



# Career Education Corporation

## William Blair Growth Stock Conference

June 20, 2007

# Safe Harbor

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

**Gary McCullough**  
**President and Chief Executive Officer**



# Agenda

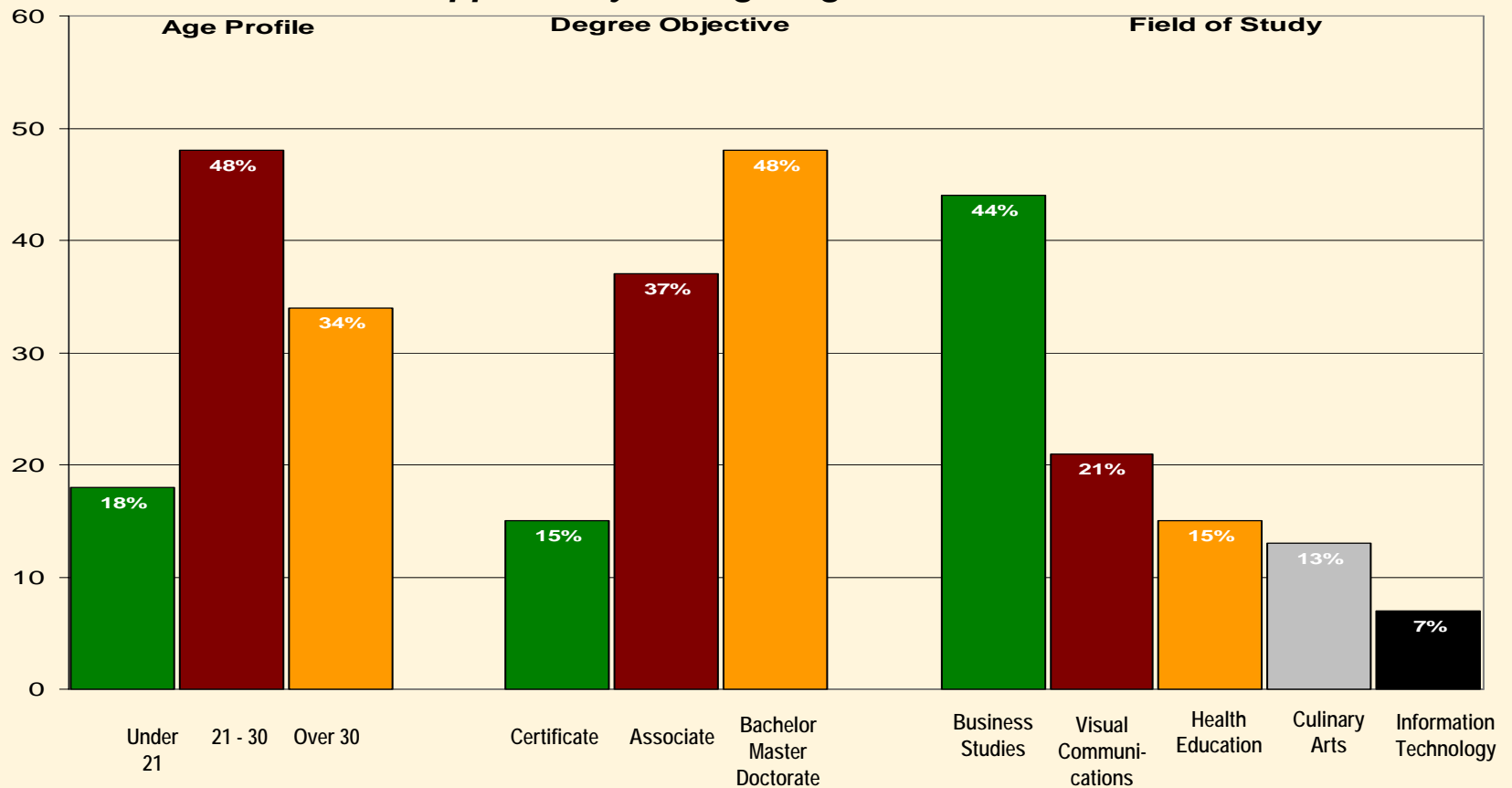
- **Company and Operational Overview**
  - Overview
  - Areas of Focus
  - Early 2007 Activity
- **Financial Performance**
  - First Quarter Results
  - Share Repurchase Activity
- **Summary**

