



Career Education Corporation

Bear Stearns 2007 SMid-Cap Investor Conference

November 13, 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 investigation and class action, 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.

Agenda

- **CEC Today and Tomorrow**
 - Company Overview
 - Strategic Choices
 - Legal and Regulatory Progress
 - Turning the Corner
- **Financial Performance**
 - Third Quarter Financial Results
 - Schools Held For Sale
- **Summary**

CEC Today and Tomorrow

Gary McCullough
President and Chief Executive Officer



Overview

- Approximately 90,000 Students
- Degrees and Certificates offered including Associates, Bachelors, Masters, Doctorate
- Core curriculum in fields such as business, visual communications & design, culinary arts, health education & information technology



- Over 75 on-ground campuses in 22 states and 5 countries
- 3 online campuses without geographic boundaries

Student Profile

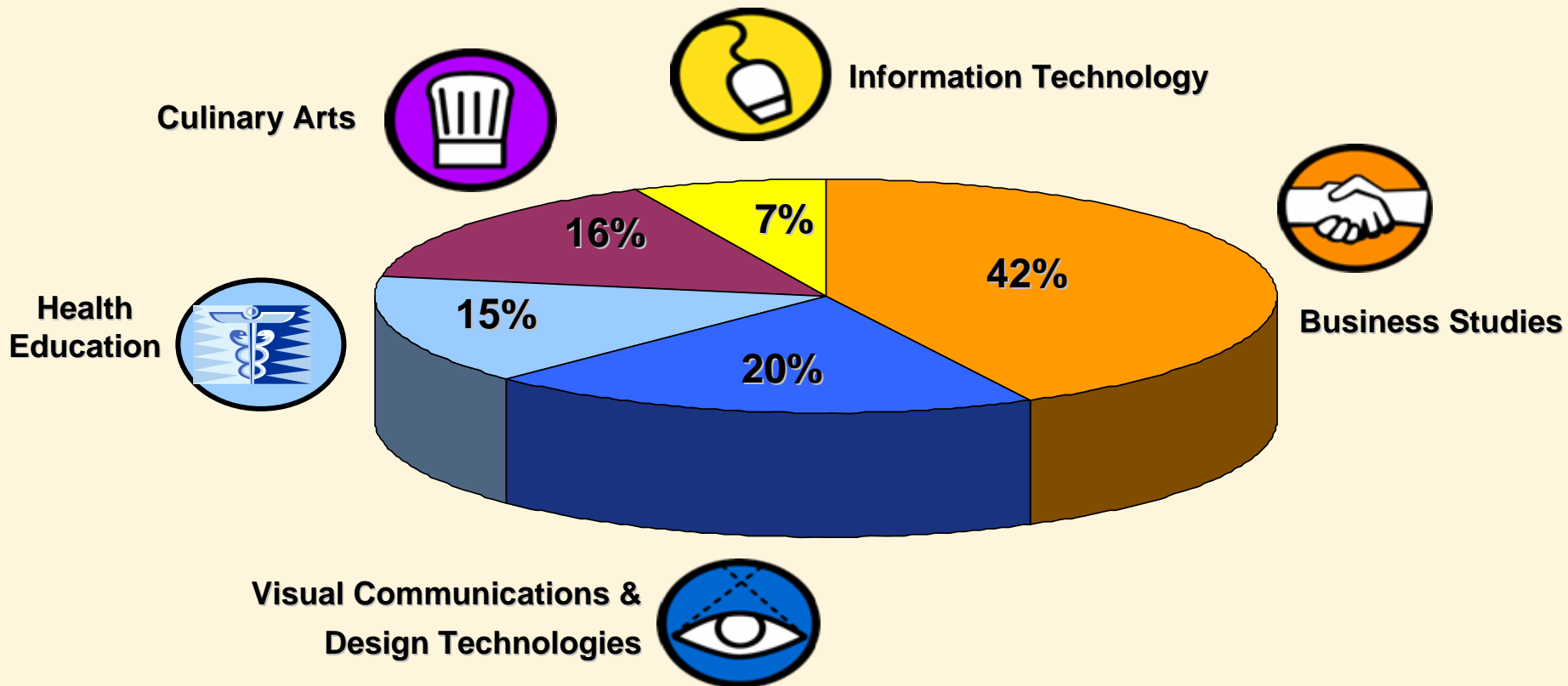
Students from diverse demographic backgrounds seek opportunity through higher education.

