

**CAREER EDUCATION CORPORATION**  
**CORPORATE GOVERNANCE GUIDELINES**

**A. Purpose**

Career Education Corporation's ("CEC" or the "Company") business is managed under the direction of its Board of Directors (the "Board"), which is elected by the stockholders. The basic responsibility of the Board is to exercise its business judgment to act in what it believes to be the best interest of CEC's stockholders. The Board believes that sound governance practices and policies provide an important framework to assist it in fulfilling its duty to stockholders. The Board will rely on the following guidelines to provide that framework. These guidelines are not absolute rules; they can be modified to reflect changes in CEC's organization or business environment.

**B. Composition of the Board of Directors**

**Majority of Independent Directors; Size of Board.** It is CEC's policy that the Board consist of a majority of non-employee directors who are independent (as that term is defined under the listing standards of the NASDAQ Stock Market and any other applicable law or regulation) and that the number of directors shall consist of not less than five (5) nor more than nine (9) directors to facilitate an effective and efficient governance process.

**Selection Process.** CEC has a staggered Board, consisting of three classes of directors. The directors of a single class are elected each year by the stockholders at the annual meeting of stockholders. The Board, upon recommendation of the Nominating and Governance Committee, proposes a slate of nominees to the stockholders for election to the Board. The Nominating and Governance Committee considers and makes recommendations to the Board concerning the appropriate size and needs of the Board and considers candidates to fill new positions created by expansion and vacancies that occur. Stockholders may propose nominees for consideration by the Nominating and Governance Committee by submitting the names and supporting information to the Secretary of the Company in accordance with the deadlines and procedures indicated in the Company's By-laws and the proxy statement for CEC's annual meeting of stockholders. Between annual stockholder meetings, the Board may fill vacancies in accordance with the Company's By-laws and Amended and Restated Certificate of Incorporation.

**Director Qualification Standards.** 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 or Shareholder 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 and 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.

**Designation of a Chairman of the Board; Lead Director.** It is the Board's policy that the positions of Chairman of the Board and Chief Executive Officer be held by the same person, except in unusual circumstances. The non-employee directors shall also designate one non-employee director to serve as the "Lead Director" to preside as chairperson of the Board's executive sessions of non-employee directors. The Lead Director shall (1) preside at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the non-employee directors, (2) serve as a liaison between the Chief Executive Officer and the non-employee directors, (3) conduct exit interviews with resigning executive officers (as defined by Rule 16a-1 promulgated under the Securities Exchange Act of 1934) of the Company and such other persons as the Board deems necessary or appropriate, and (4) perform such other duties as the Board may from time to time delegate to assist the Board in fulfilling its responsibilities. The Lead Director shall serve for a term of one year, and until his or her successor is elected and qualified or upon his or her earlier removal, resignation or death. If no Lead Director has been designated, the chairperson of the Nominating and Governance Committee shall preside as the chairperson at meetings or executive sessions of non-employee directors. The function of the Board in monitoring the performance of CEC's senior management is fulfilled by the presence of non-employee directors with significant business experience and substantive knowledge of CEC's business.

**Limitation of Service on Other Boards.** It is CEC's policy that directors seek approval from the Chairman of the Board and the Chairperson of the Nominating and Governance Committee in advance of accepting an invitation to serve on the board of another public company. The Board shall determine if the director's potential service on the board of the other public company raises any conflicts of interest or poses any constraints on the amount of time the director can devote to the CEC Board.

**Change in Principal Occupation.** It is CEC's policy that a director who retires from his or her major employment position, or whose position of employment materially changes, must volunteer to resign from the Board. This will provide an opportunity for the Board to review the continued appropriateness of the director's Board membership under the changed circumstances.

### **C. Responsibilities of the Board of Directors**

CEC's Board represents stockholders' interest in perpetuating a successful business and optimizing long-term financial returns in a manner consistent with applicable legal requirements and ethical considerations. The Board is responsible for identifying and taking reasonable actions to help assure that CEC is managed in a way designed to

achieve this result. Consistent with the importance of the Board's responsibilities, each director is expected to review the Company's business and public disclosures (including its filing with the Securities and Exchange Commission), to review in advance of Board meetings all related materials distributed to the Board and to attend and participate in meetings of the Board, meetings of any committee of which such director is a member and the Company's annual meeting of stockholders.

