A low-angle, upward-looking photograph of graduates in black caps and gowns. They are in the process of throwing their black mortarboard caps into the air. The caps are captured in various stages of flight against a clear, bright blue sky. The graduates' hands and arms are visible, reaching upwards. The overall mood is celebratory and hopeful.

PASSION

for the future

CAREER EDUCATION CORPORATION

SUMMARY ANNUAL REPORT | 2003

CAREER EDUCATION CORPORATION

SUMMARY ANNUAL REPORT | 2003



MISSION STATEMENT: WE ARE A DYNAMIC EDUCATIONAL SERVICES COMPANY COMMITTED TO QUALITY, CAREER-FOCUSED LEARNING LED BY PASSIONATE PROFESSIONALS WHO INSPIRE INDIVIDUAL WORTH AND LIFELONG ACHIEVEMENT.

TURNING DREAMS INTO FUTURES

CAREER EDUCATION CORPORATION IS THE WORLD'S LARGEST ON-CAMPUS PROVIDER OF PRIVATE, FOR-PROFIT POSTSECONDARY EDUCATION AND HAS THE SECOND LARGEST ONLINE EDUCATION GROUP IN ITS SECTOR IN TERMS OF TOTAL REVENUES.

CEC's 78 colleges, schools and universities provide students with the on-site and online education they need for long and satisfying careers, and prospective employers with a highly

qualified pool of workers from which to choose. CEC offers doctoral, master's, bachelor's and associate degree programs and non-degree diploma and certificate programs in five core curricula:

- business studies
- visual communication and design technologies
- information technology
- health education
- culinary arts

CONTENTS

Letters to Shareholders	02
Operations Reviews	06
Financial Information	18
Directors and Management	22
Corporate and Stockholder Information	23
Career Education Corporation Campuses	24

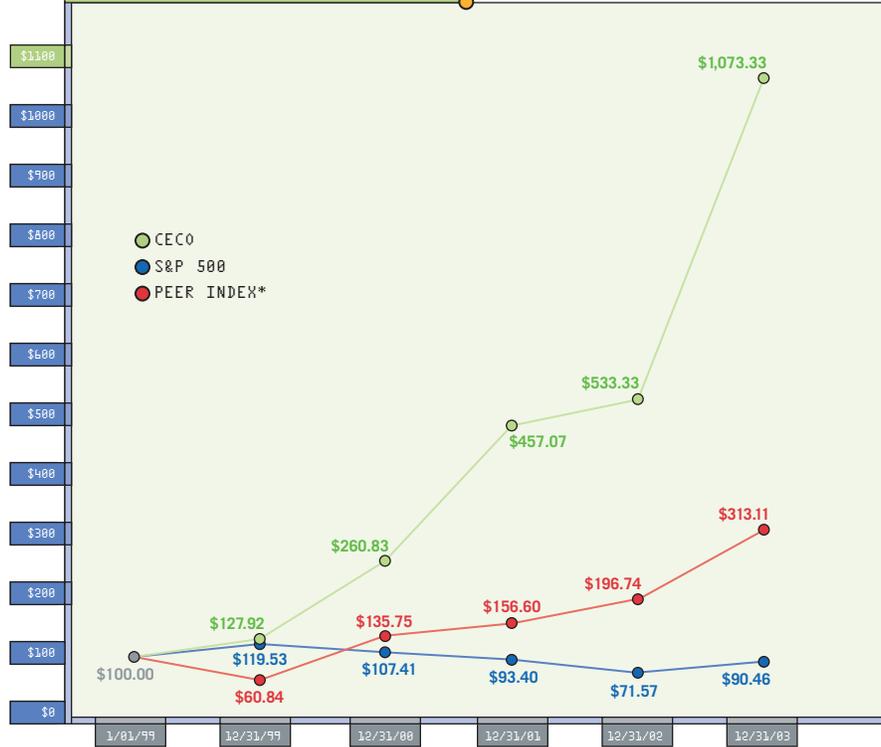
2003

FINANCIAL

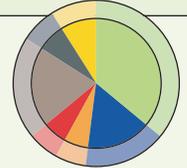
NASDAQ: CECO

HIGHLIGHTS

COMPARISON OF CUMULATIVE TOTAL SHAREHOLDER RETURN FROM JANUARY 01, 1999 - DECEMBER 31, 2003

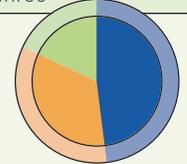


CEC 2003 STARTS BY MEDIA SOURCE



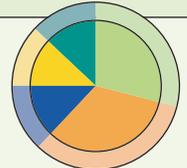
- INTERNET: 36%
- REFERRAL: 20%
- TV: 16%
- OTHER: 9%
- PRINT: 7%
- DIRECT MAIL: 6%
- HIGH SCHOOL: 6%