	On-Ground	Online	Total CEC
Under 21	30%	3%	21%
21-30	47%	40%	45%
Over 30 yrs	23%	57%	34%
Bachelor, Master, Doctorate	33%	44%	39%
Associate	40%	56%	45%
Certificate	27%	N/A	16%

* As of September 30, 2007

Program Profile

Students pursue a variety of program offerings through both on-ground and online delivery methods.



* As of September 30, 2007

Timeline Of Progress

- **LEARN**
about employees and industry
 - Visit schools
 - Understand current initiatives
 - Evaluate challenges
 - Identify opportunities
 - Develop and clarify mission, objectives and strategic choices
- **STRENGTHEN**
executive leadership team
 - Align our strategic choices and develop 5-year plan
 - Identify core brands
 - Advance blended & fully online program options
 - Resolve legal and regulatory issues
- **DRIVE**
performance and accountability
 - Regain operating leverage
 - Rollout 2008 budget
 - Finalize 5-year strategic plan
 - Drive differentiation of core brands
 - Resolve legal and regulatory issues

Gary McCullough Joins CEC As President and CEO

March '07

2Q07

3Q07

4Q07

Strategic Choices

- Grow Core Educational Institutions
- Improve Academic and Operational Effectiveness
- Enter New Markets
- Build Reputation and External Relationships
- Grow and Develop our People

Grow Core Educational Institutions

AIU, CTU, IADT, Le Cordon Bleu, Sanford Brown

- Strength in Diversity of our Business Mix
- Ensure Schools Offer Curriculum Consistent with the Mission of the Institution
- Add Programs in Areas of High Demand
- Build on Success of IADT Online
- Continue Rollout of Blended Programs to On-ground Schools

Improve Academic & Operational Effectiveness

- Capture Strength of Scale
- Leverage Corporate Functions Across all Institutions
- Focus on Program Rationalization
- Manage Cost Structure in Line with Revenue Growth
- Invest in High-Return Opportunities
- Disseminate Goals, Mission and Values Throughout the Organization to Reduce Turnover and Drive Accountability

Enter New Markets

2007

- Istituto Marangoni
- Kitchen Academy (KA)
Sacramento
- IADT San Antonio
- IADT Sacramento
- Le Cordon Bleu (LCB)
Dallas

2008

- KA Suburban St. Louis
- KA Seattle
- LCB Boston
- Additional Locations to
be Determined

Build Our Reputation and External Relationships

Putting Past Legal Issues Behind Us

- Civil Division of the U.S. DOJ informed us that it was closing its review with no action taken against the company or any of our schools
- Settled three class action lawsuits against schools in Southern California to avoid time and expense associated with defending the suits
- The last of our four shareholder derivative suits was dismissed and the matters have been terminated

Build Our Reputation and External Relationships

Making Progress on Regulatory Issues

- Resolution of Recommendations to AIU by SACS
 - **October, 2007:** Special committee completed scheduled visits to four AIU campuses
 - **October, 2007:** Special committee informed AIU that its final report to SACS will contain no further recommendations for further corrective actions
 - **December, 2007:** COC review and decision during Annual Meeting
- Dissolved special committee of the Board formed in 2004

Grow and Develop Our People

Strengthening Our Executive Leadership Team

- **August, 2007:** Tom Budlong, Senior Vice President of Organizational Effectiveness and Administration
- **September, 2007:** Mike Graham, Executive Vice President and Chief Financial Officer
- **October, 2007:** Len Mariani, Senior Vice President of Marketing and Admissions
- Name New General Counsel

Turning The Corner





























- Continue Growth in Starts and Population
- Continue Improvement in Conversions, Show Rates and Retention
- Regain Operating Leverage
- Decide Alternatives for Schools Held for Sale
- Complete Organizational Alignment with 2008 Budget
- Focus on Strategic Approach to Rationalizing Real Estate

