

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE CAREER EDUCATION CORPORATION
SECURITIES LITIGATION

Case No. 03 C 8884

Honorable Joan Humphrey Lefkow

NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS OR ENTITIES WHO, DURING THE PERIOD FROM APRIL 22, 2002 THROUGH FEBRUARY 15, 2005, INCLUSIVE, PURCHASED OR OTHERWISE ACQUIRED CAREER EDUCATION CORPORATION'S SECURITIES INCLUDING COMMON STOCK, OPTIONS AND DEBT SECURITIES.

PLEASE READ THIS NOTICE CAREFULLY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF THIS CLASS ACTION LAWSUIT. IF YOU ARE A CLASS MEMBER, THIS NOTICE CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHTS CONCERNING THE SETTLEMENT. IF YOU ARE A MEMBER OF THE CLASS AND DO NOT SUBMIT A TIMELY REQUEST FOR EXCLUSION, YOU WILL BE BOUND BY THE RELEASE INCLUDED IN THIS NOTICE, REGARDLESS OF WHETHER YOU SUBMIT A CLAIM.

YOU ARE HEREBY NOTIFIED, the above-captioned action (the "Action"), a class action lawsuit, is currently pending in the United States District Court for the Northern District of Illinois (the "Court") and that a hearing on a proposed Settlement has been scheduled for September 18, 2008 at 10:00 a.m. before Hon. Joan Humphrey Lefkow, at the United States District Court for the Northern District of Illinois, Eastern Division, Room 1925, Everett McKinley Dirksen United States Courthouse, 19th Floor, 219 South Dearborn Street, Chicago, Illinois 60604. The Action alleges various violations of the federal securities laws, as further described in Section II below, against Career Education Corporation ("CEC") and two of its former officers and directors. The Action seeks damages on behalf of all persons or entities who purchased CEC securities, including common stock, options and debt securities from April 22, 2002 through February 15, 2005, inclusive (the "Settlement Class Period"). This Notice is provided pursuant to an Order of the Court and Federal Rule of Civil Procedure 23 to notify you that, subject to Court approval, the parties have reached a Settlement of the Action.

The proposed Stipulation and Agreement of Settlement of Class Action (the "Settlement Agreement") creates a Settlement Fund in the amount of \$4,900,000. (See also Section VI of this Notice.) Your recovery from this Fund will depend on a number of variables, including the number of shares of CEC common stock and options you purchased during the Settlement Class Period, and the timing of your purchases and any sales. Plaintiffs are required by law to provide in this Notice an estimate of the average per-share recovery, but the figure below does not necessarily represent the recovery any particular Member (as defined below in Section I.5) will receive. Dividing the gross amount of the Settlement Fund by the number of shares that Plaintiffs estimate were purchased during and held to the end of the Settlement Class Period (approximately 105 million shares) results in an estimated average recovery per share of approximately \$0.047 before deduction of Court approved fees and expenses. That amount will be reduced by the costs of the Action, the costs of administering the Settlement and any attorneys' fees awarded by the Court. The actual per-share recovery figure will also vary depending on the number of Members who elect to participate in the Settlement, and when those Members' CEC common stock and options were purchased and/or sold. For example, the figure may be higher if less than all of the eligible claims are filed. Thus, because the actual recovery of each Authorized Claimant will be based on the volume of claims made and each Authorized Claimant's estimated out-of-pocket loss, rather than a simple per-share average, any individual Member may receive a recovery that is either higher or lower than the per-share average.

Defendants have denied, and continue to deny that any of them have committed or have threatened to commit any violations of law. Further, the Court dismissed Plaintiffs' claims three times, the last time with prejudice, and agreed with Defendants as to the insufficiency of the Complaint. While Plaintiffs filed and served a timely notice of appeal with the United States Court of Appeals for the Seventh Circuit, Lead Plaintiff believes that the chances of success could be minimal because, in part, the Court dismissed the Complaint on three separate occasions.

Lead Plaintiff believes that the proposed Settlement is fair, reasonable, adequate and in the best interests of the Class especially in the current posture of the case. There are significant risks associated with continuing to litigate and proceeding on appeal. In addition, had the appeal been successful and the case proceeded to trial, there is a danger that the Class would not prevail on their claims against the Defendants at trial, in which case the Class would receive nothing. Further, had the appeal been successful and the case proceeded to trial and assuming Lead Plaintiffs established liability of the Defendants, the amount of damages recoverable by Members would have been subject to vigorous attack by the Defendants. Recoverable damages are limited to losses actually caused by conduct found actionable under applicable securities laws. Had the Action gone to trial, Defendants would have tried to prove that all or most of

the losses alleged by the Members were caused by non-actionable market, industry, or other general economic factors. The proposed Settlement eliminates these risks and provides an immediate recovery for Members.

Plaintiff's Lead Counsel have not received any payment for their services in prosecuting the Action on behalf of the Lead Plaintiff, the Plaintiffs and the Members. If the Court approves the Settlement, Plaintiff's Lead Counsel will apply to the Court for an award of attorneys' fees not to exceed 33⅓% of the Settlement Fund. Plaintiff's Lead Counsel also plans to seek reimbursement of out-of-pocket expenses from the Settlement proceeds, not to exceed \$500,000 exclusive of Settlement administration expenses.

This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Action or the merits of the claims or defenses asserted. Defendants have expressly denied any and all wrongdoing and/or liability. This Notice is to advise you of the proposed Settlement and of your rights in connection therewith.

If you have any questions about the Settlement, you may contact the following Plaintiff's Lead Counsel:

LABATON SUCHAROW LLP
Louis Gottlieb, Esq.
Joseph Sternberg, Esq.
140 Broadway
New York, New York 10005
(212) 907-0632

Please do not contact the Court or CEC.

I. DEFINITIONS

The following terms have the meanings specified below:

1. "Authorized Claimant" means a Member (or the representative of such Member including, without limitation, agents, administrators, executors, heirs, successors, and assigns), who submits a Proof of Claim and Release together with required documentation and who is entitled to a distribution from the Net Settlement Fund pursuant to the terms and conditions set forth in the Settlement Agreement.

