CAREER EDUCATION CORP
Form DEFC14A
April 22, 2005

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant ý

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Check the appropriate box:

o Preliminary Proxy Statement

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ý **Definitive Proxy Statement**

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CAREER EDUCATION CORPORATION

(Name of Registrant as Specified In Its Charter)

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CAREER EDUCATION CORPORATION

ANNUAL MEETING OF STOCKHOLDERS

May 20, 2005

NOTICE AND PROXY STATEMENT

April 21, 2005

Dear Stockholder:

On behalf of the Board of Directors, I cordially invite you to attend the 2005 Annual Meeting of Stockholders of Career Education Corporation to be held at the Chicago Marriott Northwest, 4800 Columbine Boulevard, Hoffman Estates, Illinois on May 20, 2005 at 3:00 p.m., Central Daylight Time. The formal notice of the Annual Meeting appears on the following page.

The attached Notice of Annual Meeting and Proxy Statement describe the matters that we expect to be acted upon at the Annual Meeting. During the Annual Meeting, stockholders will view a presentation by CEC's management and have the opportunity to ask questions.

Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented. Regardless of the number of shares you own, please sign and date the enclosed proxy card and promptly return it to us in the enclosed postage paid envelope. If you sign and return your proxy card without specifying your choices, your shares will be voted in accordance with the recommendations of the Board of Directors contained in the Proxy Statement.

We look forward to seeing you on May 20, 2005 and urge you to return your proxy card as soon as possible.

Sincerely,

JOHN M. LARSON
Chairman, President
and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 20, 2005

To the Stockholders of
Career Education Corporation:

The Annual Meeting of Stockholders of Career Education Corporation will be held at 3:00 p.m., Central Daylight Time, on May 20, 2005, at the Chicago Marriott Northwest, 4800 Columbine Boulevard, Hoffman Estates, Illinois, for the following purposes:

(1) To elect three Class I directors to CEC's Board of Directors;

(2) To ratify the appointment by the Audit Committee of the Board of Directors of Ernst & Young LLP as the independent auditors of CEC's financial statements for the year ended December 31, 2005;

(3) To vote on three additional stockholder proposals, as described herein, if properly presented at the meeting; and

(4) To transact such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors has fixed the close of business on March 22, 2005 as the record date for determining stockholders entitled to notice of, and to vote at, the meeting.

By order of the Board of Directors,

PATRICK K. PESCH
Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary

Hoffman Estates, Illinois
April 21, 2005

All stockholders are urged to attend the meeting in person or by proxy. Whether or not you expect to be present at the meeting, please complete, sign and date the enclosed BLUE proxy card and return it promptly in the enclosed postage paid envelope furnished for that purpose.

Career Education Corporation
2895 Greenspoint Parkway
Suite 600
Hoffman Estates, Illinois 60195
(847) 781-3600

PROXY STATEMENT

The accompanying BLUE proxy is solicited by the Board of Directors of Career Education Corporation, a Delaware corporation, for use at the Annual Meeting of Stockholders to be held at 3:00 p.m., Central Daylight Time, Friday, May 20, 2005, at the Chicago Marriott Northwest, 4800 Columbine Boulevard, Hoffman Estates, Illinois, and any adjournments thereof. This Proxy Statement and accompanying form of BLUE proxy were first released to stockholders on or about April 25, 2005.

Record Date and Outstanding Shares The Board of Directors has fixed the close of business on March 22, 2005, as the record date (the "Record Date") for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournments thereof. As of the Record Date, CEC had outstanding 102,656,584 shares of Common Stock, par value $0.01 per share (the "Common Stock"). Each of the outstanding shares of Common Stock is entitled to one vote on all matters to come before the Annual Meeting.

Voting of Proxies Thomas B. Lally and John M. Larson, the persons named as proxies on the BLUE proxy card accompanying this Proxy Statement, were selected by the Board of Directors to serve in such capacity. Messrs. Lally and Larson are directors and Mr. Larson is an officer of CEC. Each executed and returned BLUE proxy will be voted in accordance with the directions indicated thereon, or if no direction is indicated, such BLUE proxy will be voted in accordance with the recommendations of the Board of Directors contained in this Proxy Statement. Each stockholder giving a proxy has the power to revoke it at any time before the shares it represents are voted. Revocation of a proxy is effective upon receipt by the Secretary of CEC of either (1) an instrument revoking the proxy or (2) a duly executed proxy bearing a later date. Additionally, a stockholder may change or revoke a previously executed proxy by voting in person at the Annual Meeting. The delivery of a duly executed BLUE proxy card revokes all previous proxies given to vote at the Annual Meeting, or any adjournment or postponement thereof.

Required Vote A plurality of the shares of Common Stock voted in person or by proxy is required to elect the nominees for directors. The affirmative vote of a majority of the shares of Common Stock represented in person or by proxy is required to (1) ratify the appointment by the Audit Committee of the Board of Directors of Ernst & Young LLP as the independent auditors of CEC's financial statements for the year ended December 31, 2005, and (2) approve each of the stockholder proposals. Each stockholder will be entitled to vote the number of shares of Common Stock held as of the Record Date by such stockholder for the number of directors to be elected. Stockholders will not be allowed to cumulate their votes in the election of directors.

Quorum; Abstentions and Broker Non-Votes The required quorum for transaction of business at the Annual Meeting will be a majority of the shares issued and outstanding as of the Record Date. Votes cast by proxy or in person at the Annual Meeting will be tabulated by the election inspector appointed for the meeting and will determine whether or not a quorum is present. The election inspector will treat abstentions and broker non-votes as shares that are present and entitled to vote for purposes of determining the presence of a quorum but as unvoted for purposes of determining the approval of any matter submitted to the stockholders for a vote.