Financial Performance

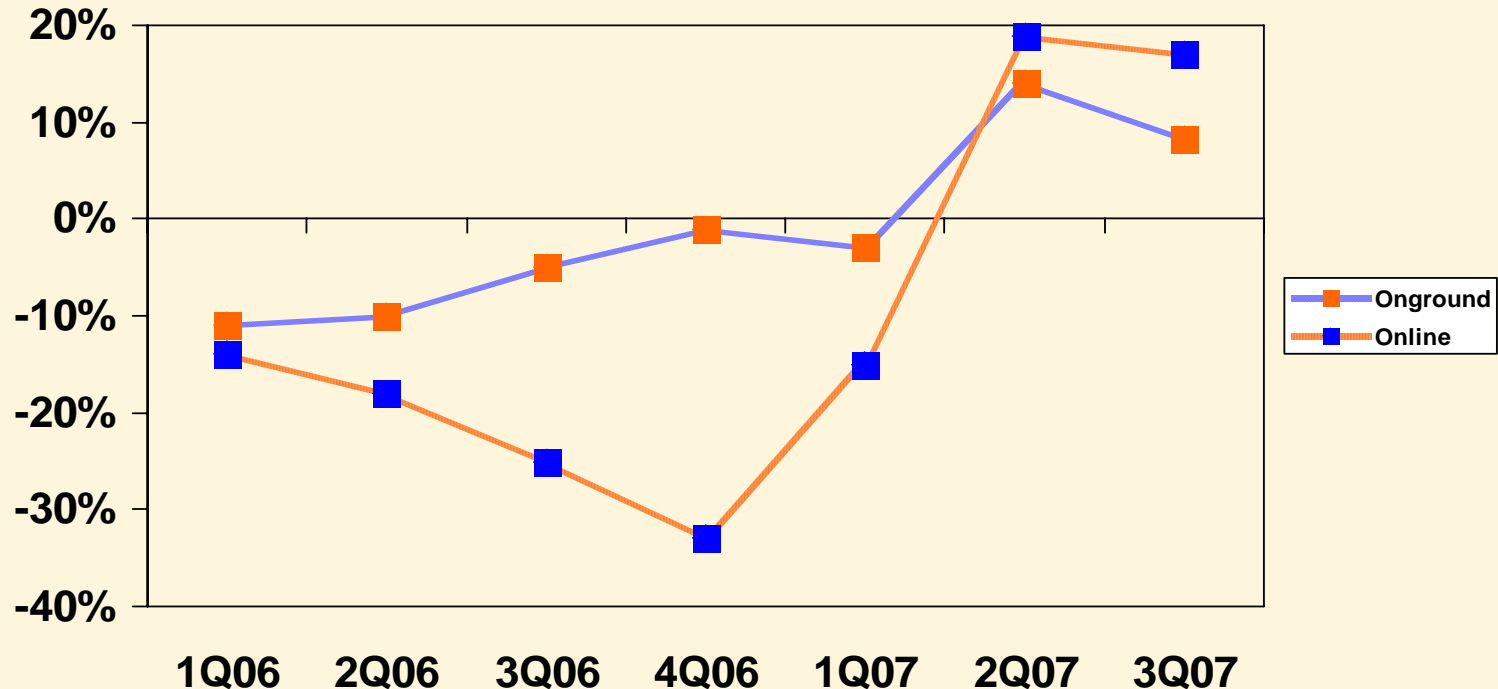
Mike Graham
Chief Financial Officer



Reaching Inflection Points

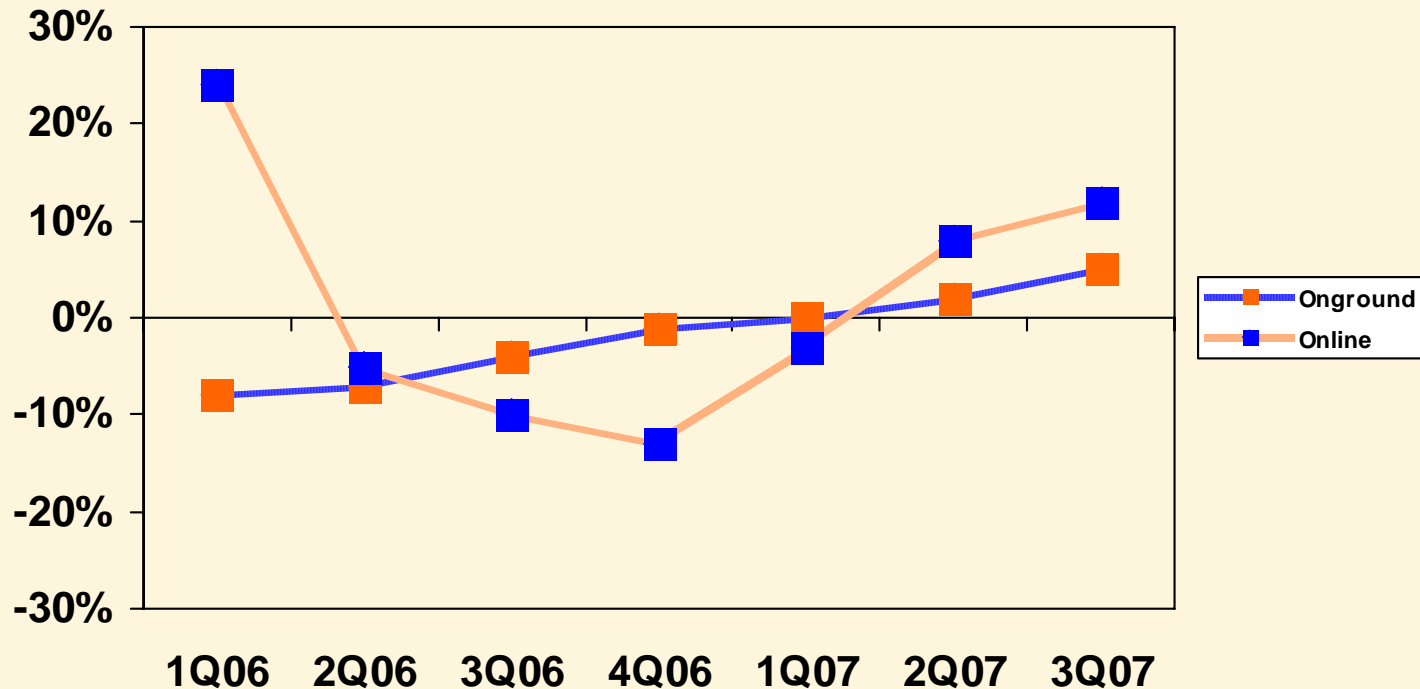
	3Q07	2Q07	1Q07	3Q06
Starts				
Population				
Conversions				
Show Rates				
Revenue per Student				
Cost Per Start				
Retention				

Student Starts – Double Digit Growth



