess student readiness to engage in college-level work. For those students who are admitted to an institution but demonstrate that they may encounter academic challenges, developmental support will be provided.

Although faculty members will always serve as the primary point of contact, students may also engage the assistance of tutors and academic advisors for assistance. Students have access to technical support 24 hours each day/seven days each week. Online students have access to online reference librarians 77 hours per week.

We believe that the employment of our students in their field of study is a key indicator of the success of our schools and the fulfillment of our educational mission. Provision of personal support and assistance to our student population is a hallmark of our educational model. Each of our campuses has a career services department whose primary responsibility is to prepare students to conduct a successful job search. In addition, career services staff members assist students in identifying part-time employment, including participation in internship programs, while our students pursue their education. Part-time employment opportunities are an important part of our overall success strategy, as these opportunities may lead to permanent positions upon graduation.

As of December 31, 2010, we employed 306 individuals in the career services departments of our campuses. In addition to our career services personnel, we employ many externship coordinators who help students obtain externships that prepare them to compete in the employment market.

Additionally, there are currently 55 alumni chapters and more than 480 alumni leadership board members who assist in the management of alumni programs at the campus level. These leadership groups are engaged in creating opportunities for student/alumni interaction including panel discussions and networking seminars.

Student Retention

CEC continually emphasizes the importance of student retention at each of our schools. As is the case at any postsecondary educational institution, a portion of our students fail to complete their academic programs for a variety of personal, financial or academic reasons. Our experience indicates that increases in our revenue and

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profitability can be achieved through modest improvements in student retention rates. Furthermore, the costs to our schools of retaining current students are generally much less than the expense of the marketing efforts associated with attracting new students. Our schools' consolidated retention rates for the years ended December 31, 2010, 2009 and 2008, were approximately 67.0%, 70.0% and 66.7%, respectively. These rates were determined in accordance with the standards set forth by Accrediting Council for Independent Colleges and Schools (ACICS) to provide a common formula for all our schools regardless of their accreditor.

Seasonality

Our quarterly revenues and income fluctuate primarily as a result of the pattern of student enrollments. Our schools generally experience a seasonal increase in enrollment in the fall, traditionally when the largest number of new high school graduates begins postsecondary education. Furthermore, although we encourage year-round attendance at all campuses, certain programs offered by some of our schools include summer breaks. Most notably, our campuses within our International segment do not typically instruct students over the summer. Operating costs for our schools generally do not fluctuate significantly on a quarterly basis. Results of operations reflect this seasonal enrollment pattern. Revenues, operating income and net income by quarter for each of the past two fiscal years are included in Note 19, Quarterly Financial Summary of the notes to our consolidated financial statements.

Employees

As of December 31, 2010, we had a total of 15,598 employees, including 1,453 students employed on a part-time basis at certain of our schools, as follows:

	Full-time Non-student Employees	Part-time Non-student Employees	Part-time Student Employees	Full-time Faculty	Part-time Faculty	Total
Corporate	1,358	37			7	1,402
Continuing operations	5,929	201	1,452	1,385	5,224	14,191
Discontinued operations	3		1		1	5
Total	7,290	238	1,453	1,385	5,232	15,598

Student Population

Our student population for our continuing operations as of December 31, 2010 and 2009 was 116,800 students and 105,300 students, respectively. Included in total student population for our continuing operations as of December 31, 2010 and 2009 were 44,500 students and 40,800 students, respectively, enrolled in our University, Health Education and Culinary Arts fully-online academic programs. Related student population demographic information as of December 31, 2010 and 2009, were as follows:

Student Population by Age Group

	As a Percentage of Total Student Population as of December 31,	
	2010	2009
Under 21	16%	16%
21 to 30	42%	43%
Over 30	42%	41%

Table of Contents**Student Population by Core Curricula**

	As a Percentage of Total Student Population as of December 31,	
	2010	2009
Business Studies	50%	50%
Health Education	22%	20%
Visual Communications and Design Technologies	13%	13%
Culinary Arts	11%	11%
Information Technology	4%	6%

Student Population by Degree Granting Program

	As a Percentage of Total Student Population as of December 31,	
	2010	2009
Doctoral, Master's, Bachelor's Degree	37%	33%
Associate Degree	42%	43%
Certificate	21%	24%

ACCREDITATION

In the United States, accreditation is a process through which an institution submits itself to qualitative review by an organization of peer institutions. Accrediting agencies primarily examine the academic quality of the instructional programs of an institution, and a grant of accreditation is generally viewed as certification that an institution's programs meet generally accepted academic standards. Accrediting agencies also review the administrative and financial operations of the institutions they accredit to ensure that each institution has the resources to perform its educational mission.

