

**Corinthian Colleges Inc.  
COCO - \$9.16 – NasdaqGS  
Update****Recommendation: Cover Short****Reasons For Close Out of Short Sale Recommendation****Short 9-14-08 @ \$16.28****Cover 6-30-10 @ \$9.16****Profit:               +\$7.64, + 46.9%**

We are recommending our clients close out their short positions in Corinthian Colleges, Inc.-COCO. The stock has gone below our price target of \$10. It is trading at a fresh 52 week low, and short sellers have been initiating new positions. We have an almost 47% profit and the risk reward ratio is no longer as favorable to remain short.

Reasons we originally gave to short this stock:

- 65 times trailing earnings.
- Sallie Mae and others no longer providing “serial” subprime student loans.
- 75% of COCO's loan portfolio was subprime in 2007.
- Students “graduate” with large debt loads and poor employment opportunities in high paying jobs to pay off the loans.
- “Safe” play in a poor economy offset by continued credit crunch.
- Defaults increased to 9.1% of revenue in the 2008 4<sup>th</sup> quarter vs 6.2% the prior year.
- In July 2007, paid a \$6.5 million fine and closed 11 programs at 9 California schools, in a settlement with the CA Attorney general.
- Barred for the next 18 months from offering specific courses at those 9 campuses.

This short sale fit in with our sub-prime thesis and shorting companies that treat its customers poorly.