CEC STUDENT POPULATION BY DEGREE GRANTING STATUS*



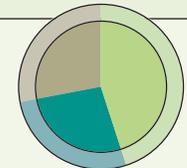
- ASSOCIATE: 46%
- BACHELOR'S/MASTER'S/DOCTORAL: 34%
- CERTIFICATE/DIPLOMA: 18%

CEC STUDENT POPULATION BY CORE CURRICULUM*



- BUSINESS STUDIES: 33%
- VISUAL COMMUNICATION AND DESIGN TECHNOLOGIES: 29%
- HEALTH EDUCATION: 13%
- INFORMATION TECHNOLOGY: 13%
- CULINARY ARTS: 12%

CEC STUDENT POPULATION BY AGE GROUP*



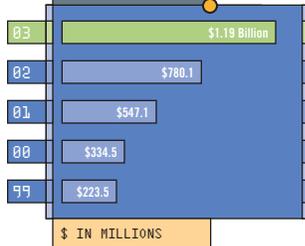
- 21-30: 45%
- OVER 30: 28%
- UNDER 21: 27%

*AS OF JANUARY 31, 2004

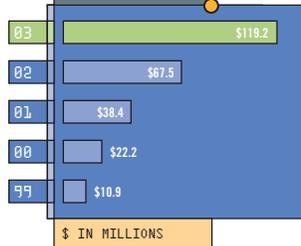


*PEER INDEX INCLUDES APOLLO GROUP INC., CORINTHIAN COLLEGES, INC., DEWRY INC., EDUCATION MANAGEMENT CORPORATION, ITT EDUCATIONAL SERVICES, INC. AND STRAYER EDUCATION, INC.

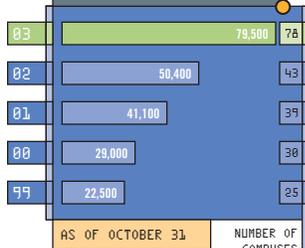
REVENUE



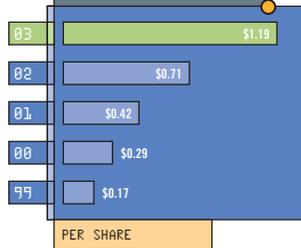
NET INCOME



STUDENT POPULATION

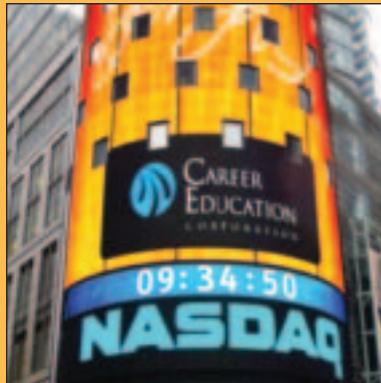


DILUTED EARNINGS



TO OUR SHAREHOLDERS

IN 2003, CAREER EDUCATION CORPORATION MADE GREAT STRIDES IN OUR QUEST TO BECOME THE WORLD'S LARGEST PROVIDER OF QUALITY EDUCATIONAL SERVICES.



We continued our history of producing record financial results, with revenues exceeding \$1 billion for the first time and profits setting new highs in every quarter and for the year.

Our financial performance resulted directly from the precise execution of our business strategy. We align our educational programs with the needs of business and industry. As a result, we focus on offering an array of degree options in five core curricula — business studies, visual communication and design technologies, information technology, health education and culinary arts, both on-campus and online.

Our programs are in high demand because we make them broadly available and effectively market them to growing segments of the population — recent high school graduates, older students who are seeking to advance or change their careers, and international students. Our students are highly motivated. They want an education that leads to a fulfilling and rewarding 21st century career.

We deliver on that promise. During 2003, approximately 93 percent of our on-campus and 97 percent of our online graduates who were available for employment were employed in their field of study.

