

CAREER EDUCATION CORPORATION



Credit Suisse 9th Annual Global Services Growth Conference

March 13, 2007

Safe Harbor Statement

This presentation contains certain “forward-looking statements,” as defined in Section 21E of the Securities Exchange Act of 1934, as amended. These statements are based on information currently available to us and involve risks and uncertainties that could cause our actual growth, results, performance and business prospects and opportunities to differ materially from those expressed in, or implied by, these statements. These risks and uncertainties, the outcome of which could materially and adversely affect our financial condition and operations, include, but are not limited to: future financial and operational results, including the impact of impairment of goodwill and other intangible assets; risks related to our ability to comply with accrediting agency requirements or obtain accrediting agency approvals, including the adverse impact of negative publicity concerning the continued probation status of American InterContinental University and ongoing review by its accrediting body; risks related to our ability to comply with, and the impact of changes in, legislation and regulations that affect our ability to participate in student financial aid programs; costs, risks and effects of legal and administrative proceedings and investigations and governmental regulations, including the pending Securities and Exchange Commission and Justice Department investigations and, class action, derivative, and other lawsuits; costs and difficulties related to the integration of acquired businesses; risks related to our ability to manage and continue growth; risks related to the sale of any campuses; risks related to competition, general economic conditions, and other risk factors relating to our industry and business, as described in our Annual Report on Form 10-K for the year ended December 31, 2006, and from time to time in our other reports filed with the SEC. Except as expressly required by federal securities laws, we undertake no obligation to update such factors or to publicly announce the results of any of these forward-looking statements to reflect future events, developments, or changed circumstances, or for any other reason.

- Company Overview & Operations



Bob Dowdell
Chairman

Agenda

- **Company Overview and Operations**
 - Overview
 - Operational Initiatives
 - Regulatory Progress
 - Acquisitions and Start-ups
- **Financial Performance**
 - Fourth Quarter and Year End Results
 - Discontinued Operations
 - Re-alignment Initiatives
 - Share Repurchase Activity
- **Summary**