# Overview

- Approximately 90,000 students
- 75 facility based campuses in 22 states and 5 countries
- Degrees and Certificates offered including Associates, Bachelors, Masters, Doctorate
- Fully on-ground, fully online, or hybrid blend
- Full time or part time options
- Core curriculum in high growth fields such as business, visual communications & design, culinary arts, health education & information technology

# Student Profile

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



As of March 31, 2007

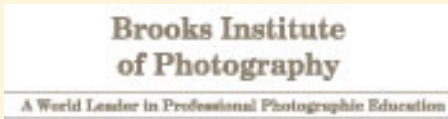
# Portfolio of Educational Offerings

Operating Division	# Schools	Brands
Academy	10	International Academy & Design (IADT)
College	6	Briarcliffe College, Brooks Institute of Photography (BIP), Brown College, Collins College, Harrington College of Design
Culinary Arts	14	Le Cordon Bleu (LCB), Kitchen Academy (KA)
Health Education	23	Sanford Brown College (SBC), Sanford Brown Institute (SBI)
International	12	INSEEC, Istituto Marangoni
University*	12	American InterContinental University (AIU), Colorado Technical University (CTU)
	77	

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

# What Attracted Me to CEC?

- Strong portfolio of brands



- Size and scale of CEC
- Passionate people
- Opportunity to improve and grow

# Areas of Focus

- Continued improvement in academic and operational effectiveness
- Resolution of recommendations to AIU by SACS
- Growth and development of our people
- Growth of our key educational institutions and entrance into new markets
- Sale of our 13 discontinued schools
- Development and clarification of our strategic choices

# Acquisition and Start-ups

- **January 2007** - company purchased Istituto Marangoni schools, world renowned for fashion design with locations in Milan, London and Paris
- **February 2007** – Opened Kitchen Academy (KA) Sacramento location
- **April 2007** – Opened IADT San Antonio location
- **May 2007** – Opened IADT Sacramento location
- **2H07** – Plans to open KA St. Peters location
- **1Q08** – Plans to open KA Seattle and LCB Dallas and Boston locations

# Legal and Regulatory Successes

- **January 2007** - Department of Education lifted growth restrictions imposed in June of 2005
- **February 2007** - McSparran shareholder derivative action dismissed with prejudice
- **March 2007** - Taubenfeld securities class action dismissed with prejudice
- **April 2007** - Department of Justice closed grand jury investigation of the company and declined prosecution
- **April 2007** - California Bureau for Postsecondary and Vocational Education (BPPVE) gave Brooks Institute of Photography an unconditional 5-year renewal