Pursuant to provisions of the Higher Education Act of 1965, as amended (HEA), the U.S. Department of Education (ED) relies on accrediting agencies to determine whether institutions' educational programs qualify the institutions to participate in federal financial aid programs under Title IV of the HEA. The HEA and its implementing regulations specify certain standards that all recognized accrediting agencies must adopt in connection with their review of postsecondary institutions. All of our U.S. campuses are accredited by accrediting agencies recognized by ED.

AIU's accrediting agency, the Higher Learning Commission of the North Central Association of Colleges and Schools (HLC), commissioned an advisory team to visit AIU in January 2010. The advisory team conducted a review of AIU, with particular focus on program integrity. Based on the results of its review, the HLC advisory team did not cite AIU for any violations of any HLC accreditation criteria, including but not limited to those related to program length and credit hours, and did not recommend any sanction or limitation on AIU's accreditation status. The advisory team recommended a focused visit for 2011 or 2012 to evaluate AIU's transition to a new undergraduate credit structure which was introduced in February 2010. All new undergraduate students starting at AIU are enrolled in programs with this new credit structure. The recommended focused visit will supersede the focused visit concerning credit equivalence previously scheduled for 2010. The focused visit is currently scheduled for September 19-20, 2011.

In accordance with HLC policy, the advisory team's recommendation that HLC conduct a focused visit to evaluate AIU's transition to a new undergraduate structure was subject to review and approval by the HLC Institutional Actions Council (IAC) and validation by the HLC Board of Trustees. The advisory team's recommendation was approved by the IAC on June 14, 2010, and the decision of the IAC was validated by the

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HLC Board of Trustees on June 23, 2010. AIU's updated Statement of Affiliation Status and Organizational Profile were posted to the HLC's website on Friday, July 9, 2010.

AIU has recently submitted new academic program applications to HLC, which are being reviewed by HLC in accordance with its regular practices.

A listing of our U.S.-accredited schools, including all main and branch campus locations for regulatory purposes and relevant accreditation information is provided in the following table:

ACCREDITATION TABLE

School, Main Campus Location (Branch campuses are in parentheses)	Accreditor(1)	Year of Accreditation Expiration(2)
American InterContinental University Hoffman Estates, IL (Online) (<i>Atlanta, GA; Weston, FL; Houston, TX; London, England</i>)	HLC	2014
Briarcliffe College Bethpage, NY (<i>Patchogue, NY</i>)	MSA	2011
Brooks Institute Santa Barbara, CA	ACICS	2016
Brown College Mendota Heights, MN	ACCSC	2012
California Culinary Academy San Francisco, CA	ACCSC	2010(3)
Colorado Technical University Colorado Springs, CO (<i>Denver, CO; North Kansas City, MO; Sioux Falls, SD; Online</i>)	HLC	2012
Gibbs College of Boston, Inc, a private two-year college Boston, MA	ACICS	2014
Harrington College of Design Chicago, IL	HLC	2015
International Academy of Design & Technology Chicago, IL (<i>Troy, MI; Schaumburg, IL; Nashville, TN; Collins College, Phoenix, AZ</i>)	ACICS	2012
Le Cordon Bleu College of Culinary Arts Tampa, FL (<i>Orlando, FL; Henderson, NV; Sacramento, CA; San Antonio, TX; Seattle, WA; Online; Le Cordon Bleu College of Culinary Arts (Orlando); Sanford-Brown College, Portland, OR</i>)	ACICS	2014
Le Cordon Bleu College of Culinary Arts Austin, TX (<i>Dallas, TX; Sacramento, CA; Seattle, WA; and St. Peters, MO; Sanford-Brown College, Collinsville, IL and Hazelwood, MO</i>)	ACICS	2017
Le Cordon Bleu College of Culinary Arts Pasadena, CA (<i>Hollywood, CA; Sanford-Brown College, Dearborn, MI; Grand Rapids, MI; Hillside, IL; Indianapolis, IN; Phoenix, AZ; Tinley Park, IL, and Skokie, IL; Sanford-Brown Institute, Orlando, FL</i>)	ACICS	2012
Le Cordon Bleu College of Culinary Arts Portland, OR (<i>Tucker, GA; Mendota Heights, MN</i>)	ACCSC	2012(4)
Le Cordon Bleu College of Culinary Arts Scottsdale, AZ (includes Online) (<i>Las Vegas, NV</i>)	ACCSC	2010(3)(5)
Le Cordon Bleu College of Culinary Arts in Chicago Chicago, IL	HLC	2018