- Over the past two quarters, new student starts showed double digit growth
- October, 2007 new student start growth of 14%

Population – High Single Digit Growth



- Population growth increased each quarter
- In 3Q07, population growth reached high single digits; first time since early 2006

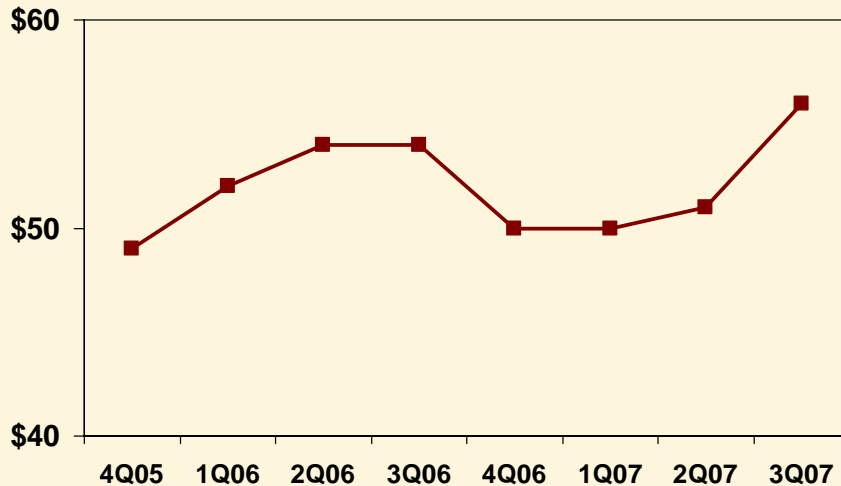
Revenue – Improvement in Sequential Trend