# Financial Performance

**Pat Pesch**

**Executive Vice President and  
Chief Financial Officer**



# First Quarter Metric Results

- Reduction of unproductive leads
- Reduction in admission staffing



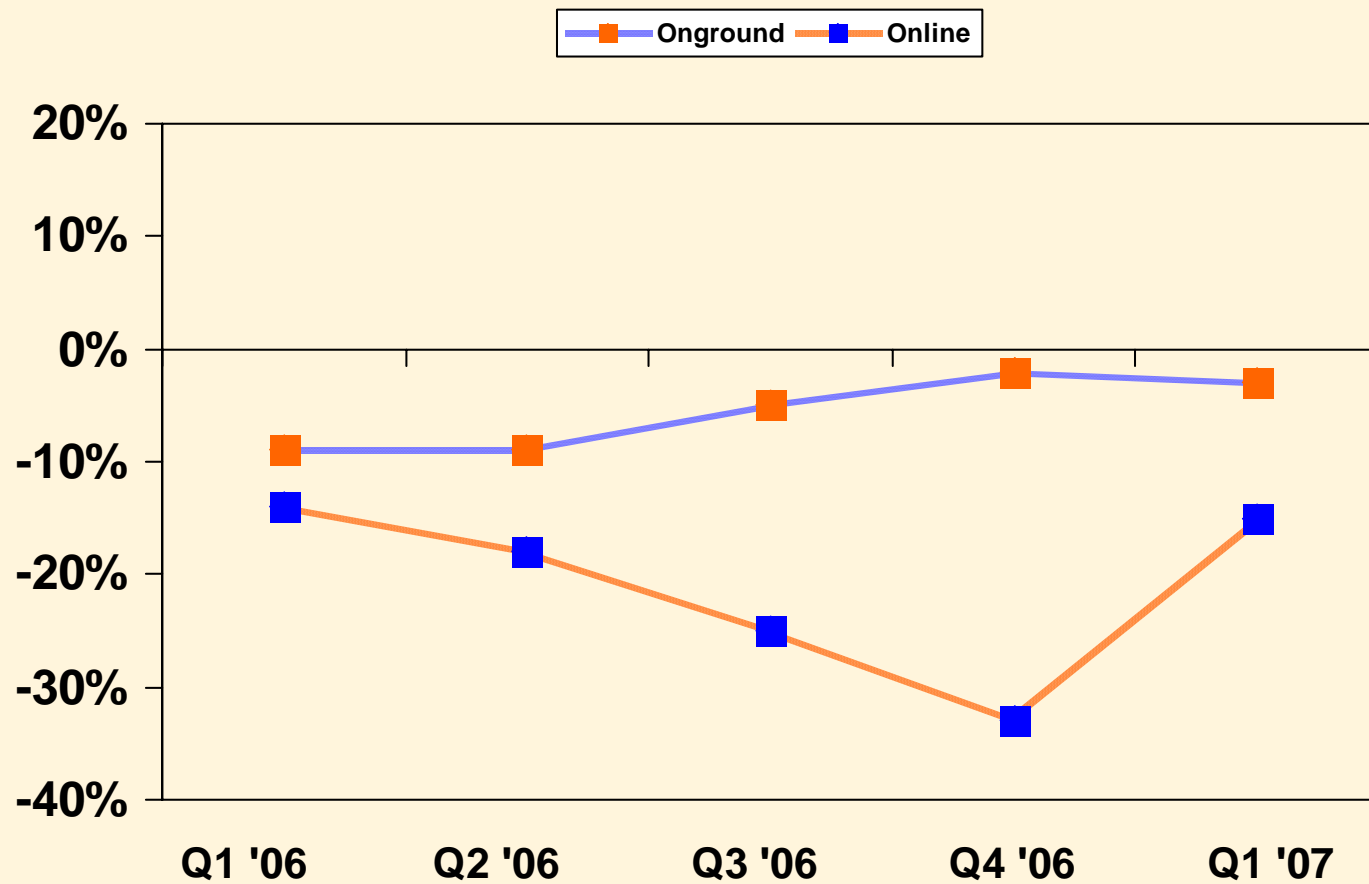
- Improved trend in start activity
- Improved student retention