2. "Defendants" means CEC, John M. Larson and Patrick K. Pesch.

3. "Individual Defendants" means John M. Larson and Patrick K. Pesch.

4. "Lead Plaintiff" means Thomas Schroder.

5. "Member" means any person or entity who is a member of the Settlement Class (including beneficial owners of CEC securities purchased on their behalf by others during the Settlement Class Period), and including, without limitation, the Lead Plaintiff and Plaintiffs, but excluding those persons or entities who submit valid and timely requests for exclusion from the Class in accordance with the procedures set forth in Section V of this Notice.

6. "Net Settlement Fund" means the Settlement Fund less all attorneys' fees and attorneys' costs and Plaintiffs' expenses allowed by the Court together with interest earned thereon, but less applicable taxes, tax preparation expenses and costs of administration.

7. "Notice" means this notice.

8. "Order and Final Judgment" means the Order and Final Judgment approving the Class Action Settlement and Plan of Allocation, which shall be substantially similar in all material respects to that provided in the form of Exhibit B to the Settlement Agreement.

9. "Plaintiffs" means Thomas Schroder together with Nicholas J. Margaritas, Gordon W. MacKinney and Vivian Oh.

10. "Plaintiff's Lead Counsel" means Labaton Sucharow LLP.

11. "Plan of Allocation" means that plan or formula of allocation of the Settlement Fund approved by the Court, which plan or formula shall govern the distribution of the Net Settlement Fund. See Section VI of this Notice.

12. "Released Claims" means any and all claims, liabilities, demands, causes of action, or lawsuits, known or unknown (including Unknown Claims), referred to or that could have been asserted in the Action, Complaint, or any of the cases or complaints consolidated into the Action, whether legal, statutory, equitable or of any other type or form, whether under federal or state law, rule or regulation, and whether brought in an individual, representative or any other capacity, that in any way arise out of, or are connected with or are related to, directly or indirectly, any of the facts, allegations, transactions, events occurrences, acts, disclosures, statements, omissions, failures to act, or matters set forth therein, including but not limited to the purchase, retention, or sale of CEC securities (ticker

symbol: CECO), whether known or unknown, suspected or unsuspected, contingent or non-contingent, accrued or unaccrued, whether or not concealed or hidden and for any remedy whether at equity or law, at any time during the Settlement Class Period.

13. "Released Parties" means each and all of the Defendants, and each and all of their respective predecessors, successors, parents, subsidiaries, and affiliates, including but not limited to each and all of their respective current and former officers, directors, employees, agents, accountants, auditors, attorneys, consultants, insurers, investment bankers, representatives, heirs, and assigns. The Released Parties who are not Settling Parties are intended as third party beneficiaries of this Settlement Agreement with respect to the release of Released Claims.

14. "Settlement Administrator" means Strategic Claims Services.

15. "Settlement Class" shall consist of all persons or entities who purchased CEC securities (including common stock and options) in the open market during the Settlement Class Period. Excluded from the Settlement Class are Defendants; members of Defendants' immediate families; all individuals who are either current officers and/or directors, or who served as officers and directors at any time during the Settlement Class Period; Defendants' subsidiaries; any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a controlling interest or any entity which is related to or affiliated with any Defendant; and the legal representatives, agents, affiliates, heirs, successors and assigns of any such excluded persons. Also excluded from the Settlement Class are those purchasers who validly and timely request exclusion from the Settlement Class in accordance with the procedures set forth herein.

16. "Settlement Class Period" means the period commencing on April 22, 2002 and ending on February 15, 2005, inclusive.

17. "Settlement Effective Date" means the date upon which the Order and Final Judgment becomes both final and no longer subject to appeal or review (or further appeal or review), whether by unsuccessful conclusion of any possible appeal, lapse of time, or otherwise.

18. "Settlement Fund" means the amounts deposited in the Settlement Account pursuant to section 4 of the Settlement Agreement, including any interest earned thereon, as provided for herein.

19. "Settlement Hearing" means the hearing to be held by the Court to consider final approval of the Settlement pursuant to Rule 23(e) of the Federal Rules of Civil Procedure.

20. "Settling Parties" means the Lead Plaintiff, the Plaintiffs, and the Defendants.

21. "Unknown Claims" means any Released Claims which Lead Plaintiff, Plaintiffs, and/or any Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Parties, or might have affected his, her or its decision not to object to this Settlement. Without admitting that California law is in any way applicable to the Settlement, in whole or in part, with respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Settlement Effective Date, Lead Plaintiff, Plaintiffs, and each of the Members shall be deemed to have, and by operation of the Order and Final Judgment shall have, expressly waived the provisions, rights and benefits of California Civil Code §1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Lead Plaintiff, Plaintiffs, and each of the Members shall be deemed to have, and by operation of the Order and Final Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. The Lead Plaintiff, Plaintiffs, or Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but the Lead Plaintiff, Plaintiffs and each Member, upon the Settlement Effective Date, shall be deemed to have, and by operation of the Order and Final Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Lead Plaintiff, Plaintiffs, and Members shall be deemed by operation of the Order and Final Judgment to have acknowledged that the foregoing waiver was separately bargained for and a key element of the Settlement of which this release is a part.

II. THE LITIGATION AND RELATED PROCEEDINGS

Beginning on December 9, 2003, six class actions alleging violations of federal securities laws, *Taubenfeld v. Career Ed. Corp., et al.*, 03-CV-08884; *Stellato v. Career Ed. Corp., et al.*, 03-CV-08939; *Katz v. Career Ed. Corp., et al.*, 03-CV-09157; *Morris, et al v. Career Ed. Corp., et al.*, 04-CV-00305; *Woo v. Career Ed. Corp., et al.*, 04-CV-00339; *Schild v. Career Ed. Corp., et al.*, 04-CV-00906, were filed in the Court and were subsequently consolidated by Order dated March 19, 2004 under the caption above.