Broker non-votes are proxies received by CEC from brokers or nominees when the broker or nominee has neither received instructions from the beneficial owner or other persons entitled to vote nor has discretionary power to vote on a particular matter. Brokers who hold shares in "street name" have the authority to vote on certain routine matters on which they have not received voting instructions from beneficial owners. Brokers do not have discretionary authority to vote shares held in "street name" on non-routine matters on which they have not received voting instructions from beneficial owners. Because the matters proposed by the Company to be acted upon at the Annual Meeting are deemed to be routine, brokers holding shares in "street name" who do not receive voting instructions are entitled to vote on all matters set forth on the Company's BLUE proxy card. The Company believes that the three stockholder proposals described in "Miscellaneous and Other Matters Other Business" will be considered non-routine and, therefore, if proxies are solicited for such proposals, brokers holding shares in "street name" who do not receive voting instructions will not have the authority to vote on such proposals. Stockholders are advised to forward their voting instructions promptly, so as to afford brokers sufficient time to process such instructions.

Stockholder List A list of stockholders entitled to vote at the Annual Meeting, arranged in alphabetical order, showing the address of, and number of shares registered in the name of, each stockholder, will be open to the examination of any stockholder, for any purpose germane to the Annual Meeting, during ordinary business hours, commencing May 4, 2005 and continuing through the date of the Annual Meeting, at the principal offices of CEC, 2895 Greenspoint Parkway, Suite 600, Hoffman Estates, Illinois 60195.

Form 10-K and Summary Annual Report to Stockholders CEC's Form 10-K and Summary Annual Report to Stockholders for the year ended December 31, 2004, containing financial and other information pertaining to CEC, are being furnished to stockholders with this Proxy Statement.

PROPOSAL 1
ELECTION OF DIRECTORS

CEC's Board of Directors consists of seven directors. Article V of CEC's Amended and Restated Certificate of Incorporation, as amended, provides that the Board of Directors shall be classified with respect to the terms for which its members shall hold office by dividing the members into three classes. At the Annual Meeting, three Class I directors will be elected, each for a term of three years expiring at CEC's 2008 Annual Meeting of Stockholders. Each of the nominees is presently serving as a director of CEC. The Board of Directors recommends that the stockholders vote in favor of the election of the nominees named in this Proxy Statement to serve as directors of CEC. See "Nominees" below.

The four directors whose terms of office do not expire in 2005 will continue to serve after the Annual Meeting until such time as their respective terms of office expire or their successors are duly elected and qualified. See "Other Directors" below.

If at the time of the Annual Meeting any of the nominees should be unable or decline to serve, the persons named as proxies on the BLUE proxy card will vote for such substitute nominee or nominees as the Board of Directors recommends, or vote to allow the vacancy created thereby to remain open until filled by the Board of Directors, as the Board of Directors recommends. The Board of Directors has no reason to believe that any of the nominees will be unable or decline to serve as a director if elected.

NOMINEES

The names of the nominees for the office of director, together with certain information concerning such nominees, are set forth below:

Name	Age	Position With Company	Served as Director Since
Dennis H. Chookaszian(1)(2)	61	Director	2002
Robert E. Dowdell(3)	59	Director	1994
Patrick K. Pesch	48	Executive Vice President, Chief Financial Officer, Treasurer, Assistant Secretary and Director	1995

(1) Member of the Audit Committee.

(2) Member of the Nominating and Governance Committee.

(3) Member of the Compensation Committee.

Dennis H. Chookaszian has been a Director of CEC since October 2002. Mr. Chookaszian was formerly the Chairman and Chief Executive Officer of CNA Financial Corporation ("CNA"). During his 25-year career with CNA, Mr. Chookaszian held several management positions at the business unit and corporate levels. In 1992, he was named Chairman and Chief Executive Officer of CNA Insurance Companies and in 1999 he became Chairman of the executive committee of CNA. Mr. Chookaszian retired from CNA in 2001. From 1999 until 2001, Mr. Chookaszian served as Chairman and Chief Executive Officer of mPower, Inc., a financial advice provider focused on the management of 401(k) plans online. Mr. Chookaszian is a director of Marshall & Swift, L.P., a database software company, Sapient Corporation, a business and technology consultancy, Insweb Corporation, an on-line insurance provider and Chicago Mercantile Exchange Holdings, Inc. Mr. Chookaszian received certification as a public accountant in 1971.

Robert E. Dowdell has been the Lead Director since July 2004 and a Director of CEC since its inception in January 1994. From 1984 to 1988, Mr. Dowdell served as President of National Education Centers, Inc., a subsidiary of National Education Corporation, Inc. ("NEC"). From 1989 to present, Mr. Dowdell has served as Chief Executive Officer and as a director of Marshall & Swift, L.P. Mr. Dowdell is also the General Partner of RGD Partners, L.P., an investment business.

Patrick K. Pesch has been a Director of CEC since 1995. Mr. Pesch has served as Chief Financial Officer and Treasurer of CEC since October 1999 and as Assistant Secretary since April 2005. In addition, Mr. Pesch served as Secretary of CEC from May 2000 until April 2005 and as Executive Vice President of CEC since May 2001. From October 1999 until May 2000, Mr. Pesch served as Assistant Secretary of CEC, and from October 1999 until May 2001, he served as Senior Vice President of CEC. From 1992 until joining CEC, Mr. Pesch served as a Senior Vice President of Heller Financial, Inc. ("HFI") and also as an officer of Heller Equity Capital Corporation ("HECC"), managing a portfolio of loan and equity investments. Mr. Pesch joined HFI in 1985 as head of the internal audit function and served in a number of positions, including senior credit officer for Heller Corporate Finance. Previously, he was an audit manager with Arthur Young & Company (currently Ernst & Young LLP). Mr. Pesch received a Bachelor of Science of Commerce degree from DePaul University and is a certified public accountant.

The Board of Directors recommends that stockholders vote FOR all of the nominees for election as Class I Directors.

OTHER DIRECTORS

The following persons will continue to serve as directors of CEC after the Annual Meeting until their terms of office expire (as indicated below) or until their successors are elected and qualified.

Name	Age	Position with Company	Served as Director Since	Term Expires
Thomas B. Lally(1)(2)(3)	61	Director	1998	2007
John M. Larson	53	Chairman, President, Chief Executive Officer and Director	1994	2007
Wallace O. Laub(2)(3)	80	Director	1994	2006
Keith K. Ogata(1)(3)	50	Director	1998	2006

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating and Governance Committee.