We succeeded in 2003 by making our students the focus of everything we do. We invested in academic programs, people, equipment, facilities and technology. We broadened access to the education we provide through online education, campus start-ups and acquisitions. Our marketing message resonated as never before, generating 2.7 million leads.

We fueled dramatic internal growth and profitability during 2003 through our Online Education Group, which quintupled its student population by expanding degree options and providing innovative ways for students to experience a high quality, anytime, anywhere education.

We drove organic growth in our Colleges, Schools and Universities Group by opening four new start-up campuses in major markets. Our start-up strategy is to build on the reputations of our existing school brands. During 2003, we opened Le Cordon Bleu College of Culinary Arts campuses in Las Vegas and Atlanta, an American InterContinental University in Houston, and an International Academy of Design and Technology in Detroit. All are performing beyond our expectations.

In addition to campus start-ups, we continued to invest in the growth of our existing campuses. We transplanted more than 50 academic programs throughout our system. Program transplants provide us with an efficient way to leverage our investment in curriculum development and reach out to a broader base of potential students.

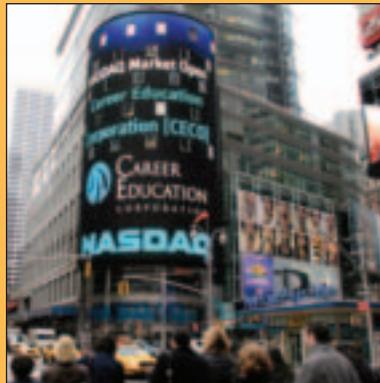
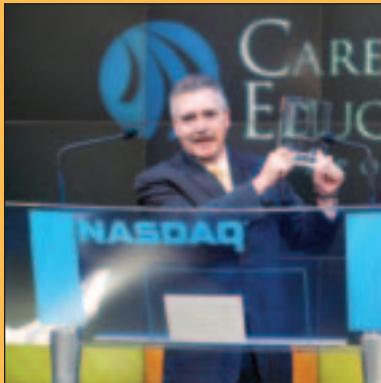
We invested in upgrades and expansions, most notably opening brand new campuses at six of our locations: Allentown Business School, American InterContinental University/Ft. Lauderdale, Gibbs College/Norwalk, Harrington College of Design, Katharine Gibbs School/Providence and Western Culinary Institute. These new campuses are shining examples of our commitment to build the schools we acquire and accommodate their continued growth.

Technology is one of CEC's competitive advantages. During 2003, we used technology to make life easier and more efficient for our students, faculty and staff. We expanded the availability of online student enrollment, financial aid and tuition payment systems. We enhanced student and faculty portals to better track student per-

We accomplished a lot during 2003. We expect more of the same in 2004. We plan to build on our success and continue the strategies that have worked since our founding a decade ago. Specifically, we plan to:

Continue the rapid pace of growth at our Online Education Group by expanding its degree offerings and building on its technology edge.

Open six to seven start-up campuses in major markets, including American InterContinental University campuses in Dallas and San Antonio; International Academy of Design and Technology campuses in Las Vegas, Nashville, Sacramento and Seattle; and a Le Cordon Bleu College of Culinary Arts in Miami.



formance and enhance retention efforts. We extended the reach of our information technology systems and achieved the goal of linking CEC's global network of campuses under a unified system. We made more online training programs available to our faculty and staff.

Acquisitions once again played a pivotal role in our success as we completed key transactions during the year. CEC established a strong position in health education by acquiring Whitman Education Group and its three highly reputable school groups: Sanford-Brown Colleges, Colorado Technical University and Ultrasound Diagnostic Schools (now Sanford-Brown Institute). The Whitman acquisition also provided us with an additional online platform—CTU Online—to complement the fast-growing American InterContinental University (AIU) Online, which we launched in 2001.

We furthered our international expansion plans by acquiring the INSEEC Group, owner of nine postsecondary schools with campuses in Paris, Bordeaux and Lyon, France. INSEEC outperformed our expectations and contributed to our record earnings for the year. INSEEC underscores our ability to identify and effectively manage international expansion opportunities. This is critical given the growing demand in major global markets for the type of career-focused education we provide.

Start satellite campuses in major markets where we see opportunities to expand a local campus through additional locations. Satellite campuses are an efficient way to grow because they operate using the same management team as the primary campus.