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School, Main Campus Location (Branch campuses are in parentheses)	Accreditor(1)	Year of Accreditation Expiration(2)
Le Cordon Bleu Institute of Culinary Arts		
Pittsburgh, PA (<i>Le Cordon Bleu College of Culinary Arts, Inc., a private two year college (Boston Campus); Le Cordon Bleu College of Culinary Arts, Miramar, FL</i>)	ACCSC	2015(6)
Missouri College		
Brentwood, MO	ACCSC	2011
Sanford-Brown College		
Atlanta, GA (<i>Houston, TX; Houston/North Loop, TX; and Middleburg Heights, OH; Sanford-Brown Institute, Ft. Lauderdale, FL; Landover, MO; New York, NY; and Trevoise, PA</i>)	ACICS	2014
Dallas, TX (<i>San Antonio, TX; Sanford-Brown Institute, Garden City, NY</i>)	ACICS	2013
Farmington, CT	ACICS	2011
Fenton, MO (<i>St. Peters, MO</i>)	ACICS	2011
McLean, VA	ACICS	2015
Sanford-Brown Institute		
Cranston, RI	ACICS	2010(7)
Jacksonville, FL (<i>Iselin, NJ; Tampa, FL; Sanford-Brown College, West Allis, WI</i>)	ACICS	2011
Pittsburgh, PA (<i>Monroeville, PA</i>)	ACCSC	2014
White Plains, NY	ACICS	2013
SBI Campus an Affiliate of Sanford-Brown		
Melville, NY	ACICS	2014

- (1) Below is a key to the accreditation abbreviations used in the table:
- a. ACCSC Accrediting Commission of Career Schools and Colleges
 - b. ACICS Accrediting Council for Independent Colleges and Schools
 - c. MSA Middle States Association of Colleges and Schools, Commission on Higher Education
 - d. HLC North Central Association of Colleges and Schools, Higher Learning Commission
- (2) Status as of February 15, 2011. Institutions seek renewal of accreditation during the year noted.
- (3) Accreditation has been extended while the institution completes the reaccreditation process.
- (4) Accreditation for the Tucker branch campus, which expired in 2010, has been extended while the institution completes the reaccreditation process.
- (5) Accreditation for the Las Vegas branch campus expires in 2015.
- (6) Accreditation for the Miramar branch campus expires in 2011.
- (7) In process of merging with SBI Campus an Affiliate of Sanford-Brown; awaiting final approval from ED.

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Programmatic accreditation, while not a sufficient basis for institutional Title IV Program certification by ED, assists graduates to practice or otherwise secure appropriate employment in their chosen field and has been granted by the following accrediting agencies with respect to the following individual programs taught at certain of our campuses:

PROGRAMMATIC ACCREDITATION TABLE

Accrediting Body	Campus	Program Accredited
Accreditation Council for Occupational Therapy Education	Sanford-Brown College, Hazelwood	Occupational therapy assistant
Accreditation Board for Engineering and Technology	Colorado Technical University, Colorado Springs	Engineering
Accrediting Bureau of Health Education Schools	Colorado Technical University, North Kansas City; Gibbs College, Boston; Missouri College; Sanford-Brown College, Atlanta, Collinsville, Dallas, Dearborn, Farmington, Fenton, Grand Rapids, Hazelwood, Houston, Houston North, McLean, Middleburg Heights, Phoenix, San Antonio, St. Peters and West Allis; Sanford-Brown Institute, Cranston, Ft. Lauderdale, Garden City, Iselin, Jacksonville, Landover, Monroeville, New York, Orlando, Pittsburgh, Tampa, Trevoise, and White Plains; SBI Campus - an affiliate of Sanford-Brown, Melville	Medical assistant
Accrediting Bureau of Health Education Schools	Sanford-Brown College, Dallas, Houston, Houston North and St. Peters; Sanford-Brown Institute, Ft. Lauderdale, Iselin, and Jacksonville	Surgical technology
Accrediting Commission for Programs in Hospitality Administration	Le Cordon Bleu Institute of Culinary Arts (Pittsburgh)	Hotel and restaurant management
American Culinary Federation Education Institute	California Culinary Academy, Le Cordon Bleu College of Culinary Arts, Austin, Las Vegas, Mendota Heights, Miramar, Orlando, Pasadena, Portland, Scottsdale, and Tucker; Le Cordon Bleu College of Culinary Arts in Chicago, Le Cordon Bleu Institute of Culinary Arts (Pittsburgh)	Culinary arts

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Accrediting Body	Campus	Program Accredited
American Culinary Federation Education Institute	California Culinary Academy, Le Cordon Bleu College of Culinary Arts, Mendota Heights, Miramar, Orlando, Portland and Scottsdale; Le Cordon Bleu College of Culinary Arts in Chicago; Le Cordon Bleu Institute of Culinary Arts (Pittsburgh)	Pastry and baking
American Dental Association Commission on Dental Accreditation	Missouri College; Sanford-Brown College, Dallas; Sanford-Brown Institute, Ft. Lauderdale, Jacksonville, and Orlando	Dental assisting
American Dental Association Commission on Dental Accreditation	Missouri College	Dental hygiene program
The American Society of Anesthesia Technologists and Technicians	Sanford-Brown Institute, Pittsburgh	Anesthesia technology
American Society of Health Systems Pharmacists	Sanford-Brown College, Dallas, Houston, Houston North, and Middleburg Heights; Sanford-Brown Institute, Ft. Lauderdale, Garden City, Iselin, Jacksonville, Monroeville, New York, and Tampa	Pharmacy technician
American Veterinary Medical Association	Sanford-Brown College, Fenton and St. Peters; Sanford-Brown Institute, Pittsburgh	Veterinary technology
CAAHEP-Curriculum Review Board of the American Association of Medical Assistants Endowment	Colorado Technical University, Sioux Falls	Medical assistant
CAAHEP-Accreditation Review Committee on Education in Surgical Technology and Surgical Assisting	Colorado Technical University, North Kansas City and Pueblo; Sanford-Brown College, Dallas, Houston, and Houston North; Sanford-Brown Institute, Ft. Lauderdale, Iselin, Jacksonville, and Monroeville	Surgical technology
CAAHEP-Joint Review Committee on Education in Diagnostic Medical Sonography	Sanford-Brown College, Atlanta, Dallas, Houston and Middleburg Heights; Sanford-Brown Institute, Garden City, Iselin, Landover and Pittsburgh	Diagnostic medical sonography
Committee on Accreditation for Respiratory Care	Sanford-Brown College, Fenton; Sanford-Brown Institute, Monroeville	Respiratory therapy

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Accrediting Body	Campus	Program Accredited
Council for Interior Design Accreditation	American InterContinental University, Atlanta; Harrington College of Design; IADT Chicago, Tampa and Troy	Interior design
Joint Review Commission on Education in Radiologic Technology	Colorado Technical University, North Kansas City; Sanford-Brown College, Fenton, Houston North, Middleburg Heights, and West Allis; Sanford-Brown Institute, Pittsburgh	Radiologic technology
National Accrediting Agency for Clinical Laboratory Sciences	Sanford-Brown College, Houston	Medical laboratory technician
National Court Reporters Association	Colorado Technical University, Sioux Falls	Court reporting

State Authorization and Accreditation Agencies

To participate in Title IV Programs, an institution must be authorized to offer its programs of instruction by the relevant education agencies of the state in which it is located, accredited by an accrediting agency recognized by ED, and certified as eligible by ED. ED will certify an institution to participate in Title IV.