On March 19, 2004, by Order, the Court appointed Thomas Schroder as Lead Plaintiff and approved Lead Plaintiff's choice of counsel, the firm now known as Labaton Sucharow LLP, as Lead Counsel. The Consolidated Amended Complaint was filed on June 17, 2004. The Court dismissed the June 17, 2004 complaint on February 11, 2005 with leave to replead.

The Second Consolidated Amended Complaint dated April 1, 2005 was dismissed by Order of the Court on March 28, 2006 with leave to replead. On May 1, 2006, Plaintiffs filed the Third Consolidated Amended Complaint (the "Complaint") which generally alleged, among other things, that Defendants issued materially false and misleading statements regarding CEC's bad debt, student enrollment and job placement statistics during the Class Period — April 22, 2002 through and including February 15, 2005 — in a scheme to artificially inflate the value of CEC securities.

The Complaint was dismissed with prejudice by Order of the Court on March 29, 2007. Plaintiffs filed and served a timely notice of appeal to the United States Court of Appeals for the Seventh Circuit on April 24, 2007. While the notice of appeal was pending, the Parties engaged in settlement discussions with the assistance of retired United States District Judge Nicholas H. Politan, acting as a mediator. On September 25, 2007, the Settling Parties, through their respective attorneys, and with the approval of their respective clients, agreed in principle to the Settlement of the Action.

III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

The Defendants have denied, and continue to deny, that any of them have committed or have threatened to commit any violations of law. The Defendants have, however, determined to enter into the Settlement on the terms and conditions set forth herein to halt the substantial expense and distraction that continues to be attendant to the Action, as well as to eliminate uncertainty and risks from continued litigation.

IV. CLAIMS OF THE LEAD PLAINTIFF AND BENEFITS OF SETTLEMENT

Lead Plaintiff believes that the claims asserted in the Action have merit. However, Plaintiff's Lead Counsel recognizes and acknowledges Defendants' denial of wrongdoing and liability, as well as the expense and length of continued proceedings necessary to prosecute the Action through trial and through appeals. Plaintiff's Lead Counsel also has taken into account the uncertain outcome and risk of continued litigation, especially because the Court has dismissed the Complaint on three separate occasions. The Lead Plaintiff agreed to settle his claims and those of the Settlement Class after balancing the benefits that Lead Plaintiff and the Settlement Class will receive from the Settlement against the uncertain outcome, risks, difficulties, and delays of litigation, in general, and in complex actions such as this Action, in particular, and after concluding that the Settlement is in the best interests of the Settlement Class.

V. THE RIGHTS OF SETTLEMENT CLASS MEMBERS

If you are a Member of the Settlement Class, you may receive the benefit of and you will be bound by the terms of the proposed Settlement described in this Notice, upon the Court's approval of such terms.

If you are a Member, you have the following options:

1. **Filing a Proof of Claim.** You may complete and file the attached Proof of Claim and Release ("Proof of Claim") as described below. If you choose this option, you will remain a Member, you will share in the proceeds of the proposed Settlement if your claim is timely, includes required supporting documentation, and is valid and if the proposed Settlement is finally approved by the Court, and you will be bound by the Order and Final Judgment and Release described below.

2. **Requesting Exclusion.** If you do not wish to be included in the Class and you do not wish to participate in the proposed Settlement described in this Notice, you may request to be excluded. REQUESTS FOR EXCLUSION MUST BE MAILED, POSTAGE PAID, AND POSTMARKED NO LATER THAN AUGUST 28, 2008, ADDRESSED TO:

**Career Education Corporation Securities Litigation
c/o Strategic Claims Services
Settlement Administrator
600 North Jackson Street — Suite 3
Media, Pennsylvania 19063
(866) 274-4004**

Your exclusion request must set forth:

- (a) the name of the Action (*In re Career Education Corporation Securities Litigation*; Civil No: 03-8884);
- (b) your name, address, and telephone number, and if different from your own, the name and address of the record owner (such as if a broker holds your securities in street name) of your CEC securities.
- (c) the number of shares of CEC common stock you purchased during the Settlement Class Period, and the dates of each such transaction; and
- (d) that you wish to be excluded from the Class.

NO REQUEST FOR EXCLUSION WILL BE CONSIDERED VALID UNLESS ALL OF THE INFORMATION DESCRIBED ABOVE IS INCLUDED IN ANY SUCH REQUEST.

3. If you validly request exclusion from the Class: (a) you will be excluded from the Class; (b) you will not share in the proceeds of the Settlement described herein; (c) you will not be bound by any judgment entered in the Action; and (d) you will not be precluded from otherwise prosecuting an individual claim, if timely, against Defendants based on the matters complained of in the Action.

4. If you do not request in writing to be excluded from the Class, you will be eligible to submit a Proof of Claim and Release and participate in the Settlement if it is approved by the Court, you will be bound by any and all determinations or judgments in the Action in connection with the proposed Settlement, whether favorable or unfavorable to the Class, including, without limitation, the Order and Final Judgment described below, and you will be deemed to have, and by operation of the Order and Final Judgment will have, fully and finally released all of the "Released Claims" (as defined herein), regardless of whether you submit a valid Proof of Claim. Even if you have a pending litigation, arbitration or other proceeding against any of the "Released Parties" relating to any of the "Released Claims," or want to start such a proceeding later, you must exclude yourself from the Class if you want to continue or bring the proceeding. If you have a pending lawsuit, speak to your lawyer in that case immediately.