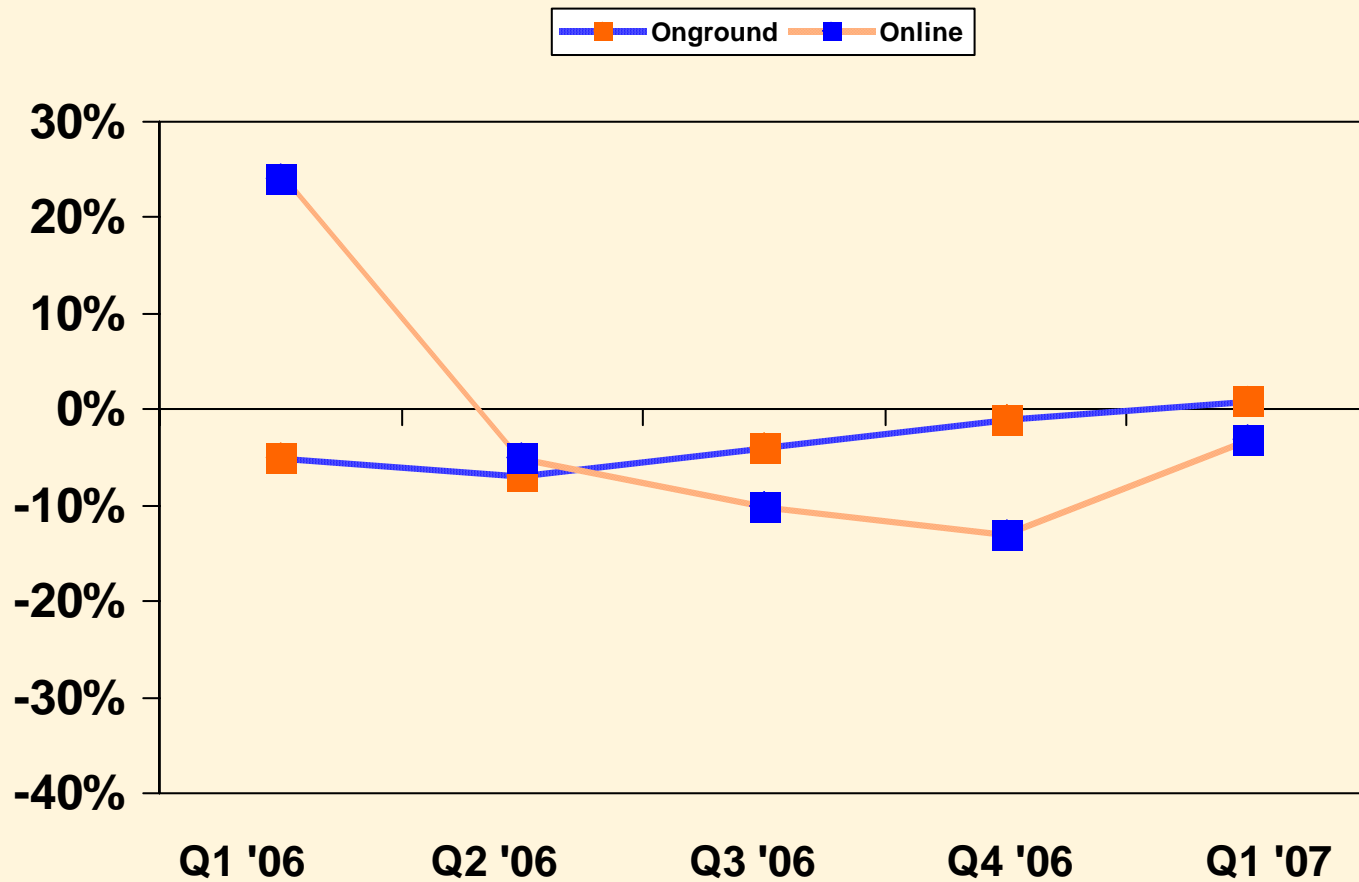
- Better lead conversion rates and rep productivity
- Better show rates