Career Education

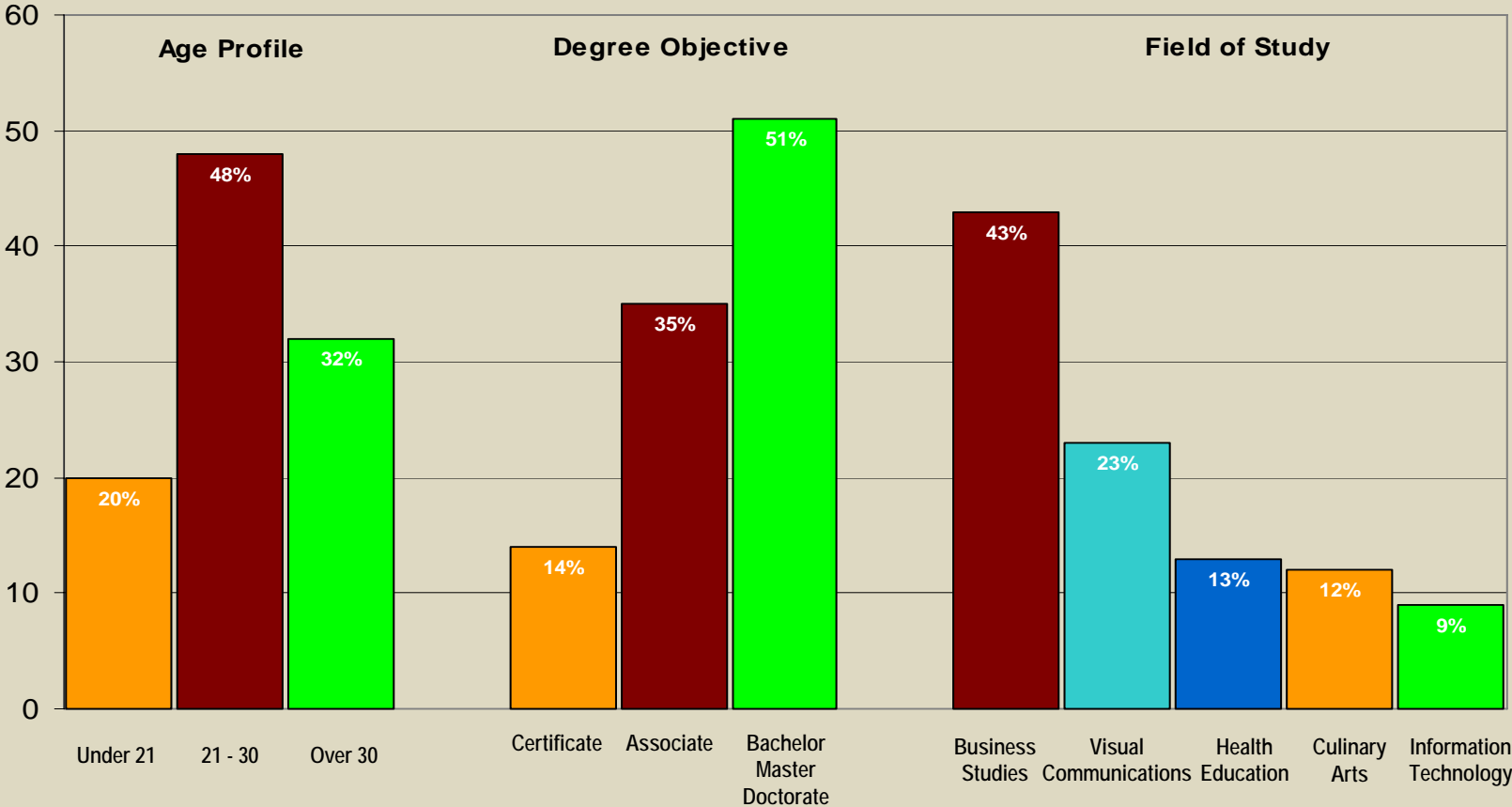
- We are one of the world's leading on-ground and online providers of private, for-profit postsecondary education.
- Through our schools, our educators, and our employees, Career Education provides quality education that enables its students to graduate and pursue successful and rewarding careers.

Global Provider of Education

- Global presence
 - Approximately 90,000 students
 - 75 facility based campuses in 22 states and 5 countries
- Degrees and Certificates Offered
 - Associates, Bachelors, Masters, Doctorate
- High-quality educational experience where students choose how they want to learn
 - On-ground, Online, Flexible Learning

Student Profile

Our students come from diverse demographic backgrounds looking for opportunity through higher education.



* As of January 31, 2007

Portfolio of Educational Offerings

Continuing Operating Divisions

- **Academy - 10**
- **College – 6**
- **Culinary Arts - 14**
- **Health Education - 23**
- **International - 12**
- **University – 12 ***

77 schools and campuses

* University includes two online platforms, AIU Online and CTU Online

CEO Announcement

- March 6, 2007 – Announced that Gary E. McCullough will lead Career Education as its president and chief executive officer
- Mr. McCullough served as president of Abbott Laboratories' Ross Products Division, a world nutrition leader with more than \$2.6 billion in annual sales
- Mr. McCullough was also responsible for the successful re-launches at Wrigley of many of their key brands
- Prior to Wrigley, Mr. McCullough spent thirteen years in brand and general management roles at Procter & Gamble
- McCullough was a captain in the United States Army

Organizational Re-alignment

- In February 2007, implemented an organizational re-alignment to take full advantage of the flexible delivery of education
- Developed an online service center to leverage the advanced technological capabilities of AIU and CTU throughout the CEC family of schools
 - **April 2007** – expect that general education courses online will be available at many on-ground campuses
 - **May 2007** – plan to launch marketing for IADT Online

Organizational Re-alignment (cont.)