5. **Objecting to the Settlement.** If you do not request exclusion from the Class, you may object to any aspect of the proposed Settlement, the Plan of Allocation, and/or the application of Plaintiff's Lead Counsel for an award of attorneys' fees and reimbursement of expenses. Your objection must (1) be in writing; (2) state that it relates to *In re Career Education Corporation Securities Litigation*, Case No. 03-C-8884; (3) include your name, address and telephone number; (4) demonstrate your membership in the Settlement Class, including the number of shares you purchased; (5) state the reasons for your objection and include any factual and/or legal materials that you believe support your objection. To be considered, any objection and supporting materials must be filed with the Court no later than August 28, 2008:

Clerk of the Court
 United States District Court
 Northern District of Illinois, Eastern Division
 Everett McKinley Dirksen United States Courthouse
 219 South Dearborn Street
 Chicago, Illinois 60604

You must also serve copies of your objection and any supporting materials on Plaintiff's Lead Counsel and Defendants' Counsel, at the following addresses no later than August 28, 2008:

<i>Counsel for the Class</i>		<i>Counsel for the Defendants</i>
Joseph Sternberg, Esq. Louis Gottlieb, Esq. Labaton Sucharow LLP 140 Broadway New York, New York 10005	-and-	Mary Ellen Hennessy, Esq. Karl R. Barnickol, Esq. Katten Muchin Rosenman LLP 525 West Monroe Street Chicago, Illinois 60661 <i>(Counsel for CEC and John M. Larson)</i>
		Lee Ann Russo, Esq. Jones Day 77 West Wacker Drive Suite 3500 Chicago, Illinois 60601 <i>(Counsel for Patrick K. Pesch)</i>

6. Unless otherwise ordered by the Court, any Member who does not serve and file an objection in the manner set forth above shall be deemed to have waived all objections and opposition to the fairness, reasonableness, and adequacy of the proposed Settlement, the Plan of Allocation, and to the request of Plaintiff's Lead Counsel for attorneys' fees, costs and expenses.

7. The filing of a Proof of Claim by a Member does not preclude a Member from objecting to the Settlement. However, if the Settlement is approved, you will be bound by the Settlement and the Order and Final Judgment.

8. **Doing Nothing.** You may do nothing at all. If you choose this option, you will not share in the proceeds of the Settlement, but you will be bound by any judgment entered by the Court, and you will be deemed to have, and by operation of the Order and Final Judgment will have, fully released all of the “Released Claims” against the “Released Parties” (as defined herein).

9. **Your Lawyers in the Action.** If you are a Member, you may, but are not required to, enter an appearance through counsel of your own choosing at your own expense. If you wish to do so, your attorney must file a notice of appearance with the Court, and serve copies on Plaintiff’s Lead Counsel and Defendants’ Counsel at the addresses listed above, no later than August 28, 2008. If you do not hire your own attorney, your interests will be represented by Plaintiff’s Lead Counsel.

VI. THE PROPOSED SETTLEMENT

Plaintiff’s Lead Counsel, on the basis of, among other things, a thorough investigation of the facts and the law relating to the acts, events, and conduct complained of and the subject matter of the Action, and because the Court dismissed the Complaint on three separate occasions, have concluded that the proposed Settlement is fair to and in the best interests of the Class.

The following description of the proposed Settlement of the Action is only a summary, and reference is made to the text of the Settlement Agreement on file with the Court for a full statement of its provisions:

1. The Settlement Fund consists of \$4,900,000 in cash, plus any interest that may accrue thereon.
2. Upon Court approval of the Settlement Agreement and entry of an Order and Final Judgment that becomes final, and upon satisfaction of the other conditions to the Settlement, the Settlement Fund will be distributed as follows:
 - (a) to pay costs and expenses in connection with providing notice to the Members of the Settlement Class and administering the Settlement on behalf of the Settlement Class;
 - (b) to pay Escrow Account fees as provided for in Section 4 of the Settlement Agreement;
 - (c) to pay the reasonable costs incurred in the preparation of any tax returns required to be filed on behalf of the Settlement Fund, as well as the taxes (and any interest and penalties determined to be due thereon) owed by reason of the earnings of the Settlement Fund, including all Tax Expenses as defined in the Settlement Agreement;
 - (d) to pay Plaintiffs’ counsel attorneys’ fees, expenses, and costs, with interest thereon, if and to the extent allowed by the Court; and
 - (e) to reimburse Plaintiffs for their reasonable costs and expenses directly relating to the Action.
3. Subject to Court approval of the Plan of Allocation described below, the balance of the Net Settlement Fund will be distributed to Authorized Claimants, as follows:
 - (a) Each Member claiming to be an Authorized Claimant shall submit a separate Proof of Claim and Release. The Proof of Claim, which is included with this Notice, must be signed under penalty of perjury and supported by such documents as specified in the Proof of Claim or requested by the Settlement Administrator as are reasonably available to the Authorized Claimant.
 - (b) All Proof of Claim forms must be postmarked or received by October 17, 2008. Unless otherwise ordered by the Court, any Member who fails to submit a Proof of Claim within such period, or such other period as the Court may order, shall be forever barred from receiving any payments pursuant to the Settlement Agreement, but will in all other respects be subject to the provisions of the Settlement Agreement and the Order and Final Judgment.
4. To the extent sufficient funds exist in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant’s “claim,” as defined below. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant will be paid that percentage of the Net Settlement Fund that each Authorized Claimant’s claim is of the total of the claims of all Authorized Claimants. A “claim” will be computed pursuant to the Plan of Allocation as follows:

1. For shares of common stock purchased between April 22, 2002 and December 2, 2003:

- A. For shares retained at the end of trading on May 16, 2005, the Recognized Loss shall be the lesser of:
 - (1) \$25.40 per share; or
 - (2) the difference between the purchase price per share and \$33.70.¹

¹ Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated.” \$33.70 was the mean (average) daily closing trading price of Career Education Corporation common stock during the 90-day period beginning on February 16, 2005 and ending on May 16, 2005.

- B. For shares sold between April 22, 2002 and December 2, 2003, the Recognized Loss shall be zero.
- C. For shares sold between December 3, 2003 and June 22, 2004, the Recognized Loss shall be the lesser of:
 - (1) \$12.38 per share; or
 - (2) the difference between the purchase price per share and the sales price per share for each share sold.
- D. For shares sold between June 23, 2004 and February 15, 2005, the Recognized Loss shall be the lesser of:
 - (1) \$23.78 per share; or
 - (2) the difference between the purchase price per share and the sales price per share for each share sold.
- E. For shares sold between February 16, 2005 and May 16, 2005, the Recognized Loss shall be the lesser of:
 - (1) \$25.40 per share; or
 - (2) the difference between the purchase price per share and the sales price per share for each share sold.