Stabilization  
of  
Population

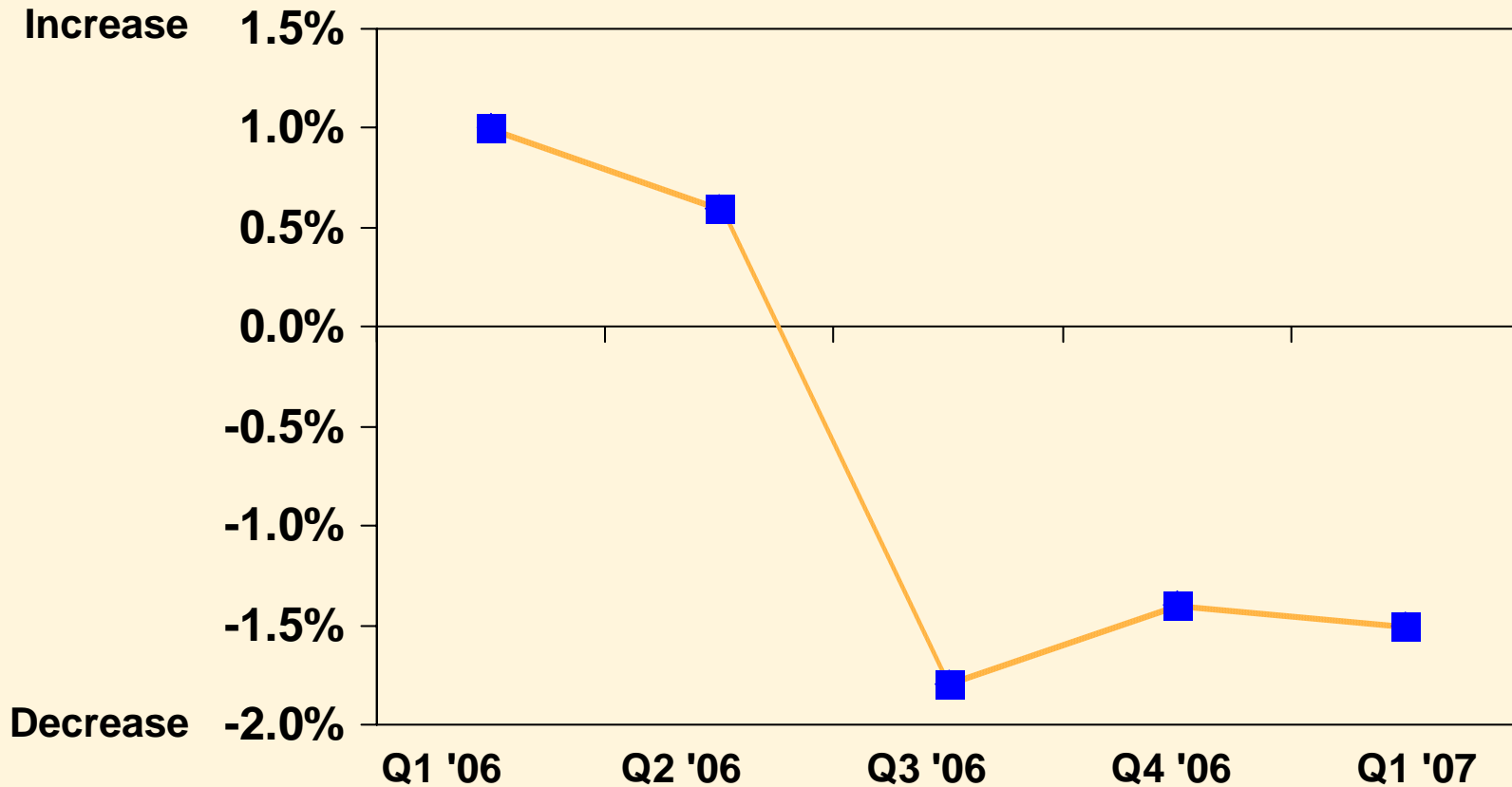
# Start Growth



# Population Growth



# Attrition Year over Year Levels



# First Quarter Financial Results

- Consolidated revenue of \$424 million decreased 12.5% from first quarter 2006
  - Campus based revenue down 1.7%
  - Online based revenue down 28.8%
- Operating profit margin percentage of 11.4%, compared to 20.6% during first quarter 2006
  - Three segment margin declines of 1% to 6% primarily driven by lower revenue
  - Two segments showed improvements of 2% or more
  - University segment showed decline of approximately 15%

# Cash Flow and Balance Sheet Results

- As of March 31, 2007, cash and cash equivalents and investments totaled \$449.8 million
- Capital expenditures decreased to \$16.8 million, or 3.7% of consolidated revenue
- Quarterly days sales outstanding (DSO) were 11 days as of March 31, 2007, which is consistent with DSO as of March 31, 2006 of 11 days

# Share Repurchase Activity

- **July 2005** - Board of Directors authorized \$500.2 million to repurchase shares of our common stock
- **Since Inception** - repurchased 12.4 million shares for approximately \$416.3 million
- **March 2007** - repurchased 1.6 million shares for approximately \$50.0 million
- **March 2007** - \$83.9 million left to repurchase shares
- **May 2007** - Board of Directors authorized an additional \$300.0 million to repurchase shares