Launch more than 50 program transplants, much like we did in 2003. We also plan to increase the number of higher degree programs we offer in both our on-campus and online groups. Higher degrees provide our students with additional educational and career options and give us a chance to recruit more students into longer-term programs.

Target two to three acquisitions, with a goal to expand our position in the five core curricula we provide, establish a strong presence in a new curriculum, or seize an international expansion opportunity.

Continue making investments in our people, campuses and systems—all with the intent to better serve our students.

Pictured From the left are Dr. Jon R. Coover, President of the Gibbs and Health Education Divisions; Nick Fluge, President of the Online Education Group and Chief Operating Officer of American InterContinental University (AIU) Online; Patrick K. Pesch, Executive Vice President and Chief Financial Officer; Steve B. Sotnaidis, Executive Vice President of Administration; John M. Larson, Chairman of the Board, President and Chief Executive Officer; Richard Sellers, Senior Vice President of Marketing and Admissions; Jacob P. Gruver, President of the College and University Divisions; Paul R. Ryan, President of the Academy and Culinary Divisions; Dr. Patricia A. Kappen, Senior Vice President of Education; and Todd H. Steele, Executive Vice President of Planning and Development and President of the International and Startup Divisions



Education is not an ordinary business. Success requires a commitment above the norm in almost every aspect of our operation because we are charged with helping our students realize their dreams. Ours is more than a job — it's a calling. So throughout our organization we take that commitment seriously.

It is borne out in the quality of education and customer service we provide, the programs we have in place to attract, retain and place students in career positions, and the conduct and principles by which we operate.

At Career Education Corporation, we are passionate about the future. We are inspired by the spirit and enthusiasm of our students who, in coming to us, have made an important step toward achieving a better life. We are fortified by the involvement of employers, who work in partnership with us to develop academic programs that translate into meaningful careers for our students. We celebrate the excellence of our faculty and staff and their dedication to meeting students' needs. And we thank our shareholders who have been steadfast in their support of our mission to turn dreams into futures.

Sincerely,

John M. Larson
Chairman, President and
Chief Executive Officer

TO OUR SHAREHOLDERS

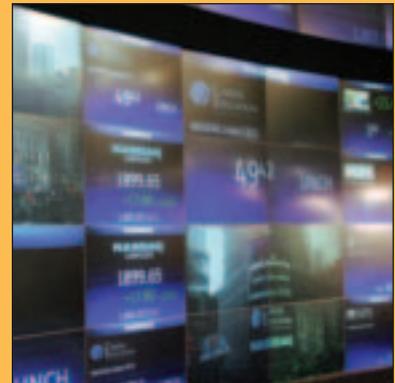
CAREER EDUCATION CORPORATION'S FINANCIAL PERFORMANCE WAS OUTSTANDING IN 2003, AS WE MET OR EXCEEDED OUR GOALS FOR EACH OF THREE MEASURES—PROFITABILITY, INVESTMENT RETURNS AND CASH GENERATION—THAT FORM THE FOUNDATION OF OUR FINANCIAL STRATEGY.

consistency and better performance over time.

The positive results of these actions are reflected in a reduction of accounts receivable day sales outstanding (DSOs) to 29 at December 31, 2003, compared to 33 a year earlier. In addition, the deferred tuition revenue balance, another measure of cash generation success, nearly doubled to \$114 million at year-end from approximately \$53 million at the end of 2002. Although the cash generation activities contributed to higher bad debt levels in the third and fourth quarters, we believe their long-term impact on bad debt is expected to be positive.

It is important to note that CEC's improved financial results were achieved while we continued to invest aggressively in numerous growth initiatives. During the year we added new campuses, expanded existing campuses, introduced new programs, added a second online platform and made other business and technology improvements. These investments will drive current and future growth.

In today's business environment, the conduct of companies and their officers is an issue of significance to investors. At CEC, the professional and personal standards of behavior expected of all our employees are defined in our Code of Ethics. Among them are: honesty and integrity; avoidance of actual or apparent conflicts



CEC's operating margin increased by 204 basis points in 2003 to 16.6 percent. The operating margin has improved every year since CEC became a public company in 1998, with average annual increases of approximately 200 basis points. Better-than-anticipated profitability at the Online Education Group contributed significantly to the 2003 gain while acquisitions and new campus start-ups temporarily reduced margins across the rest of the system. These acquisitions and start-ups position us for continued operating profit growth in the future.