2. For shares of common stock purchased between December 3, 2003 and June 22, 2004:

- A. For shares retained at the end of trading on May 16, 2005, the Recognized Loss shall be the lesser of:
 - (1) \$13.02 per share; or
 - (2) the difference between the purchase price per share and \$33.70.
- B. For shares sold between December 3, 2003 and June 22, 2004, the Recognized Loss shall be zero.
- C. For shares sold between June 23, 2004 and February 15, 2005, the Recognized Loss shall be the lesser of:
 - (1) \$11.40 per share; or
 - (2) the difference between the purchase price per share and the sales price per share for each share sold.
- D. For shares sold between February 16, 2005 and May 16, 2005, the Recognized Loss shall be the lesser of:
 - (1) \$13.02 per share; or
 - (2) the difference between the purchase price per share and the sales price per share for each share sold.

3. For shares of common stock purchased between June 23, 2004 and February 15, 2005:

- A. For shares retained at the end of trading on May 16, 2005, the Recognized Loss shall be the lesser of:
 - (1) \$1.62 per share; or
 - (2) the difference between the purchase price per share and \$33.70.
- B. For shares sold between June 23, 2004 and February 15, 2005, the Recognized Loss shall be zero.
- C. For shares sold between February 16, 2005 and May 16, 2005, the Recognized Loss shall be the lesser of:
 - (1) \$1.62 per share; or
 - (2) the difference between the purchase price per share and the sales price per share for each share sold.

For common stock call options

- (i) The Recognized Loss for each call option contract on Career Education common stock purchased or otherwise acquired during the Class Period shall be twenty-five percent (25%)² of the lesser of (x) the common stock inflation per share³ for all shares covered by the call option contract on the date the call option was purchased, less, if sold, the common stock inflation per share for all shares covered by the call option contract on the date the call option was sold, or (y) the difference between: (a) the amount paid per call option contract and: (b) the sale price received per option contract when said call options were subsequently sold (if the option expired worthless, the sales price shall be deemed to be Zero (\$0.00));

² Losses from transactions in options are discounted (i) because the purchase of a call option includes a time premium which is a wasting asset for which the purchaser pays that will evaporate even if the stock price remains the same, and (ii) because the expected additional volatility of such derivative securities makes it more difficult to prove that losses on such securities are causally related to the alleged wrongdoing, as opposed to non-actionable causes.

³ Common stock inflation per share for purposes of the Plan of Allocation is estimated as follows:

April 22, 2002 – December 2, 2003:	\$25.40 per share
December 3, 2002 – June 2, 2004:	\$13.02 per share
June 3, 2004 – February 15, 2005:	\$ 1.62 per share

- (ii) Shares of Career Education common stock acquired during the Class Period through the exercise of a call option shall be treated as a purchase on the date of exercise for the exercise price plus the cost of the call option, and any Recognized Loss arising from such transaction shall be computed as provided for other purchases of Career Education common stock as set forth herein;
- (iii) No Recognized Loss shall be calculated based upon the sale or writing of any call option that was subsequently repurchased.

For common stock put options

- (i) The Recognized Loss for each put option contract on Career Education common stock sold or written during the Class Period, shall be twenty-five percent (25%) of the lesser of (x) the common stock inflation per share for all shares covered by the put option contract on the date the claimant sold or wrote the put contract, or (y) difference between: (a) the amount received per put option contract and (b) the purchase price paid per put option contract when said put options were subsequently repurchased at any time (including after the Class Period). For put options sold or written during the Class Period that expired worthless and unexercised, the Recognized Loss shall be Zero (\$0.00);
 - (ii) For Career Education put options that were sold or written during the Class Period, that were “put” to the Authorized Claimant (i.e. exercised) at any time, the Recognized Loss shall be calculated as a purchase of Career Education common stock as shown herein, and as if the sale of the put option were instead a purchase of Career Education common stock on the date of the sale or writing of the put option, and the “purchase price paid” shall be the strike price of the put option less the proceeds received from the sale of the put option;
 - (iii) No Recognized Loss shall be calculated based upon the sale of any put option that was previously purchased.
5. The total recovery payable to Authorized Claimants from transactions in call or put options shall not exceed five percent (5%) of the Net Settlement Fund.
6. The parties have determined that there were no debt securities that were affected or qualify for a recovery.
7. No distributions will be made to Members who would receive payments of less than \$5.00 pursuant to the Plan of Allocation.
8. The above Plan of Allocation may be modified by a ruling of the Court.
9. Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Member shall have any claim whatsoever against Defendants, Defendants’ counsel, Defendants’ insurers or any of their agents or representatives with respect to any act, omission or determination of the Escrow Agent, Settlement Administrator, Plaintiff’s Lead Counsel or any agent or designee of the Escrow Agent, Settlement Administrator or Plaintiff’s Lead Counsel in connection with the administration of the Settlement or Plan of Allocation. No Member shall have any claim against Plaintiff’s Lead Counsel, the Settlement Administrator, or any of their agents or representatives based on distributions made substantially in accordance with the Settlement Agreement, the Plan of Allocation, or further Court orders. All Members who fail to complete and file a valid and timely Proof of Claim and Release shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Settlement Agreement, including the terms of the Release and Order and Final Judgment.
10. To share in the Net Settlement Fund, you must submit a valid Proof of Claim and Release on the form enclosed with this Notice, with required documentation, to the address set forth on the enclosed Proof of Claim form, so that it is postmarked no later than October 17, 2008.