- Combined our online and on-ground leadership teams to share best-practices across the company
- Streamlined decision making so schools can more efficiently make and implement decisions
- Reduced redundancies in staffing at the corporate level

Hybrid or Flexible Learning

Online Survey: 57% of respondents preferred some form of hybrid education

School	%
Fully online program	21%
Hybrid (primarily online program)	18%
Hybrid (equal balance: online & on-campus)	14%
Hybrid (primarily on-campus)	25%
Fully on-campus	22%

Hybrid learning can increase student retention rates and performance of at-risk students

Operational Progress

- Implemented measures to improve starts, show rates and admission representative turnover and productivity
 - Expansion of financing options available to students
 - Supplemental compensation program
 - System for better qualification of leads – data mining
 - More focused attention on generating student referrals

Regulatory Progress

- In January 2007, the Department of Education (DOE) lifted the restrictions it imposed on the company over the summer of 2005
- Special Committee of the Commission on Colleges of SACS acknowledged that AIU has resolved many of its initial concerns and AIU has made progress in instituting positive change
 - AIU continues on probation and remains focused on resolving all remaining SACS recommendations
 - AIU continues to demonstrate continuous practice of the positive change it had previously implemented

Acquisitions and Start-ups

- In January 2007, the company purchased Istituto Marangoni schools, world renowned for fashion design with locations in 3 prominent international fashion capitals - Milan, London and Paris
- The company continues to develop start-ups
 - **1Q07** – Kitchen Academy Sacramento
 - * **2Q07** – IADT San Antonio and Sacramento
 - * **3Q07 and 4Q07** – Kitchen Academy Seattle and St. Louis
 - * **1Q08** – Le Cordon Bleu Culinary Dallas and Boston

* **Expected**

Discontinued Operations

- In November 2006, company made a commitment to sharpen its focus on careers of passion
- Announced plans to sell 13 schools and campuses in the Gibbs and College divisions that are being recorded as discontinued operations
- Sales materials currently available to interested buyers



- Financial Performance



Pat Pesch
Executive Vice President and
Chief Financial Officer

4Q06 Financial Results

- Consolidated revenue of \$429 million decreased 10.5% from fourth quarter 2005
 - Campus based revenue down 3.5%
 - Online based revenue down 22.8%
- Operating profit margin percentage of 10.8%, compared to 22.8% during fourth quarter 2005
 - Three segment margin declines of 2% to 4% primarily driven by lower revenue
 - Two segments showed improvements of 2% or more
 - University segment showed decline of approximately 17%