Thomas B. Lally has been a Director of CEC since January 1998. Prior to his retirement in October 2001, Mr. Lally was the President of HECC since August 1995, an Executive Vice President of HFI and Chairman of HFI's Executive Credit Committee since April 1995, with direct responsibility for the asset quality oversight of HFI's portfolio of loan and equity investments. Mr. Lally joined HFI in 1974.

John M. Larson has served as President, Chief Executive Officer and a Director of CEC since its inception in January 1994 and as Chairman since January 2000. Mr. Larson served as Secretary of CEC from January 1994 through May 2000. From July 1993 until CEC's formation, Mr. Larson served as a consultant to HECC, working with HECC to establish CEC. From January through May 1993, Mr. Larson served as the Eastern Regional Operating Manager of Educational Medical, Inc., a provider of career-oriented post-secondary education. From 1989 until November 1992, Mr. Larson served as the Senior Vice President of College Operations of Phillips Colleges, Inc., overseeing a nationwide system of 58 schools, which offered a wide range of academic programs. From March through September 1989, he served as Senior Vice President of Operations for the Geneva Companies, a mergers and acquisitions firm. From 1980 to 1989, Mr. Larson was Vice President of Marketing at National Education Centers, Inc., a subsidiary of NEC, where he managed the entire admissions program, including marketing and advertising efforts, with a team of approximately 500 employees. Mr. Larson has also served in marketing positions with DeVry Inc., at its Chicago and Kansas City campuses. Mr. Larson received a Bachelor of Science degree in Business Administration from the University of California at Berkeley and has completed the Executive Management Program at Stanford University. In 2000, Mr. Larson was named the Ernst & Young LLP Entrepreneur of the Year of the Illinois and Northwestern Indiana region in the service category.

Wallace O. Laub has been a Director of CEC since October 1994. Mr. Laub was a co-founder of NEC, where he served as Executive Vice President and director from 1955 to 1993. From 1981 to 1990, Mr. Laub served as a director of the Distance Education Training Council, a trade association and accrediting agency for distance education companies. Mr. Laub is now retired.

Keith K. Ogata has been a Director of CEC since January 1998. Mr. Ogata is currently President of, and a private investor in, 3-K Financial Corporation, a private investment company. From 1996 to 1998, Mr. Ogata served as President of National Education Centers, Inc., a subsidiary of NEC. From 1990 to 1998, he served as Vice President, Chief Financial Officer and Treasurer of NEC, with responsibility for finance, accounting, treasury, tax, mergers and acquisitions, human resources, investor and public relations and information systems.

Director Compensation During 2004, each director of CEC who was not an employee or consultant of CEC (the "Outside Directors") was paid an annual fee of $18,000 for his service as a director, $1,000 for each Board of Directors meeting attended and $500 for each Board Committee meeting attended. Each Committee chairman received an additional fee of $500 per Committee meeting attended. In addition, each Outside Director was granted stock options to purchase 24,000 shares of Common Stock at the fair market value of the Common Stock, as determined by a committee appointed by the Board of Directors, on May 21, 2004, the date of last year's annual stockholders meeting. Each Outside Director will also be granted an option to purchase 24,000 shares of Common Stock on the date of each regular annual stockholders meeting thereafter if such director is elected at such meeting to serve as an Outside Director or continues to serve as an Outside Director. One-third of the options granted to Outside Directors vest on the grant date and on each of the first two anniversaries of the grant date. All options granted to Outside Directors are exercisable for ten years. All Outside Directors are also reimbursed for their reasonable out-of-pocket expenses incurred in attending Board of Directors and Committee meetings.

Meetings During the year ended December 31, 2004, the Board of Directors held nineteen (19) meetings. Each director attended at least 75% of the aggregate number of Board of Directors meetings held and the total number of Committee meetings on which he served that were held during 2004. Directors are expected to attend the Annual Meeting, absent unusual circumstances, although CEC has no formal policy on the matter. Each member of the Board of Directors attended the 2004 Annual Meeting.

Committees of the Board of Directors The Board of Directors has established an Audit Committee, a Compensation Committee and a Nominating and Governance Committee, each comprised entirely of directors who are "independent" as that concept is defined in the corporate governance listing requirements applicable to companies whose securities are listed on The Nasdaq National Market (referred to herein as the "Nasdaq listing standards"). The members of the Audit Committee are Messrs. Ogata (Chairman), Chookaszian and Lally. The members of the Compensation Committee are Messrs. Dowdell (Chairman), Lally and Laub. The members of the Nominating and Governance Committee are Messrs. Lally (Chairman), Chookaszian, Laub and Ogata.

The Audit Committee generally has direct responsibility for appointing, compensating, retaining and overseeing the work of any independent auditors of CEC, selecting and reviewing the plan and scope of the annual audit, reviewing CEC's audit and control functions, reviewing and pre-approving audit and permissible non-audit services, reporting to the full Board of Directors regarding all of the foregoing and carrying out the other responsibilities set forth in its charter. The Audit Committee is comprised solely of directors who meet all the independence standards for audit committee members, as set forth in the Sarbanes-Oxley Act of 2002, and the Nasdaq listing standards. The Board of Directors has determined that each of Mr. Chookaszian and Mr. Ogata is an "audit committee financial expert," as that term is defined in the Securities and Exchange Commission ("Commission") rules adopted pursuant to the Sarbanes-Oxley Act of 2002. During the year ended December 31, 2004, the Audit Committee held fourteen (14) meetings. See "Report of the Audit Committee of the Board of Directors."

The Compensation Committee generally has responsibility for recommending to the Board of Directors guidelines and standards relating to the determination of executive compensation, reviewing CEC's executive compensation policies and reporting to the Board of Directors regarding the foregoing. The Compensation Committee also has responsibility for administering CEC's stock option plans, determining the number of options to be granted to CEC's employees and consultants pursuant to the plans, determining the number of options to be granted to our executive officers pursuant to such plans and reporting to the Board of Directors regarding the foregoing. During the year ended December 31, 2004, the Compensation Committee held four (4) meetings. See "Report of the Compensation Committee of the Board of Directors."