An institution is eligible for participation in Title IV Programs only after it has demonstrated compliance with the HEA and ED's extensive regulations regarding institutional eligibility. An institution must also demonstrate its compliance with these requirements to ED on an ongoing basis. These standards are applied primarily on an institutional basis, with an institution defined as a main campus and its additional campus locations, if any.

State licensing agencies are responsible for the oversight of educational institutions, and continued approval by such agencies is necessary for an institution to operate and grant degrees, diplomas, or certificates to its students. Moreover, under the HEA, approval by such agencies is necessary to maintain eligibility to participate in Title IV Programs. As a result, we are subject to extensive regulation in each of the states in which our schools operate, and in other states in which our schools recruit students. Currently, each of our U.S. campuses is authorized by the state in which it is located.

On October 29, 2010, ED issued final regulations pertaining to certain aspects of the administration of the Title IV Programs, including, but not limited to, state authorization. The October 29, 2010 regulations require, among other things, that an institution offering distance learning or online programs secure the approval of those states which require such approval and provide evidence of such approval to ED upon request. These new regulations may require our schools offering distance education to obtain state approvals or registrations from additional states which currently or in the future may elect to regulate institutions that enroll their residents in online programs and courses. Our schools offering distance learning are in the process of submitting and expect to have submitted additional applications for licensures or exemptions for their distance learning programs before the end of March, 2011. We believe there are a lot of other institutions that have or will be submitting similar applications and can not anticipate how quickly the state agencies, some of whom we believe are taxed by resource shortages, will be able to respond to the applications.

State regulatory requirements for online education are inconsistent between states, change frequently and, in some instances, are not clear and the interpretation of such regulations is generally left to the discretion of state employees or agents and may not be reflected in any written policy. In response to the new ED rules, states that do not presently regulate delivery of online courses and programs may enact legislation or issue regulations that

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specifically address online educational programs, such as those offered by our schools, may enact or issue regulations impacting the availability of exemptions from licensure in certain states, or otherwise affect our schools' operations.

If one of our schools offering distance learning does not have the appropriate state approvals for its online programs, it may not be able to continue to offer distance education to students in those states until it obtains the additional approvals or exemptions which could have a material impact on our business, financial condition, results of operations, cash flows and the value of our common stock.

The level of regulatory oversight varies substantially from state to state. In certain states in which we operate, our campuses are subject to licensure by an agency that regulates proprietary institutions and also by a separate higher education agency. State laws establish standards for, among other things, student instruction, qualifications of faculty, location and nature of facilities, and financial policies. State laws and regulations may limit our campuses' ability to operate or to award degrees or diplomas or offer new degree programs. If any one of our campuses were to lose state authorization, it would be unable to offer educational programs, and students attending the campus would not be eligible to participate in Title IV Programs, and the lack of Title IV eligibility would likely require us to close a campus if it were to lose state authorization. See Note 12 "Commitments and Contingencies" of the notes to our consolidated financial statements for a further discussion of selected state regulatory matters currently affecting us and our schools.

International Regulations

Our schools that operate in France, the Principality of Monaco, Italy and the United Kingdom are subject to local government regulations. We believe that each of our international locations currently holds all necessary domestic authority to operate within its respective jurisdiction, and campus administrators work to ensure compliance with domestic regulations.

France. Our INSEEC Group (INSEEC) consists of nine schools which operate primarily in France and are governed by the French Ministry of Education. One of INSEEC's schools offers health education programs and, thus, is governed by the French Ministry of Health, the French Ministry of Education and the National Professional Committee for Medical Visits for the school's pharmaceutical test preparation and continuing education classes.

The French Ministry of Education has three levels of approval for educational institutions: diploma endorsement (Level III), state recognition (Level II), and diploma stamp (Level I, the highest level of French approval). In 1999, an additional level entitled "Master Grade," which represents the highest level of European approval, was added.

The Level III approval, which is co-governed by the French Ministry of Employment and the French Ministry of Education, has been reorganized and the institutions affected by the reorganization are now registered in the New Certification National Register. With respect to Level II approval, Level I approval, and the European approvals, conditions that must be satisfied to obtain approvals are generally becoming more strict, requiring institutions to, among other things, provide additional financial support for research, and hire additional full-time, Ph.D.-level faculty.