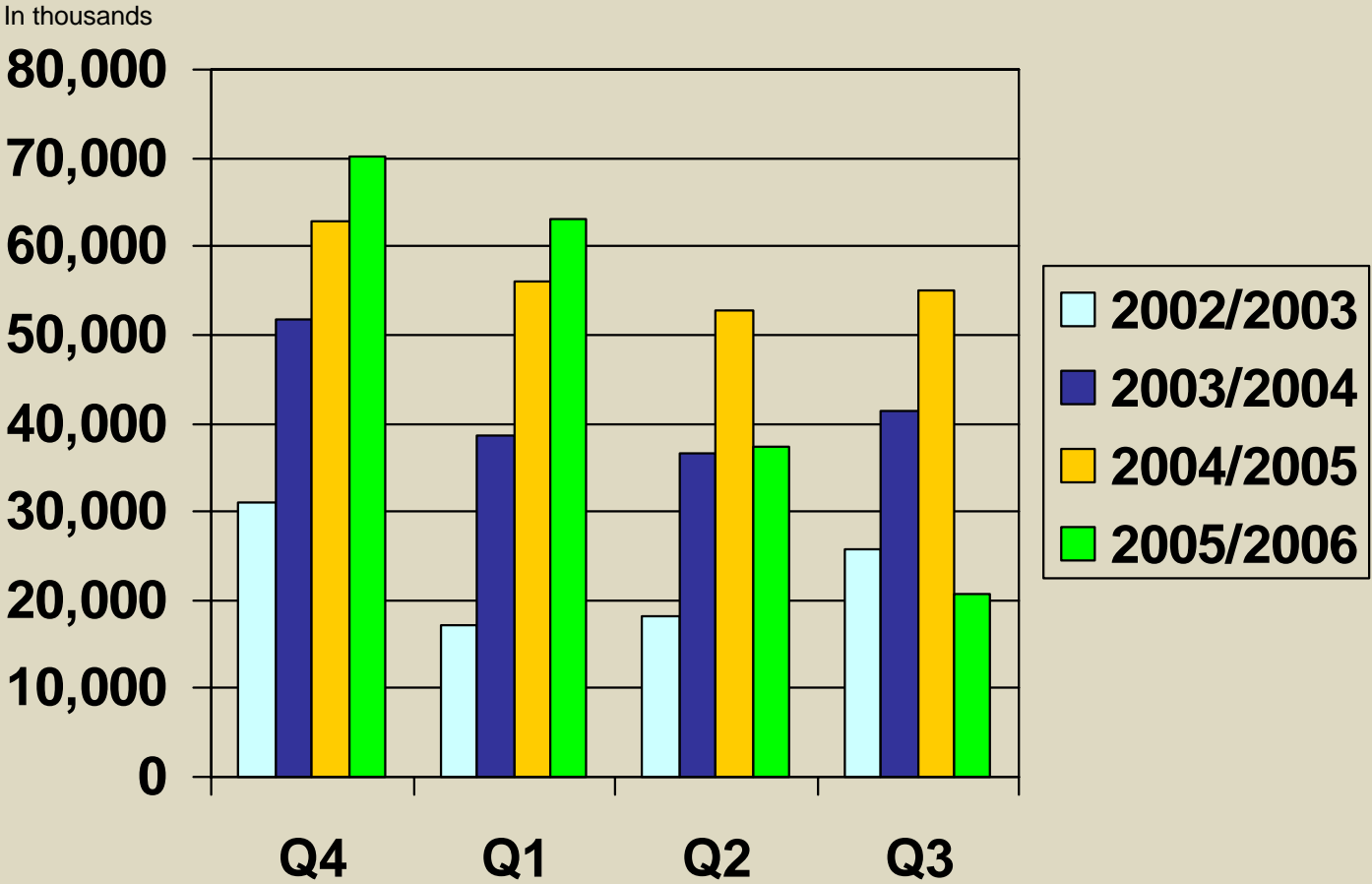
Cash Flow and Balance Sheet Results

- As of December 31, 2006, cash and cash equivalents and investments totaled \$447.8 million
- Capital expenditures decreased to \$69.3 million during 2006, or 3.9% of consolidated revenue
- Quarterly days sales outstanding (DSO) were 12 days as of December 31, 2006, which is consistent with DSO as of December 31, 2005 of 12 days

Discontinued Operations

- Net loss during 2006 of \$48.2 million
- Pre-tax operating losses during 2006 of \$39 million with fourth quarter operating losses of \$3.1 million
- Other charges recorded during 2006:
 - Pre-tax charge of \$9.2 million for acceleration of rent expense for excess unused lease space
 - Pre-tax charge of \$15 million to reduce the carrying value of discontinued assets to an estimated fair value less the cost to sell
 - Pre-tax goodwill impairment charge earlier in the year of \$10.4 million

Net Income Trends



* Q4 represents prior year; Q1 through Q3 represents subsequent year

Re-alignment Initiatives

- Undertaken initiatives to streamline our corporate operations to improve effectiveness
- Corporate headcount reduced by involuntary reductions of approximately 100 positions and voluntary reductions of 20 positions
- Estimate annualized savings from reductions - \$15 million
- Estimate annualized non-payroll reductions - \$10 to \$15 million

Share Repurchase Activity

- During the fourth quarter 2006, repurchased approximately 1.7 million shares for \$41.3 million at an average price of \$25.01 per share
- During 2006, repurchased approximately 5.6 million shares for \$166.1 million at an average price of \$30.20 per share
- Approximately \$134 million of authorized repurchase capacity remains

Summary



Summary

- We are making progress in many areas of our business, such as retention, starts and show rates
- We are stabilizing our population and addressing our underperforming programs and schools
- We are focused on schools that prepare students for careers they are passionate about, using learning delivery models that allow students to fit education into their lifestyles
- We are positioned for growth through operational improvements, hybrid learning, start-ups and selective acquisitions

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