The Nominating and Governance Committee generally has responsibility for identifying candidates who are eligible under the qualification standards set forth in CEC's Corporate Governance Guidelines to serve as members of the Board of Directors. It also makes recommendations to the Board of Directors concerning the structure and membership of other Board committees. The Nominating and Governance Committee is also charged with considering matters of corporate governance generally and reviewing and recommending to the Board, periodically, CEC's corporate governance principles. During the year ended December 31, 2004, the Nominating and Governance Committee held six (6) meetings.

Corporate Governance Guidelines In October 2004, the Board of Directors adopted Corporate Governance Guidelines to assist the Board of Directors in fulfilling its responsibility to exercise its business judgment to act in what it believes to be the best interest of CEC's stockholders. The Corporate Governance Guidelines are attached hereto as Exhibit A, and are posted on the Company's website, www.careered.com, under the caption "Investor Relations."

Lead Director The Outside Directors have designated Robert E. Dowdell as the Lead Director. In his capacity as Lead Director, Mr. Dowdell presides at all executive sessions of the Outside Directors. Executive sessions are held at least two times per year.

Code of Ethics and Code of Business Conduct and Ethics In October 2003, the Board of Directors adopted a Code of Ethics that is specifically applicable to the Company's executive officers and senior financial officers, including its principal executive officer, its principal financial officer, its principal accounting officer and controller. The Code of Ethics is posted on the Company's website, www.careered.com, under the caption "Investor Relations." CEC has also adopted a revised Code of Business Conduct and Ethics in order to promote honest and ethical conduct and compliance with the laws and governmental rules and regulations to which the Company is subject. The revised Code of Business Conduct and Ethics is applicable to all of CEC's employees, officers and directors, and is posted on the Company's website, www.careered.com, under the caption "Investor Relations."

Nominating Procedures As described above, the Company has a standing nominating committee. The Nominating and Governance Committee's charter is posted on the Company's website, www.careered.com, under the caption "Investor Relations."

The Nominating and Governance Committee considers many factors when considering candidates for the Board and strives for the Board to be comprised of directors with a variety of experience and backgrounds, who have high-level managerial experience in a complex organization, and who represent the balanced interest of stockholders as a whole rather than those of special interest groups. Other important factors in Board composition include strength of character, mature judgment, specialized expertise, relevant technical skills, diversity, level of education, broad-based business acumen, experience and understanding of strategy and policy-setting and the extent to which the candidate would fill a present need on the Board. Depending upon the current needs of the Board, certain factors may be weighed more or less heavily by the Nominating and Governance Committee.

In considering candidates for the Board, the Nominating and Governance Committee considers the entirety of each candidate's credentials and does not have any specific minimum qualifications that must be met by a Nominating and Governance Committee recommended nominee. However, the Nominating and Governance Committee does believe that all members of the Board should have the highest character and integrity, a reputation for working constructively with others, sufficient time to devote to Board matters, and no conflict of interest that would interfere with performance as a director. In the case of current directors being considered for renomination, the Nominating and Governance Committee will also take into account the director's history of attendance at meetings of the Board of Directors or its Committees, the director's tenure as a member of the Board of Directors, and the director's preparation for and participation in such meetings.

The Nominating and Governance Committee considers candidates for the Board from any reasonable source, including stockholder recommendations. The Nominating and Governance Committee does not evaluate candidates differently based on who has made the proposal. The Nominating and Governance Committee has the authority under its charter to hire and pay a fee to consultants or search firms to assist in the process of identifying and evaluating candidates. No such consultants or search firms have been used to date and, accordingly, no fees have been paid to consultants or search firms in the past fiscal year. Candidates are recommended to the Board of Directors after consultation with the Chairman of the Board.

Stockholders who wish to suggest qualified candidates should write to the Office of the Secretary, Career Education Corporation, 2895 Greenspoint Parkway, Suite 600, Hoffman Estates, Illinois 60195, specifying the name of the candidates and stating in detail the qualifications of such persons for consideration by the Nominating and Governance Committee. A written statement from the candidate consenting to be named as a candidate and, if nominated and elected, to serve as a director should accompany any such recommendation. Stockholders who wish to nominate a director for election at an annual meeting of the stockholders of the Company must comply with the Company's Amended and Restated By-laws ("By-laws") regarding stockholder proposals and nominations. See "Proposals of Stockholders" contained herein.

Communications with the Board of Directors Stockholders or other interested parties may communicate with the Board of Directors by sending a letter to CEC Board of Directors, c/o The Office of the Secretary, Career Education Corporation, 2895 Greenspoint Parkway, Suite 600, Hoffman Estates, Illinois 60195. The Office of the Secretary will receive the correspondence and forward it to the director or directors to whom the communication is addressed. From time to time, the Board of Directors may change the process by means of which stockholders may communicate with the Board or its members. Please refer to CEC's website, www.careered.com, for any changes in this process.

EXECUTIVE OFFICERS

Set forth below is a table identifying the executive officers of CEC who are not identified in the tables entitled "Election of Directors Nominees" or " Other Directors."

Name	Age	Position
Janice L. Block	42	Senior Vice President, General Counsel and Secretary
Stephen C. Fireng	36	President, Online Education Group
Jacob P. Gruver	50	Group President of Colleges East and West, and Universities Division
Paul R. Ryan	54	Group President of Academy, Culinary and Health Education East and West Divisions
Kenneth D. Shore	45	Group President of Gibbs Division
Steven B. Sotraidis	58	Executive Vice President of Administration
Todd H. Steele	42	President of International and Startup Divisions, Executive Vice President of Strategic Planning and Development

Janice L. Block was appointed as Senior Vice President, General Counsel and Secretary of CEC, effective April 18, 2005. From February 2004 until joining CEC, Ms. Block was a partner in the law firm of Greenberg Taurig, LLP. Ms. Block served as an independent consultant to Microsoft Corporation from 2002 to 2004, and as Microsoft Corporation's Central Region Counsel from 1998 until 2002.

Ms. Block received a Bachelor of Arts degree, *magna cum laude,* from Princeton University, a Master's of Science degree in Journalism from Northwestern University, and a Juris Doctor degree from Columbia University School of Law.