Return on equity for 2003 was 21.7 percent, up from 19.3 percent in 2002. This increase occurred in spite of the significant increase in equity capital associated with the Whitman acquisition. Like many of our acquisitions, Whitman has initially had a negative impact on our consolidated investment returns but we believe it will contribute significantly in the future. Since the 1998 initial public offering, CEC's return on equity has increased every year despite regular and significant investments in acquired schools.

Improvement in cash generation resulted from initiatives launched in the third quarter of 2003 to tighten credit standards and collection practices and improve working capital management. Included in these changes were new training methodologies for financial aid and cash collection professionals, to ensure

of interest; full, accurate and timely disclosure; and compliance with all applicable rules and regulations of federal, state and local governments and other private and public regulatory agencies.

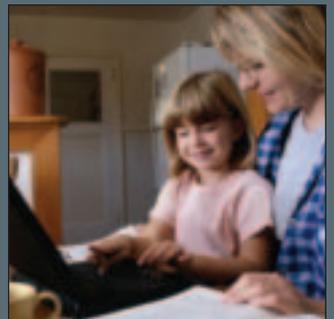
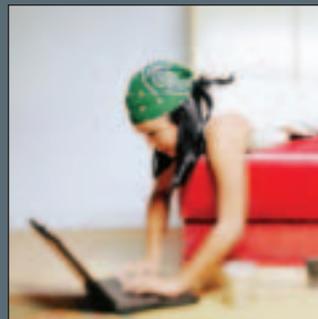
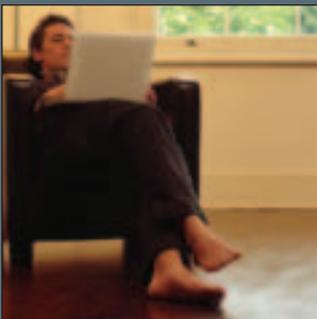
Compliance with the Code of Ethics is monitored and measured through control processes and procedures that include an internal audit function, dedicated compliance professionals, strong budgetary controls and detailed and regular review of school operating metrics. Rigorous and ongoing evaluation of each school's performance against budget helps assure the integrity of reported information.

In 2004, CEC's financial operations will remain focused on increasing profitability, investment returns and cash generation. Achieving those goals will provide the resources needed to fund the company's continuing growth and create lasting value for CEC's shareholders.

Sincerely,

Patrick K. Desch
Executive Vice President, Chief Financial Officer,
Treasurer and Secretary

ONLINE

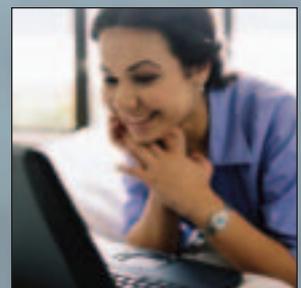
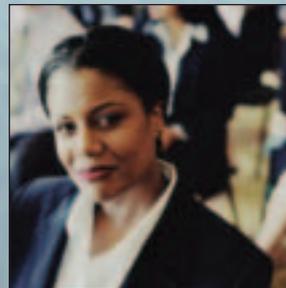


Three years ago, Career Education Corporation entered the rapidly expanding field of online education with the launch of American InterContinental University (AIU) Online. Growth since then has been meteoric, propelling CEC to the number two ranking among for-profit online providers by the end of 2003 in terms of revenues. During the year, the student population surpassed 10,000 for the first time, nearly five times the year-end 2002 total, and included students from all 50 states and 35 foreign countries.

"We all remember when one student went to the chalk board at a time - which was great for that student but left the rest of us out of the learning loop. In our online world, everyone gets to go to the board and is judged and supported on their own merit and needs."

"CTU Online's robust early growth has outpaced even the early impressive track record of AIU Online and we feel confident that this second platform will continue to impress well into the future." -- Nick Fluge, President, Online Education Group

**A HALLMARK OF
AIU ONLINE IS ITS
USE OF TECHNOLOGY TO
ENGAGE STUDENTS
AND ENHANCE THEIR
INTERACTION WITH THE
UNIVERSITY, WHICH
IMPROVES CUSTOMER
SERVICE AND ALLOWS
FACULTY AND STAFF TO
WORK INDIVIDUALLY WITH
EACH STUDENT.**



ONLINE ON TARGET

IN 2003, THE ONLINE EDUCATION GROUP (OEG) REACHED THE HIGHEST MARGINS IN CEC. CEC REPORTED THAT OEG'S OPERATING MARGIN FOR 2003 WAS 44.8 PERCENT ON TOTAL REVENUES OF APPROXIMATELY \$149 MILLION.