VII. CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events described in the Settlement Agreement on file with the Court. Those events include, among other things: (a) entry of the Order and Final Judgment by the Court, as provided for in the Settlement Agreement; and (b) expiration of the time to appeal from or alter or amend the Order and Final Judgment or, if an appeal is taken, the affirmance of the Order and Final Judgment or dismissal of such appeal. If, for any reason, any one of the conditions described in the Settlement Agreement is not met, the Settlement Agreement might be terminated. If the Settlement Agreement is terminated, it will become null and void, and the parties to the Settlement Agreement will be restored to their respective positions in the Action as of September 25, 2007.

VIII. DISMISSAL AND RELEASES

1. If the Court approves the proposed Settlement, the Court will enter an Order and Final Judgment that will dismiss the Action against Defendants with prejudice, and bar and enjoin the Plaintiffs and each Member, regardless of whether such Member has submitted a Proof of Claim, from prosecuting the “Released Claims” against the “Released Parties” (as defined herein). The Court will retain jurisdiction over implementation of the Settlement, disposition of the Settlement Fund, hearing and determining Plaintiff’s Lead Counsel’s application for attorneys’ fees, costs, interest, and expenses (including fees and costs of experts), and enforcing and administering the Settlement Agreement, including any releases executed in connection therewith.

2. Upon the Settlement Effective Date, Lead Plaintiff, Plaintiffs, and Members of the Settlement Class, on behalf of themselves, their heirs, executors, administrators, successors and assigns, and any person they represent, shall be deemed to have, and by operation of the Order and Final Judgment shall have, fully, finally and forever released, relinquished and discharged, and shall forever be enjoined from prosecution of, each and every Released Claim against any and all of the Released Parties, whether or not such Settlement Class Member executes and delivers a Proof of Claim, provided, however, that nothing herein is meant to bar any claim relating to performance or enforcement of the Settlement Agreement or the Settlement.

IX. NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES

Banks, brokerage firms, institutions, and other Members who are nominees, and who purchased or otherwise acquired CEC securities between April 22, 2002 and February 15, 2005, inclusive, for the beneficial interest of another Member are directed within ten (10) days of receipt of this Notice to: (1) provide the Settlement Administrator with the names and addresses of such Class Member, or (2) forward a copy of this Notice to each such Member. Additional copies of the Notice and the Proof of Claim and Release may be obtained from:

**Career Education Corporation Securities Litigation
c/o Strategic Claims Services
Settlement Administrator
600 North Jackson Street — Suite 3
Media, Pennsylvania 19063
(866) 274-4004**

X. FEES, COSTS, AND EXPENSES OF PLAINTIFFS’ COUNSEL

1. To date, Plaintiff’s Lead Counsel have not received any payment for their services in conducting the Action and negotiating the Settlement on behalf of the Plaintiffs and the Members, nor have counsel been reimbursed for their out-of-pocket expenses. At the Settlement Hearing, Plaintiff’s Lead Counsel will apply to the Court for an award of attorneys’ fees of up to 33 $\frac{1}{3}$ % of the Settlement Fund, plus reimbursement of expenses, not to exceed \$500,000 exclusive of Settlement administration expenses. Such sums as the Court may grant will be paid from the Settlement Fund. Members are not personally liable for any fees or expenses awarded by the Court.

2. The fee requested will compensate Plaintiff’s Lead Counsel for their efforts in prosecuting the Action and negotiating the Settlement for the benefit of the Settlement Class, and for their risk in undertaking this case on a contingent basis. If approved by the Court, the fee requested would fall within the range of fees awarded to plaintiffs’ counsel under similar circumstances in litigation of this type.

XI. THE HEARING ON PROPOSED SETTLEMENT

1. A hearing (the “Settlement Hearing”) will take place before the Honorable Joan Humphrey Lefkow, at the United States District Court for the Northern District of Illinois, Eastern Division, Room 1925, Everett McKinley Dirksen United States Courthouse, 19th Floor, 219 South Dearborn Street, Chicago, Illinois, at 10:00 a.m., on September 18, 2008, for the purpose of determining whether: (a) the proposed Settlement and Settlement Agreement should be approved as fair, reasonable and adequate; (b) the proposed Plan of Allocation is fair, reasonable, and adequate and should be approved; (c) the Court should approve applications of Plaintiff’s Lead Counsel for an award of attorneys’ fees, costs and expenses; and (d) the Court should enter the Order and Final Judgment dismissing the Action with prejudice as against Defendants and releasing the Released Parties. The Court may reschedule the Settlement Hearing or modify any dates set forth herein without further notice to Members.

2. Any Member who has not requested exclusion may appear at the Settlement Hearing to show cause why the proposed Settlement should not be approved, or the Action should not be dismissed with prejudice as against the Defendants, and to present any opposition to the Plan of Allocation or the application of Plaintiffs’ counsel for attorneys’ fees, costs and expenses. However, any Member wishing to be heard at the Settlement Hearing must first file and serve a timely written objection, as described above.

XII. OBTAINING ADDITIONAL INFORMATION

This Notice contains only a summary of the terms of the proposed Settlement. For a more detailed statement of the matters involved in the Action, reference is made to the pleadings, to the Settlement Agreement, and to other papers filed in the Action, which may be inspected at the office of the Clerk of the Court, United States District Court for the Northern District of Illinois, Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Chicago, Illinois 60604, during business hours of each business day.

DO NOT CONTACT CEC, THE COURT OR THE CLERK OF THE COURT REGARDING THIS NOTICE.

DATED: June 26, 2008

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE CAREER EDUCATION CORPORATION
SECURITIES LITIGATION

Case No. 03 C 8884

Honorable Joan Humphrey Lefkow

PROOF OF CLAIM AND RELEASE

TO: ALL PERSONS OR ENTITIES WHO, DURING THE PERIOD FROM APRIL 22, 2002 THROUGH FEBRUARY 15, 2005, INCLUSIVE, PURCHASED OR OTHERWISE ACQUIRED CAREER EDUCATION CORPORATION SECURITIES INCLUDING COMMON STOCK AND OPTIONS.