Stephen C. Fireng has served as President of the Online Education Group since February 2005. Mr. Fireng formerly served as Senior Vice President of Marketing and Admissions of the Online Education Group between June 2003 and January 2005, Vice President of Marketing and Admissions of the Online Education Group between September 2001 and June 2003, CEC's National Director of Admissions between October 2000 and September 2001, CEC's Regional Director of Admissions between October 1999 and October 2000, and Director of Admissions at Collins College between May 1996 and October 1999. Mr. Fireng held positions including Placement Director and Admissions Advisor at Collins College from June 1991 until joining CEC upon its acquisition by CEC in 1994. Mr. Fireng received a Bachelor of Science degree in Business Administration from Northern Arizona University.

Jacob P. Gruver has served as Group President of Colleges East and West, and Universities Division since October 2003. Mr. Gruver formerly served as President of the Colleges, Schools and Universities Group of CEC between January 2003 and October 2003. Prior to this, Mr. Gruver served as Executive Vice President of Operations of CEC between May 2001 and January 2003, Senior Vice President of Operations of CEC from October 1999 until May 2001, and as a Managing Director of CEC between May 1997 and October 1999. From August 1994 until May 1997, Mr. Gruver served as the Director of Finance for CEC. From 1989 until joining the corporate management team at CEC, Mr. Gruver was Vice President and Controller of Wyoming Technical Institute in Laramie, Wyoming. From 1978 until 1989, Mr. Gruver audited career-oriented schools and other clients at a regional public accounting firm. Mr. Gruver received a Bachelor of Science degree in Accounting from National College and is a certified public accountant.

Paul R. Ryan has served as Group President of Academy, and Culinary Divisions since October 2003 and Group President of Health Education East and West Divisions since October 2004. Mr. Ryan formerly served as Senior Vice President of Operations for the Colleges, Schools and Universities Group since April 2003. From October 2001 to April 2003, Mr. Ryan was the Vice President and Managing Director of the Culinary Division. From March 2000 to October 2001, Mr. Ryan was the President of California Culinary Academy. Before joining CEC in 2000, Mr. Ryan was the Vice President of Food and Beverage Operations for the Promus Hotel Corporation from November 1997 to December 1999. Mr. Ryan received an Associate's degree in Hotel Administration from Allegheny College and also served in the United States Army in Vietnam.

Kenneth D. Shore has served as Group President of the Gibbs Division since September 2004. Mr. Shore previously served as Managing Director of the Startup Division between November 2002 and September 2004, and Campus President of Orlando Culinary Academy between early 2002 and November 2002. Before joining CEC in 2002, Mr. Shore served as General Manager of The Yarrow Resort Hotel and Conference Center, a resort owned and operated by Hart Hotels, Inc., the Hilton Hotel in Salt Lake City, Utah and the Doubletree Guest Suites in Tucson, Arizona. Mr. Shore received an Associate of Applied Science degree in Culinary Arts from Culinary Institute of America and served in the United States Coast Guard.

Steven B. Sotraidis has served as Executive Vice President of Administration of CEC since January 2003. Mr. Sotraidis previously served as Senior Vice President of Operations of CEC between May 2001 and January 2003, Vice President of Operations of CEC between November 1999 and May 2001, and a Managing Director of CEC between July 1997 and November 1999. Prior to joining CEC, Mr. Sotraidis was President of Brooks College, a CEC school located in Long Beach, California. Mr. Sotraidis joined Brooks College in 1970 and had managed Brooks' overall operations from 1975 until 1997. Mr. Sotraidis received a Bachelor of Science degree in Psychology and completed two years of graduate work in Industrial Psychology at California State University at Long Beach.

Todd H. Steele has served as President of International and Startup Divisions since October 2003, and has served as Executive Vice President of Strategic Planning and Development of CEC since January 2003. Mr. Steele previously served as Senior Vice President of Strategic Planning and Development of CEC between May 2001 and January 2003, Vice President of Strategic Planning and Development of CEC between November 1999 and May 2001, and Director of Strategic Planning and Development of CEC between March 1998 and November 1999. Mr. Steele served as a member of CEC's Board of Directors from CEC's inception in January 1994 until he joined CEC as a full-time employee in March 1998. From December 1996 until joining CEC, Mr. Steele served as a Vice President of Baker, Fentress & Co., an investment company, making equity investments in private companies. From May 1990 until November 1996, he served as a Vice President of HFI and HECC, also making equity investments in private companies. Mr. Steele received a Bachelor of Arts degree in Economics from Northwestern University and an Master's of Business Administration in Finance from the University of Chicago.

The Board of Directors elects officers annually and such officers serve at the discretion of the Board of Directors, subject, in the case of Mr. Larson, to the terms of his employment agreement. Mr. Larson is the only officer with an employment agreement with CEC. See "Executive Compensation Employment Agreements." There are no family relationships among any of the directors or officers of CEC.

Section 16(a) Beneficial Ownership Reporting Compliance Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires CEC's officers (as defined under Section 16), directors and persons who beneficially own greater than 10% of a registered class of CEC's equity securities to file reports of ownership and changes in ownership with the Commission. Based solely on a review of the forms it has received and on written representations from certain reporting persons that no such forms were required for them, CEC believes that, during 2004 all Section 16 filing requirements applicable to its officers, directors and greater than 10% beneficial owners were complied with by such persons.

EXECUTIVE COMPENSATION

The following table provides information concerning the annual and long-term compensation for services in all capacities to CEC for the years ended December 31, 2004, 2003 and 2002 to our chief executive officer and our other executive officers who served in such capacities during such periods (collectively, the "Named Officers").

Summary Compensation Table

		Annual Compensation		Long-Term Compensation Awards	
Name and Principal Position	**Year**	**Salary**	**Bonus(1)**	**Securities Underlying Options(#)(2)**	**All other compensation ($)(3)**
John M. Larson *Chairman, President and Chief Executive Officer*	2004 2003 2002	$ 900,000 750,000 600,000	$ 900,000 762,500 1,043,550	150,000 150,000 300,000	$ 13,239 12,179 11,408
Nick Fluge *Chief Visionary of Innovative Online Development, former President, Online Education Group(4)*	2004 2003 2002	$ 410,000 360,000 300,000	$ 746,000 516,000 360,000	60,000 80,000 130,000	$ 10,169 9,891 9,669
Patrick K. Pesch *Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary*	2004 2003 2002	$ 400,000 360,000 300,000	$ 240,000 366,000 360,000	60,000 80,000 130,000	$ 9,634 9,233 9,088
Steven B. Sotraidis *Executive Vice President of Administration*	2004 2003 2002	$ 330,000 265,000 215,000	$ 307,500 234,000 217,500	45,000 48,000 72,000	$ 11,548 10,559 8,730
Todd H. Steele *President of International and Startup Divisions, Executive Vice President of Strategic Planning and Development*	2004 2003 2002	$ 335,000 280,000 233,000	$ 312,500 293,000 255,000	45,000 48,000 96,000	$ 8,992 8,656 8,565

(1) Bonuses earned in respect of one year are paid during the next year. For example, the bonuses indicated as earned in respect of 2004 were paid in February or March of 2005.