**Setting the Board Agenda; Board Materials.** The Chairman of the Board sets the agenda for Board meetings in collaboration with the Lead Director with the understanding that certain items pertinent to the advisory and monitoring functions of the Board be brought to it periodically for review and decision. The Chairman of the Board and Lead Director, or committee chairperson, as appropriate, shall determine the nature and extent of information that shall be provided regularly to the directors before each scheduled Board or committee meeting. Board materials relating to agenda items are to be provided to directors sufficiently in advance of Board meetings to allow the directors to prepare for discussion of the items at the meeting. Any member of the Board may request at any time that an item be included on the agenda, or that information be included in pre-meeting materials.

**Meetings of Non-Employee Directors.** The Board will meet in executive session of non-employee directors without management present at least two times per year. The non-employee directors may meet without management present at such other times as determined by the Lead Director or by any two non-employee directors.

**Board Self-Evaluation.** The Board, under the direction of the Nominating and Governance Committee, shall perform an annual self-evaluation in an effort to assure the ongoing effectiveness of the Board. The Board shall evaluate the conclusions of the annual self-evaluation and determine if changes to the Company's governance structure are appropriate.

#### **D. Director Orientation and Education Programs**

It is CEC's policy to assist the Board by providing an appropriate orientation program for new directors, which is designed both to familiarize new directors with the full scope of CEC's business and to assist them in developing and maintaining skills necessary and appropriate for the performance of their responsibilities. CEC also requires ongoing education for its directors, including formal and accredited director education programs. It is CEC's policy that committee chairpersons attend one or more accredited director education programs annually.

#### **E. Communications with the Board of Directors**

Stockholders or other interested parties may communicate with the Board 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 may change the process by means of which stockholders may communicate with the Board or its members.

#### **F. Director Access to Senior Management**

Non-employee directors are encouraged to contact CEC's senior managers without other senior management present. Members of senior management shall continue to attend portions of Board meetings on a periodic basis to provide directors with exposure to the management group and to allow directors to obtain a more detailed understanding of the Company's business.

#### **G. Succession Planning**

Succession planning for CEC's senior management positions is critical to CEC's long-term success. The Nominating and Governance Committee shall annually review CEC's succession plans and report on them to the Board. The Nominating and Governance Committee shall also perform an annual succession planning process for the position of Chief Executive Officer; although this does not mean that it must at all times have selected a particular individual as the designated successor. The Chief Executive Officer shall participate in this process by providing the Nominating and Governance Committee with recommendations or evaluations of potential successors and identifying any development plans that the Chief Executive Officer recommends for such individuals. The Chief Executive Officer is expected to recommend to the Board on an ongoing basis one or more successors in the event of the unexpected inability of the Chief Executive Officer to continue to serve.

#### **H. Director Access to Independent Advisors**

The Board and its committees have the right at any time to retain independent outside financial, legal, accounting or other advisors.

#### **I. Audit Partner Rotation**

The Audit Committee shall ensure that the lead audit partners assigned by CEC's independent auditor, as well as the audit partner responsible for reviewing CEC's audit shall be changed at least every five years.

#### **J. Director Compensation**

Directors who are also CEC employees do not receive additional compensation for serving on the Board of Directors. The Nominating and Governance Committee has the responsibility for recommending to the Board compensation and benefits for directors. In discharging this duty, the Nominating and Governance Committee shall be guided by three goals: (1) compensation should fairly pay directors for work required in a company of CEC's operational size and scope; (2) compensation should align directors' interests

with the long-term interests of stockholders; and (3) the structure of the compensation should be adequate to enable CEC to attract and retain well-qualified directors. The Nominating and Governance Committee reviews the compensation of directors periodically.

**K. Periodic Review**

These guidelines will be reviewed by the Board from time to time and may be modified as the Board considers necessary or advisable in accordance with sound corporate governance policies and practices.

Adopted by the Board of Directors on October 14, 2004 and revised on August 2, 2005