ALL CLAIMANTS ARE URGED TO PLEASE READ THESE INSTRUCTIONS, NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION (THE "NOTICE") ACCOMPANYING THIS PROOF OF CLAIM AND RELEASE ("PROOF OF CLAIM") AND HOW TO COMPLETE THE PROOF OF CLAIM PROPERLY.

I. GENERAL INSTRUCTIONS

1. To recover as a Member of the Settlement Class based upon your claims in the consolidated action entitled *In re Career Education Corporation Securities Litigation*, Civil Action No. 03 C 8884, pending in the United States District Court for the Northern District of Illinois (the "Action"), you must complete and, on page 17 hereof, sign this Proof of Claim and submit the required documentation. If you fail to file a properly completed Proof of Claim in the manner and time set forth in section III below, submit the required documentation and sign your Proof of Claim, your claim may be rejected and you may be precluded from any recovery from the Settlement Fund created in connection with the proposed Settlement of the Action, as defined in the Notice.

2. Submission of this Proof of Claim, however, does not assure that you will share in the proceeds of Settlement in the Action.

3. YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM, SO THAT IT IS POSTMARKED OR RECEIVED ON OR BEFORE OCTOBER 17, 2008, TO THE FOLLOWING ADDRESS:

**Career Education Corporation Securities Litigation
c/o Strategic Claims Services
Settlement Administrator
600 North Jackson Street — Suite 3
Media, Pennsylvania 19063
(866) 274-4004**

4. If you are NOT a Settlement Class Member (as defined in the Notice), DO NOT submit a Proof of Claim form.

5. If you are a Settlement Class Member and you did not timely and validly request exclusion in connection with the proposed Settlement, you will be bound by the terms of any judgment entered in the Action, including the releases provided therein, REGARDLESS OF WHETHER YOU SUBMIT A PROOF OF CLAIM.

II. CLAIMANT IDENTIFICATION SECTION OF THE FORM

1. If you purchased Career Education Corporation ("CEC") securities, including common stock and options (together "CEC Securities"), and held the certificate(s) in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you purchased CEC Securities and the certificate(s) were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser and the third party is the record purchaser.

2. Use Part I of this form entitled "Claimant Identification" to identify yourself and each purchaser of record ("nominee"), if different from the beneficial purchaser of the CEC Securities forming the basis of this claim. THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER OR PURCHASERS, OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER OR PURCHASERS, OF THE CEC SECURITIES UPON WHICH THIS CLAIM IS BASED.

3. All joint purchasers must sign this Proof of Claim. Executors, administrators, guardians, conservators, and trustees may complete and sign this Claim on behalf of persons represented by them, but the Claim must be accompanied by evidence demonstrating their current representative capacity and authority. The Social Security (or taxpayer

QUESTIONS? VISIT WWW.STRATEGICCLAIMS.NET OR CALL 1-866-274-4004

identification) number and telephone number of the beneficial owner may be used in verifying the Claim. Failure to provide the foregoing information could delay verification of your Claim and/or result in Claim rejection.

III. CLAIM FORM

1. Use Part II of this form entitled “Schedule of Transactions in CEC Securities” to supply all required details of your transaction(s) in CEC Securities. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

2. On the schedules, provide all requested information with respect to **all** of your purchases and **all** of your sales of CEC Securities that took place at any time beginning April 22, 2002 through May 15, 2005, inclusive (the “Settlement Class Period”), whether such transactions resulted in a profit or a loss. Failure to report all such transactions may result in rejection of your claim.

3. List each transaction in the Settlement Class Period separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day and year of each transaction you list.

4. The date of covering a “short sale” is deemed to be the date of purchase of a CEC Security. The date of a “short sale” is deemed to be the date of sale of a CEC Security.

5. You should attach copies of broker confirmations or other documentation of your transactions in CEC Securities to your Proof of Claim. Failure to provide this documentation could delay verification of your Claim and/or result in Claim rejection. **DO NOT SEND ORIGINALS.**

IF YOU DO NOT ALSO COMPLETE AND RETURN THE W-9 [W-8BEN for a foreign claimant] FORM INCLUDED HEREIN, ANY RECOVERY TO WHICH YOU ARE ENTITLED MAY BE SUBJECT TO DISALLOWANCE OR 20% BACK-UP WITHHOLDING UNDER THE INTERNAL REVENUE CODE.

PART II: SCHEDULE OF TRANSACTIONS IN CEC SECURITIES

Transactions in Shares of Common Stock

A. Number of CEC shares of common stock held at the opening (long and/or short) of trading on April 22, 2002: _____

B. Purchases or other acquisitions (April 22, 2002 through May 15, 2005, inclusive) of CEC shares of common stock:

	Trade Date (List Chronologically) (Month / Day / Year)	Number of Shares Purchased	Purchase Price Per Share	Total Purchase Price (Excluding, Taxes Fees and Commission)
1.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
2.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
3.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□

IMPORTANT: Identify by number listed above all purchases in which you covered a “short sale”: _____

C. Sales (April 22, 2002 through May 15, 2005, inclusive) of CEC shares of common stock:

	Trade Date (List Chronologically) (Month / Day / Year)	Number of Shares Sold	Sales Price Per Share	Total Sales Price (Excluding, Taxes Fees and Commission)
1.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
2.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
3.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□

D. Number of CEC shares of common stock held (long and/or short) at the close of trading on May 15, 2005: _____

Transactions in Call Options

A. Number of CEC call options held at the opening of trading on April 22, 2002: _____

B. Purchases or other acquisitions (April 22, 2002 through May 15, 2005, inclusive) of CEC call options:

	Trade Date (List Chronologically) (Month / Day / Year)	Number of Call Options Purchased	Purchase Price Per Call	Total Purchase Price (Excluding, Taxes Fees and Commission)
1.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
2.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
3.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□

C. Sales (April 22, 2002 through May 15, 2005, inclusive) of CEC call options:

	Trade Date (List Chronologically) (Month / Day / Year)	Number of Call Options Sold	Sales Price Per Call	Total Sales Price (Excluding, Taxes Fees and Commission)
1.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
2.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
3.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□