(2) All option amounts have been adjusted to reflect our 2-for-1 stock split effected in the form of stock dividends in August 2003.

(3) Amounts reflect both (i) CEC's contribution made in the form of a match on amounts contributed by the Named Officers in CEC's 401(k) plan and (ii) insurance premiums paid for term life insurance, for the years 2004, 2003 and 2002:

	401(k) Matching Amounts	**Term Life Insurance Premiums**

	401(k) Matching Amounts			Term Life Insurance Premiums		
	2004	2003	2002	2004	2003	2002
Mr. Larson	$ 8,200	$ 8,000	$ 8,000	$ 5,039	$ 4,179	$ 3,408
Mr. Fluge	8,000	8,000	8,000	2,169	1,891	1,669
Mr. Pesch	8,200	8,000	8,000	1,434	1,233	1,088
Mr. Sotraidis	8,200	8,000	8,000	3,348	2,559	730
Mr. Steele	8,200	8,000	8,000	792	656	565

(4)

Mr. Fluge served as President of CEC's Online Education Group until January 31, 2005, when he was succeeded by Stephen C. Fireng, who was serving as Senior Vice President of Marketing and Admissions of the Online Education Group. Effective February 1, 2005, Mr. Fluge assumed the position of Chief Visionary of Innovative Online Development, and leads a new initiative to expand the scope of CEC's online business into short-term non-degree learning programs and related products and services.

OPTION GRANTS IN 2004

The following table contains information concerning the grant of stock options by us to our Named Officers during 2004.

Name	Number of Shares Underlying Options Granted(#) (1)	Percentage of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (2)	
					5% ($)	10% ($)
John M. Larson	150,000	10.4%	$ 62.56	5/20/14	$ 5,901,547	$ 14,955,679
Nick Fluge	60,000	4.1%	62.56	5/20/14	2,360,619	5,982,272
Patrick K. Pesch	60,000	4.1%	62.56	5/20/14	2,360,619	5,982,272
Steven B. Sotraidis	45,000	2.8%	62.56	5/20/14	1,770,464	4,486,704
Todd H. Steele	45,000	2.8%	62.56	5/20/14	1,770,464	4,486,704

(1) These options were granted under the Career Education Corporation 1998 Employee Incentive Compensation Plan and each of these options is a non-qualified stock option and vests in four equal annual installments on each of the first four anniversaries of the grant date.

(2) Potential realizable value is presented net of the option exercise price, but before any federal or state income taxes associated with exercise, and is calculated assuming that the fair market value on the date of the grant appreciates at the indicated annual rates, compounded annually, for the term of the option. The 5% and 10% assumed rates of appreciation are mandated by the rules of the Commission and do not represent our estimate or projection of future increases in the price of our Common Stock. Actual gains are dependent on the future performance of our Common Stock and the option holder's continued employment throughout the vesting periods. The amounts reflected in the table may not necessarily be achieved.

Aggregated Option Exercises in 2004 and Year-End 2004 Option Values The following table provides information regarding each of the Named Officers' option exercises during 2004 and unexercised options at December 31, 2004.

AGGREGATED OPTION EXERCISES IN 2004 AND YEAR-END 2004 OPTION VALUES

Name	Shares Acquired on Exercise(#)	Value Realized($)	Number of Securities Underlying Unexercised Options at Year-End 2004(#)		Value of Unexercised In-The-Money Options at Year-End 2004($)(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
John M. Larson	200,000	$ 12,801,990	1,689,500	562,500	$ 51,337,619	$ 7,994,625
Nick Fluge	193,000	9,748,003	92,000	245,000	3,225,501	1,804,775
Patrick K. Pesch			453,000	245,000	13,036,272	3,447,275
Steven B. Sotraidis			351,904	132,000	11,363,555	1,439,685
Todd H. Steele	150,000	9,259,278	193,000	179,000	5,528,774	2,613,030

(1) The value per option is calculated by subtracting the exercise price per option from the closing price of the Common Stock on the Nasdaq National Market on December 31, 2004 of $40.00.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2004 with respect to shares of the Company's Common Stock that may be issued under the Company's existing equity compensation plans:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	8,816,693(1)	$ 23.71	4,428,898(2)
Equity compensation plans not approved by security holders	200,000(3)	19.60	None
Total	9,016,693	23.62	4,428,898

(1) Includes outstanding options to purchase shares of the Company's Common Stock under the Career Education Corporation 1995 Stock Option Plan, the Career Education Corporation 1998 Employee Incentive Compensation Plan and the Career Education Corporation 1998 Non-Employee Directors' Stock Option Plan.

(2) Includes shares available for future issuance under the Career Education Corporation 1995 Stock Option Plan, the Career Education Corporation 1998 Employee Incentive Compensation Plan, the Career Education Corporation 1998 Non-Employee Directors' Stock Option Plan and the Career Education Corporation 1998 Employee Stock Purchase Plan; excludes securities reflected in column (a). In addition to stock options, the Career Education Corporation 1998 Employee Incentive Compensation Plan provides for the issuance of stock appreciation rights, restricted stock, deferred stock, stock, dividend equivalents, other stock-based awards, performance awards or cash incentive awards. 4,050,226 shares remain available under the Career Education Corporation 1998 Employee Incentive Compensation Plan for the issuance of stock appreciation rights, restricted stock, deferred stock, stock, dividend equivalents, other stock-based awards, performance awards or cash incentive awards.