THIS OUTSTANDING SUCCESS

has been driven by a simple yet highly effective formula: provide students with a superior outcome in every aspect of their educational experience while meeting their need for anywhere, any-time access. Many significant operational accomplishments during the year helped to advance that goal.

AIU Online continued to deliver its message to prospective students with great efficiency and effectiveness during 2003. More than 880,000 leads were generated. As in the past, marketing efforts focused on the Internet. New programs targeting specific segments of the potential student population, including high school, military and international, produced positive returns.

MAXIMIZING TECHNOLOGY

A hallmark of AIU Online is its use of technology to engage students and enhance their interaction with the university, which improves customer service and allows faculty and staff to work individually with each student. For example, in 2003, AIU Online became the first university or college in the nation to offer secure electronic signature capabilities on all legal documents required for a student to apply and enroll in an online degree program. With more than 200 points of contact now fully automated, a student can conduct every aspect of their education online, including applying for admission, obtaining financial aid, attending classes and receiving career placement assistance.

Technology also continued to drive the ongoing evolution of AIU Online's groundbreaking Virtual Campus, a dedicated Web site that replicates a traditional campus environment. Students visit the Virtual Campus to attend classes, study in the Cybrary, view their grades or the status of their account, or access the full range of

available support services. In 2003, the Virtual Campus gained the capability to display "pop-up" information, such as assignment due dates and other reminders, that contributes to student success.

Curricular expansion played a significant role in AIU Online's growth in 2003, as the number of available degree programs grew from eight in January to 17 by year-end. Included among the new programs were the school's initial offerings in education, visual communication, healthcare administration and criminal justice. AIU Online's programs now are organized in seven schools: Business Administration, Healthcare Management, Marketing, Information Technology, Visual Communication, Criminal Justice and Education.

Since its inception, AIU Online has provided students with a unique educational experience that combines the best of conventional classroom and online instructional methods. All classes incorporate multimedia coursework with text and animation, and online chat capability to allow professors and students to communicate in real time. Courses are non-linear in design, allowing a student's learning to be based on personal learning time.

ON COMMONGROUND

In 2003, AIU Online once again raised the bar in E-learning with the launch of CommonGround™. This new approach to online learning creates a sense of community for students and facilitates both visual and verbal learning. A CommonGround class session incorporates live streaming audio that allows students to hear the professor's lecture as it is being delivered. The audio is synched with an electronic whiteboard on which the professor can write text, post slides or draw images to supplement the lecture. Students can ask



questions or interact with their classmates through live text chat. A polling feature allows the professor to ask questions and get immediate response from students, with results tabulated automatically and displayed to all participants. Like all AIU Online classes, CommonGround events are archived so students can experience the live session on their own schedule.

CommonGround currently is used in AIU Online's Education and Visual Communication schools, and initial response has been very positive. Faculty members report that it makes their teaching more dynamic and engaging and increases direct interaction with students. Faculty also like the greater freedom it affords to integrate visual elements into their real-time sessions. And for students, CommonGround provides greater flexibility and control than ever before over their own learning experience.

GLOBAL PARTICIPATION

Another milestone for AIU Online in 2003 was its first-ever Web-based graduation ceremony on September 6. Delivering the commencement address was Jack Kemp, former U.S. Congressman and Secretary of Housing and Urban Development under President George H. Bush. Employing the latest technology, the event enabled students and their families and friends across the globe to participate in the ceremony and an interactive online reception. It provided a fitting culmination to the graduates' educational experience at AIU Online.

Graduates entering the job market encountered strong demand for their knowledge and skills – as reflected in the OEG placement rate of 97 percent. This indicates that OEG programs are meeting the needs of both students and the marketplace and are equipping students from around the world to realize their career dreams.