- **Revenue** of \$404 million down 5.6% from 3Q06, an improvement in trend versus 10.5% decrease in the second quarter
 - Online revenue per student down approximately 23% from 3Q06
 - Online revenue down 17% versus 25% in the second quarter
 - On-ground up 0.6% versus down 1.2% in the second quarter

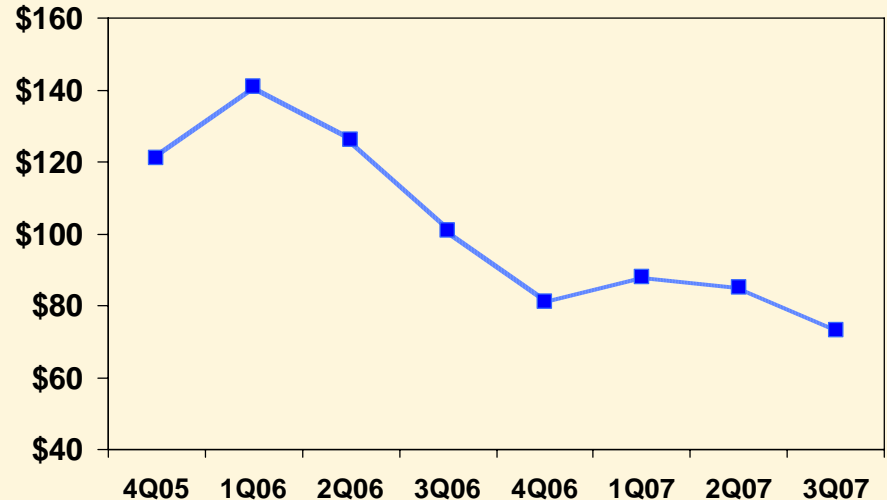
Online Revenue Trend

- AIU Online revenue down 27% versus 33% in the second quarter
- CTU Online revenue up 3% versus down 5% in the second quarter