(3) We have an agreement with Le Cordon Bleu Limited that gives us the exclusive right to use the Le Cordon Bleu trade name in the United States and Canada. Under this agreement, we pay Le Cordon Bleu Limited royalties based on eligible culinary revenues collected from students enrolled in Le Cordon Bleu culinary programs at our schools. On August 30, 2002, we issued an option to purchase 200,000 shares of our Common Stock to Le Cordon Bleu Limited in connection with an amendment to this license agreement. The option is immediately exercisable at an exercise price per share of $19.60 and expires on August 29, 2012. The exercise price of the option represents 90 percent of the average closing sale price of our Common Stock during the five trading days ended August 29, 2002. The option was issued pursuant to an exemption under Section 4(2) of the Securities Act of 1933. The issuance was made without general solicitation or advertising. This option amount has been adjusted to reflect our 2-for-1 stock splits effected in the form of stock dividends in August 2003.

Employment Agreements CEC and CEC Employee Group, LLC, a wholly-owned subsidiary of CEC, entered into an employment agreement dated August 1, 2000 with John M. Larson. The term of the agreement, pursuant to its terms, has been automatically extended by one year beginning on January 1, 2002 and on each succeeding January 1st thereafter. The term will continue to be extended by one year on January 1st of each year unless CEC or Mr. Larson provide written notice of termination. The current term of the agreement is through December 31, 2007. The agreement provides for an initial annual base salary of $450,000 plus bonus compensation based upon annual quantitative and qualitative performance targets as established by the Board of Directors. The agreement provides for the payment of two years salary and average bonus and a continuation of benefits for two years following Mr. Larson's termination of employment with us, other than termination by us for Cause (as defined therein) or termination by Mr. Larson without Good Reason (as defined therein). The agreement also provides for the payment of three years salary and average bonus and a continuation of benefits for three years following Mr. Larson's termination of employment with us in anticipation of a change of control or after a change of control. In the event that any payment by CEC to Mr. Larson is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), then Mr. Larson shall be entitled to receive an additional payment in an amount such that after payment by Mr. Larson of all applicable taxes, Mr. Larson retains an amount equal to the amount he would have retained had no excise tax been imposed. The agreement also prohibits Mr. Larson from disclosing confidential information and from engaging in activities competitive with CEC for a period which includes the term of his employment with CEC or service as one of CEC's directors and continues for two years thereafter. However, if Mr. Larson's employment with CEC is terminated by CEC in anticipation of a change of control or after a change of control and CEC pays three years' salary and average bonus, the non-competition period extends to three years after the termination of employment.

**REPORT OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS**

The Compensation Committee of the Board of Directors (the "Compensation Committee") is comprised solely of "independent" directors, as that term is defined in the Nasdaq listing standards, as well as under Rule 16b-3 of the Exchange Act and Section 162(m) of the Code ("Section 162(m)"). The Compensation Committee establishes CEC's compensation strategy and policies and determines the nature and amount of all compensation for CEC's executive officers. The objectives of the Board of Directors in determining the levels and components of executive and key employee compensation are to (i) attract, motivate and retain talented and dedicated executive officers and other key employees, (ii) provide executive officers and other key employees with both cash and equity incentives to further the interests of CEC and its stockholders and (iii) compensate executive officers and other key employees at levels comparable to those of other comparable companies. The Compensation Committee retained Mercer Human Resource Consulting to review its compensation program in 2003 to ensure that it (i) aligns compensation with responsibility, (ii) provides for a competitive sharing of future increases in stockholder value with key executives and employees and (iii) is consistent with CEC's strategic and financial goals. Generally, the compensation of all executive officers and other key employees is composed of a base salary plus targeted bonuses based upon achievement of specified goals. In addition, stock options are granted to provide the opportunity for compensation based upon the performance of the Common Stock over time.

In determining the base salaries of the executive officers in 2004, the Board of Directors considered the performance of each executive, the nature of the executive's responsibilities, the salary levels of executives at comparable publicly-held companies (based in part on a review of compensation data provided by Mercer Human Resource Consulting), and CEC's general compensation practices. Based on these criteria, effective January 1, 2005, the base salary of Mr. Larson was increased from $900,000 to $990,000, the base salary of Mr. Fluge was unchanged at $410,000, the base salary of Mr. Pesch was increased from $400,000 to $425,000, the base salary of Mr. Sotraidis was increased from $330,000 to $365,000, and the base salary of Mr. Steele was increased from $335,000 to $365,000. The base salaries of the executive officers are effective until changed at the discretion of the Compensation Committee.

Discretionary bonuses for executive officers are directly tied to achievement of specified goals of CEC and are a function of the criteria which the Compensation Committee believes appropriately takes into account the specified areas of responsibility of the particular officer. Targets for discretionary bonuses are determined based on a percentage of the employee's base salary. Various executive officers and key employees were awarded cash bonuses in 2004 for their contributions. For 2004, the Compensation Committee paid bonuses of $900,000 to Mr. Larson, $746,000 to Mr. Fluge, $240,000 to Mr. Pesch, $307,500 to Mr. Sotraidis, and $312,500 to Mr. Steele.

Periodically, the Compensation Committee also grants stock options to executive officers and other key employees in order to provide a long-term incentive, which is directly tied to the performance of CEC's Common Stock. These options provide an incentive to maximize stockholder value because they reward option holders only if stockholders also benefit. The exercise price of these stock options is the fair market value of the Common Stock on the date of grant. In general, the options vest in equal annual installments over a four year period beginning one year after the date of grant. Vesting periods are used to retain key employees and to emphasize the long-term aspect of contribution and performance. In making stock option grants to executives and other key employees, the Compensation Committee considers a number of factors, including the performance of such persons, achievement of specific delineated goals, the responsibilities and the relative position of such persons within CEC, review of compensation of executives and key employees in comparable companies and review of the number of stock options each such person currently possesses. In 2004, the Compensation Committee granted 150,000 stock options to Mr. Larson, 60,000 stock options to each of Messrs. Fluge and Pesch, and 45,000 stock options to each of Messrs. Sotraidis and Steele.