ON CAPITOL HILL

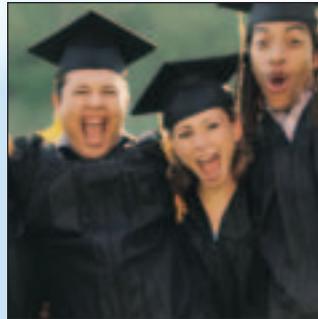
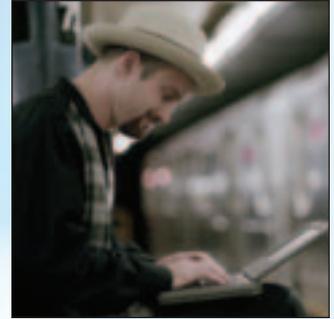
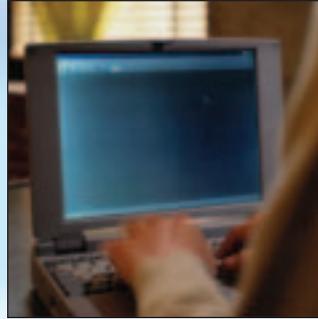
As a leader in online education, OEG recognizes the importance of establishing effective working relationships with education leaders on Capitol Hill. To that end, OEG representatives met on several occasions during 2003 with key Congressional contacts, seeking to inform them about online education and its positive impact on many of their constituents. Highlighting the legislative initiative was a demonstration of the AIU Online Virtual Campus in Washington, D.C. that was co-hosted by the U.S. Senate Rural Education Caucus and its chairman, Senator Michael B. Enzi of Wyoming. Awareness is growing on Capitol Hill of the many benefits afforded by online education, and efforts to win legislative support will continue in 2004.

FAST START PLATFORM

In October, CEC established a second platform for growth in online education with the launch of Colorado Technical University (CTU) Online. Targeting students seeking less-accelerated programs than those offered by AIU Online, the new entity is off to a fast start. As of January 31, 2004, student population was approximately 550 in CTU Online's four programs in business and information technology, with students from 37 states and four foreign countries. CTU Online's programs have attracted a technically-grounded and somewhat older student base than those offered by AIU Online.

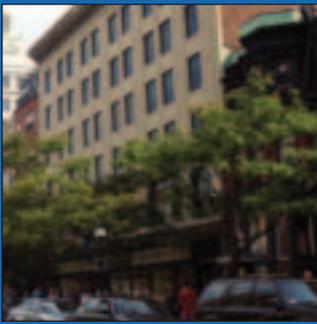
OEG will continue in 2004 to develop and leverage its proprietary and technological advantages in customer service, program diversity and quality of education – attributes that will attract students from around the world who are seeking the convenience and flexibility of an anywhere, anytime education.

**GRADUATES ENTERING THE
JOB MARKET ENCOUNTERED A
STRONG DEMAND FOR THEIR
KNOWLEDGE AND SKILLS –
INDICATING THAT ONLINE
EDUCATION GROUP PROGRAMS
ARE MEETING THE NEEDS OF
BOTH STUDENTS AND THE
MARKETPLACE.**



"We continue to grow by executing our vision of education, which puts the student at the center of the university experience and provides them with the tools that fuel their success." -- Nick Fluge, President, Online Education Group

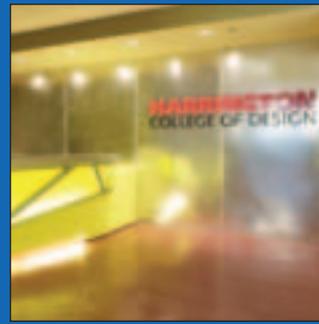
Career Education Corporation's 78 colleges, schools and universities are leaders in their markets, have long operating histories, sterling reputations and well-known brand names. They are “schools of choice” — selected by students who have many other educational options. Students choose CEC schools because they deliver a premier education that prepares them for successful and rewarding careers in five high growth areas — business studies, visual communication and design technologies, information technology, health education and culinary arts.