In Millions



In Millions



Profit Margin – Impact From 3rd Quarter Activity

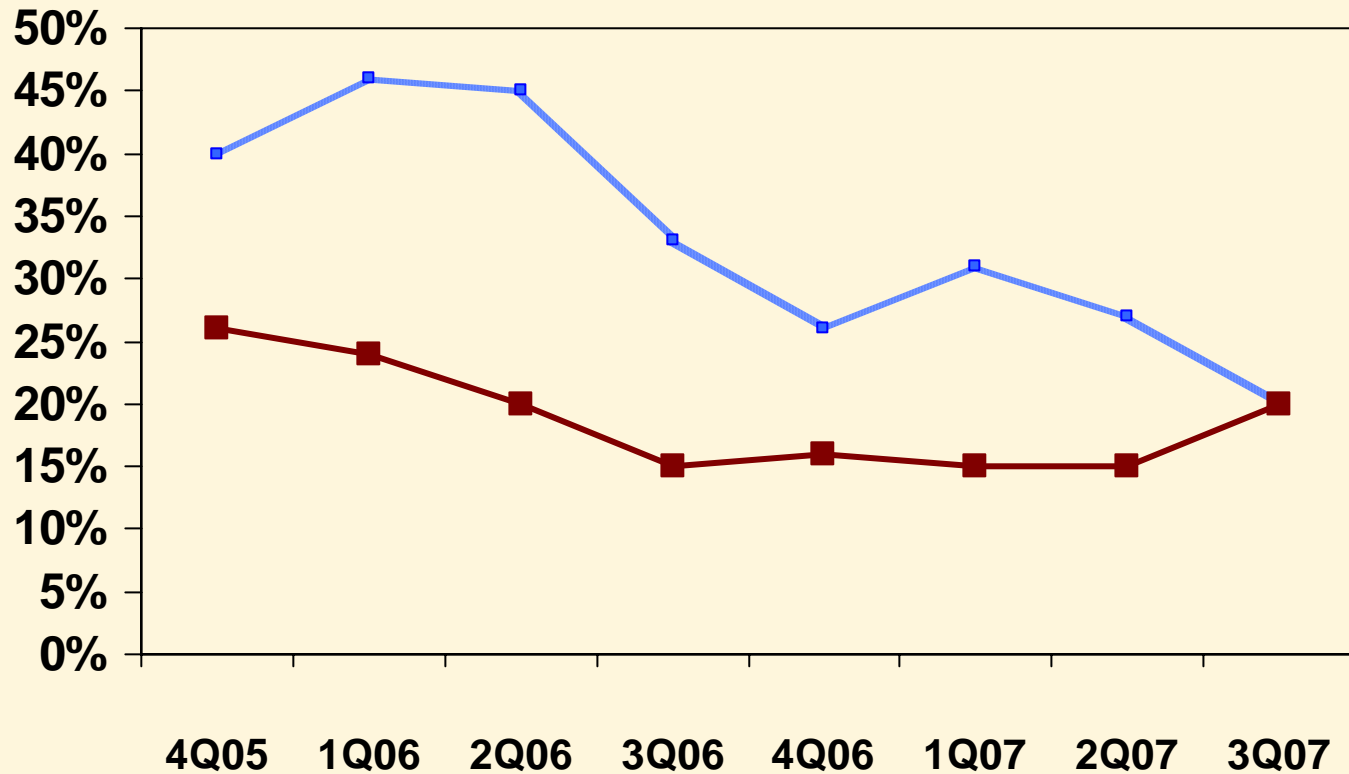
- Operating profit margin of 6%, down from 9% in 3Q06, but up from 3% in the second quarter
 - AIU operating profit fell ~\$20 million from 3Q06
 - AIU Online and CTU Online converged to 20% margins in 3Q07

- Acceleration of start-ups and teach-outs had a significant impact on 3Q07 margins

Segment	3Q07 Actuals	Start-ups	Teach-outs	Other ⁽¹⁾	
Revenue	\$404.4	\$3.9	\$4.1	\$1.7	\$394.6
Operating Profit (Loss)	\$24.2	(\$4.5)	(\$1.2)	(\$2.6)	\$32.4
Operating Profit (Loss) Margin	6.0%				8.2%
Academy	3.4%				9.4%
College	9.4%				12.0%
Culinary	15.8%				18.6%
Health	4.4%				5.2%
International	(28.0%)				(5.0%)

(1) Includes \$2.6 million operating loss from Istituto Marangoni acquisition in early 2007.

Online Profit Margin %



Colorado Technical University™
TAKE YOUR CAREER TO NEW HEIGHTS®



Financial Highlights

- As of September 30, 2007, cash and cash equivalents and investments totaled \$442.8 million
- Capital expenditures decreased to \$12.8 million, or 2.9% of consolidated revenue
- Since inception, repurchased 15.6 million shares for approximately \$516 million with remaining authorization, as of September 30, for approximately \$285 million
- Completed favorable renewal of existing bank credit agreement

Schools Held For Sale

- Concluded negotiations during third quarter 2007
- Indication of value for the schools and the real estate aspects of the deal were not sufficient in providing:
 - An acceptable financial solution for the company
 - The best potential outcome for our students
- Beginning in 4Q07, financial results for schools will be included in continuing operations
- All prior periods will be restated to reflect the schools as part of continuing operations

Examining Alternatives For Each School

- By end of year, we will conclude our decision process regarding alternatives for each school including:
 - Continued operation of certain schools
 - Conversion to alternative brands
 - Teach-out
 - Sale of individual schools

Summary

Gary McCullough
President and Chief Executive Officer



Summary

- More encouraged today than when I joined the company
 - Reaching important inflection points
 - Progressing on strategy and in hiring seasoned executive leaders
 - Resolving litigation and regulatory issues
 - Integrating acquisitions and opening start-up campuses
- Optimistic about potential for continued improvement
- Good market opportunity and significant untapped value in our current portfolio

Q&A