Compliance with Section 162(m)

The Compensation Committee currently intends for all compensation paid to the Named Officers to be tax deductible to CEC pursuant to Section 162(m). Section 162(m) provides that compensation paid to the Named Officers in excess of $1,000,000 cannot be deducted by CEC for Federal income tax purposes unless, in general, such compensation is performance based, is established by a committee of independent directors, is objective and the plan or agreement providing for such performance based compensation has been approved in advance by stockholders. In the future, the Compensation Committee may determine to adopt a compensation program that does not satisfy the conditions of Section 162(m) if in its judgment, after considering the additional costs of not satisfying Section 162(m), such program is appropriate.

COMPENSATION COMMITTEE

Robert E. Dowdell (Chairman)
Thomas B. Lally
Wallace O. Laub

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Robert E. Dowdell, Thomas B. Lally and Wallace O. Laub served as members of the Compensation Committee during 2004.

**REPORT OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

The Board of Directors maintains an Audit Committee comprised of three non-employee members of the Board of Directors. After reviewing the qualifications of the current members of the Audit Committee, and any relationships they may have with CEC that might affect their independence from CEC, the Board of Directors has determined that (1) all current members of the Audit Committee are "independent" as that concept is defined in Section 10A of the Exchange Act, (2) all current members of the Audit Committee are "independent" as that concept is defined in the Nasdaq listing standards, (3) all current members of the Audit Committee are financially literate, and (4) Mr. Chookaszian and Mr. Ogata both qualify as audit committee financial experts under the applicable rules promulgated pursuant to the Exchange Act.

The members of the Audit Committee are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management or the independent auditors, nor can the Audit Committee certify that the independent auditors are "independent" under applicable rules. The Audit Committee serves in a board-level oversight role in which it provides advice, counsel and direction to management and the auditors based on the information it receives, on discussions with management and the auditors, and on the members of the Audit Committee's experience in business, financial and accounting matters. The Audit Committee has the authority to engage its own outside advisors, apart from counsel or advisors hired by management, as it determines appropriate, including experts in particular areas of accounting. Management is responsible for the reporting processes and preparation and presentation of financial statements and the implementation and maintenance of internal controls. CEC's independent auditors are responsible for expressing an opinion on the conformity of CEC's audited financial statements to generally accepted accounting principles in the United States.

In January 2005, the Board of Directors approved an amendment to the written charter of the Audit Committee, with such amended charter attached as Exhibit B to this Proxy Statement and posted on the Company's website, www.careered.com. The Audit Committee assists the Board of Directors with fulfilling its oversight responsibility regarding the quality and integrity of the accounting, auditing, and financial reporting practices of the Company. In discharging its oversight responsibilities regarding the audit process, the Audit Committee:

(1) reviewed and discussed the audited financial statements with management;

(2) discussed with Ernst & Young LLP the material required to be discussed by Statement on Auditing Standards No. 61; and

(3) reviewed the written disclosures and the letter from Ernst & Young LLP required by the Independence Standards Board's No. 1, and discussed with Ernst & Young LLP any relationships that may impact their objectivity and independence.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, as filed with the Commission.

AUDIT COMMITTEE

Keith K. Ogata (Chairman)
Dennis H. Chookaszian
Thomas B. Lally

Principal Accounting Fees and Services

Ernst & Young LLP acts as the principal auditor for CEC and also provides certain audit-related, tax and other services. The Audit Committee pre-approves all services provided by Ernst & Young LLP to CEC. In some cases, this pre-approval is accomplished through policies and procedures adopted by the Audit Committee that provide a detailed description of the services that may be performed, as well as limits on the fees for the services. In pre-approving services, the Audit Committee considers whether such services are consistent with the Commission's rules on auditor independence. The fees for the services provided by Ernst & Young LLP to CEC in the years ended December 31, 2004 and December 31, 2003, respectively, were as follows:

Audit Fees were $1,958,000 and $750,000 for the years ended December 31, 2004 and December 31, 2003, respectively. Audit Fees are fees paid to Ernst & Young for professional services for the audit of CEC's consolidated financial statements included in the Annual Report on Form 10-K and internal control over financial reporting, review of financial statements included in CEC's Quarterly Reports on Form 10-Q, accounting consultation related to the audits, and assistance with Commission filings.

Audit-Related Fees were $362,000 and $850,000 for the years ended December 31, 2004 and December 31, 2003, respectively. Audit-Related Fees consisted of services that are traditionally performed by the independent auditor, including employee benefit plan audits and due diligence related to mergers, acquisitions and other matters.

Tax Fees were $422,000 and $899,000 for the years ended December 31, 2004 and December 31, 2003, respectively. Tax Fees consisted of all services performed by the independent auditor's tax personnel, except those related to the audit of financial statements, and include tax compliance, tax consulting, tax planning and non-recurring projects.

All Other Fees were $0 and $432,000 for the years ended December 31, 2004 and December 31, 2003, respectively. All Other Fees are associated with non-audit-related company formation and other services.

Financial Information Systems Design and Implementation Fees

There were no fees billed by Ernst & Young LLP for professional services rendered in connection with financial information systems design and implementation services during the fiscal years ended December 31, 2004 and December 31, 2003.

PERFORMANCE GRAPH

The following graph shows a comparison of cumulative total returns for CEC, the Standard & Poor's 500 Index and an index of peer companies selected by CEC during the period commencing on January 1, 2000 and ending on December 31, 2004. The comparison assumes $100 was invested on January 1, 2000 in the Common Stock, the Standard & Poor's 500 Index and the index of peer companies selected by CEC and assumes the reinvestment of all dividends, if any. The companies in the peer index, all of which are education companies, are weighted according to their market capitalization as of the end of each period for which a return is indicated. Included in the peer index are: Apollo Group Inc., Corinthian Colleges, Inc., DeVry Inc., Education Management Corporation, ITT Educational Services, Inc., and Strayer Education, Inc. The performance graph begins with CEC's $4.80 per share closing price on December 31, 1999 (as adjusted to reflect the 2-for-1 stock splits effected in the form of stock dividends paid on August 25, 2000, on October 1, 2001, and on August 22, 2003).

Comparison of Cumulative Total Return Since January 1, 2000
Career Education Corporation, S&P 500 Index and Peer Index

SECURITY OWNERSHIP OF MANAGEMENT AND PRINCIPAL STOCKHOLDERS