D. Number of CEC call options held at the close of trading on May 15, 2005: _____

Transactions in Put Options

A. Number of CEC put options held at the opening of trading on April 22, 2002: _____

B. Purchases or other acquisitions (April 22, 2002 through May 15, 2005, inclusive) of CEC put options:

	Trade Date (List Chronologically) (Month / Day / Year)	Number of Put Options Purchased	Purchase Price Per Put	Total Purchase Price (Excluding, Taxes Fees and Commission)
1.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
2.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
3.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□

C. Sales (April 22, 2002 through May 15, 2005, inclusive) of CEC put options:

	Trade Date (List Chronologically) (Month / Day / Year)	Number of Put Options Sold	Purchase Price Per Put	Total Sales Price (Excluding, Taxes Fees and Commission)
1.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
2.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
3.	□□ / □□ / □□	□□□□□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□

D. Number of CEC put options held at the close of trading on May 15, 2005: _____

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

YOU MUST READ AND SIGN THE ACKNOWLEDGEMENT AND RELEASE ON PAGE 17.

PART III. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

1. I (We) submit this Proof of Claim under the terms of the Settlement Agreement, as described in the Notice. I (we) also submit to the jurisdiction of the United States District Court for the Northern District of Illinois with respect to my (our) Claim as a Settlement Class Member and for purposes of enforcing the release set forth herein. I (we) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Action.

2. I (We) agree to furnish additional information to Plaintiff’s Lead Counsel or the Settlement Administrator to support this Claim, including details of transactions in CEC Securities purchased outside the Settlement Class Period if requested to do so. I (we) agree to be subject to discovery with respect to the validity and/or amount of my (our) claim.

3. I (We) consent to summary disposition by the Court, without any right of appeal or review, with respect to the validity and/or amount of, or any other dispute regarding, my (our) Claim. I (we) waive trial by jury (to the extent any such right may exist) with respect to the Court’s summary disposition with respect to the validity and/or amount of my (our) Claim.

PART IV. RELEASE AND CERTIFICATION

1. I (We) hereby acknowledge that, upon the occurrence of the Settlement Effective Date, as defined in the Notice, my (our) signature hereto will acknowledge full and complete satisfaction of and do hereby fully, finally and forever settle, release and discharge from the Released Claims each and all of the Released Parties as those terms are defined below.

2. “Released Claims” means any and all claims, liabilities, demands, causes of action, or lawsuits, known or unknown (including Unknown Claims), referred to or that could have been asserted in the Action, Complaint, or any of the cases or complaints consolidated into the Action, whether legal, statutory, equitable or of any other type or form, whether under federal or state law, rule or regulation, and whether brought in an individual, representative or any other capacity, that in any way relate to or arise out of, or are connected with, or are related to, directly or indirectly, any of the facts allegations, transactions, events occurrences, acts, disclosures, statements, omissions, failures to act, or matters set forth therein, including but not limited to the purchase, retention, or sale of CEC securities (ticker symbol: CECO), whether known or unknown, suspected or unsuspected, contingent or non-contingent, accrued or unaccrued, whether or not concealed or hidden and for any remedy whether at equity or law, at any time during the Settlement Class Period.

3. “Released Parties” means each and all of the Defendants, and each and all of their respective predecessors, successors, parents, subsidiaries, and affiliates, including but not limited to each and all of their respective current and former officers, directors, employees, agents, accountants, auditors, attorneys, consultants, insurers, investment bankers, representatives, heirs, and assigns. The Released Parties who are not Settling Parties are intended as third party beneficiaries of this Settlement Agreement with respect to the release of Released Claims.

4. “Unknown Claims” means any Released Claims which Lead Plaintiff, Plaintiffs and/or any Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Parties, or might have affected his, her or its decision not to object to this Settlement. Without admitting that California law is in any way applicable to this Agreement, in whole or in part, with respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff, Plaintiffs and each of the Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights and benefits of California Civil Code §1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Lead Plaintiff, Plaintiffs and each of the Members shall be deemed to have, and by operation of the Order and Final Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. The Lead Plaintiff, Plaintiffs or Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but the Lead Plaintiff, Plaintiffs and each Member, upon the Settlement Effective Date, shall be deemed to have, and by operation of the Order and Final Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Lead Plaintiff, Plaintiffs and Members shall be deemed by operation of the Order and Final Judgment to have acknowledged that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

6. I (We) hereby warrant and represent that I (we) have included information about all of my (our) transactions in CEC Securities that occurred during the Settlement Class Period as well as the amount of CEC Securities held by me (us) at the opening of trading on April 22, 2002, and at the close of trading on February 15, 2005. I (we) have not submitted any other claim covering the same purchases or sales of CEC Securities during the Settlement Class Period and know of no other person having done so on my (our) behalf.

7. I (We) hereby warrant and represent that I (we) am (are) not excluded from the Class as defined herein and in the Notice.

ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.

THANK YOU FOR YOUR PATIENCE.

Reminder Checklist:

1. Please sign your name after the above Release and Declaration.
2. Remember to attach supporting documentation. Submit copies, but not originals, of all supporting documentation.
3. Do not send original or copies of stock certificates.
4. Keep a copy of this Proof of Claim form for your records and return the signed original.
5. If you desire an acknowledgment of receipt of your claim form, please send it Certified Mail, Return Receipt Requested.
6. If you move, please send a notice of change of address to the address indicated in section I, paragraph 3 of this form.

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Career Education Corporation Securities Litigation
c/o Strategic Claims Services
Settlement Administrator
P.O. Box 230
600 North Jackson Street – Suite 3
Media, PA 19063

FIRST CLASS MAIL
U.S. POSTAGE
PAID
PERMIT NO. 138
PHILADELPHIA, PA

FIRST CLASS MAIL

PLEASE FORWARD—IMPORTANT LEGAL NOTICE