Currently, two of our INSEEC schools have been granted the highest level of European approval, Master Grade, four schools have been granted Level I approval, four schools have been granted Level II approval, and seven schools have been granted Level III approval. As of December 31, 2010, one of our schools is under review for a Level III accreditation, which relates to a new approval. These approvals are subject to regular renewal, the schedule for which depends on geographic zones. All Level I renewals for our schools from the French Ministry of Education have been obtained as of December 31, 2010.

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Istituto Marangoni received acceptance from the French Rectorat de Paris, on November 9, 2006 and on January 27, 2011, Manchester Metropolitan University (MMU) recognized the Istituto Marangoni Paris campus for the delivery of MMU accredited programs taught in English for six years. MMU is in the process of validating all Istituto Marangoni France programs.

Principality of Monaco. The International University of Monaco delivers a full time Masters of Business Administration (MBA) and an Executive MBA; IUM obtained accreditation from the Association of MBAs in 2004 and the renewal of this accreditation for one year was received in May 2010. The degrees Masters and Bachelor of Science in Business Administration are recognized by the Ministry of Education in Monaco.

Italy. Istituto Marangoni, a private postsecondary fashion and design school, was granted the status of Professional Art School in Italy on December 17, 1935, and obtained authorization to open a school from the Italian Ministry of Education on February 13, 1951 and on January 27, 2011, MMU recognized the Istituto Marangoni Milan campus for the delivery of MMU accredited programs taught in English for six years. MMU is in the process of validating all Istituto Marangoni Italy programs.

United Kingdom. AIU London has been granted proper authority by the applicable U.S. and United Kingdom entities to grant academic credentials. AIU London is authorized to grant U.S. academic degrees by the Nonpublic Postsecondary Education Commission (NPEC) of the State of Georgia. U.S. students that attend AIU London are eligible to participate in Title IV financial assistance programs through AIU London's status as an additional location of American InterContinental University. AIU London is listed as a recognized institution of higher education in the UK by the Business Innovation & Skills (BIS) and appears on the Department's register. AIU London is registered in England No: 1373237. Additionally, American InterContinental University, including its campus located in the United Kingdom, is accredited by HLC (a U.S. regional accrediting association).

Istituto Marangoni London was granted a Certificate of Accreditation by the British Accreditation Council for Independent Further and Higher Education (BAC) on September 26, 2006 and currently is in the process of obtaining reaccreditation by April 2011. As a result of changes in UK immigration legislation, Istituto Marangoni London signed an articulation agreement with Manchester Metropolitan University in March 2010 to be able to continue to sponsor students from outside of the European Economic Area (which comprises all of the European Union countries plus Iceland, Norway, Liechtenstein and Switzerland). Istituto Marangoni London is also currently working towards meeting the requirements of United Kingdom immigration legislation as it applies to educational institutions and courses of study in the UK via a validation process in partnership with Manchester Metropolitan University.

STUDENT FINANCIAL AID

Many of our students require assistance in financing their education. For this reason, our schools participate in financial aid programs and offer financing options to those who qualify. Our U.S. schools and AIU-London are approved to participate in the Department of Education's Title IV federal aid programs. Our schools also participate in a number of state financial aid programs and private funding options. Our schools that participate in federal and state financial aid programs are subject to extensive regulatory requirements imposed by federal and state government agencies, and other standards imposed by educational accrediting bodies.

Nature of Federal Support for Postsecondary Education in the United States

The U.S. government provides a substantial portion of its support for postsecondary education in the form of Title IV Program grants, loans and work-study programs to students who can use those funds to finance certain education related expenses at any institution that has been approved to participate by ED. These federal programs are authorized by HEA. While most students are eligible for a Title IV loan, more generally, financial aid administered under Title IV is awarded on the basis of financial need, which is generally defined under HEA as

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the difference between the costs associated with attending an institution and the amount a student's family can reasonably be expected to contribute based on a federally determined formula. Among other things, recipients of Title IV Program funds must maintain a satisfactory grade point average and progress in a timely manner toward completion of their program of study.

Students at our schools may receive grants, loans and work-study opportunities to fund their edu