Gibbs College of Boston
Boston, Massachusetts
www.gibbsboston.com



Katharine Gibbs School
New York, New York
www.gibbsny.com



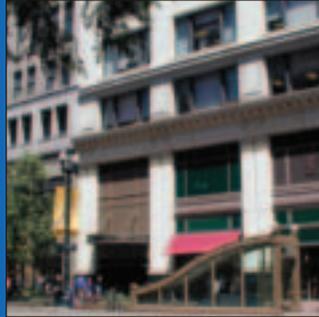
Harrington College of Design
Chicago, Illinois
www.interiordesign.edu



Collins College
Tempe, Arizona
www.collinscollege.edu



Colorado Technical University
Sioux Falls, South Dakota
www.ctu-siouxfalls.com



International Academy of Design and Technology
Chicago, Illinois
www.iadtchicago.com



California Culinary Academy
San Francisco, California
www.baychef.com



American InterContinental University
London, England
www.aiulondon.ac.uk



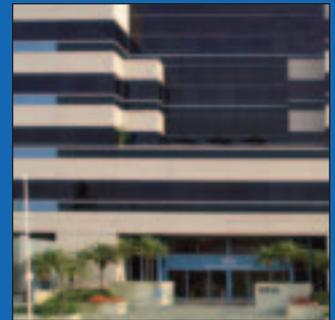
Sanford-Brown College
Fenton, Missouri
www.sbc-fenton.com



Le Cordon Bleu College of Culinary Arts
Las Vegas, Nevada
www.vegasculinary.com



American InterContinental University
Fort Lauderdale, Florida
www.aiufl.edu



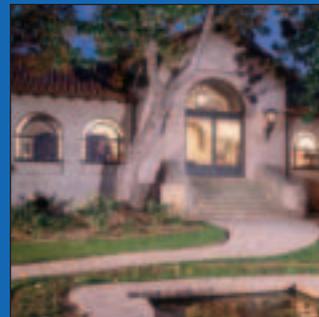
American InterContinental University
Los Angeles, California
www.aiulosangeles.com



International Academy of Design and Technology
Tampa, Florida
www.iadttampa.com



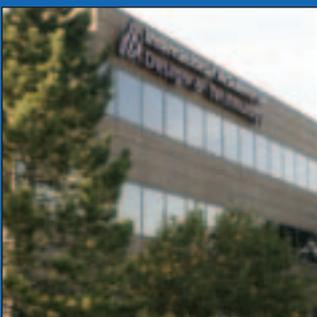
Le Cordon Bleu College of Culinary Arts
Atlanta, Georgia
www.atlantaculinary.com



Brooks Institute of Photography
Santa Barbara, California
www.brooks.edu



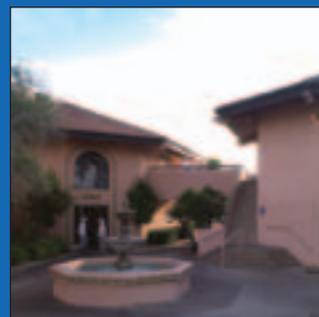
Ecole de Commerce Européenne
Bordeaux, France
www.ece-france.com



International Academy of Design and Technology
Detroit, Michigan
www.iadtdetroit.com



International Academy of Design and Technology
Orlando, Florida
www.iadt.edu



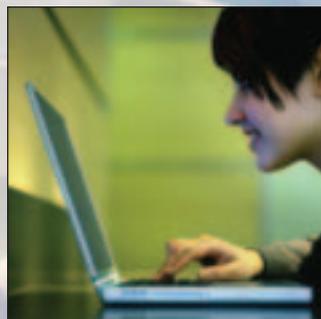
Scottsdale Culinary Institute
Scottsdale, Arizona
www.sichefs.com



Allentown Business School
Allentown, Pennsylvania
www.chooseabs.com

"All of our start-up campuses in 2003 exceeded our expectations because we have a proven plan for launching new campuses and execution by great management teams in markets where they can be successful." -- Todd Steele, Executive Vice President of Planning and Development and President, International and Startup Divisions

"A growing percentage of prospective students want to complete the entire admissions process online. Offering them that option is an example of listening to the customer and providing what they need rather than what we might think they need." -- Dr. Jon Coover, President, Gibbs and Health Education Divisions



ON-CAMPUS SUCCESS



MORE THAN 50 NEW CURRICULAR OFFERINGS DEBUTED AT CSU GROUP CAMPUSES DURING THE YEAR. PROGRAMS IN CRIMINAL JUSTICE, VISUAL COMMUNICATION, CULINARY ARTS AND HEALTH EDUCATION WERE INTRODUCED AT MULTIPLE CAMPUSES AND DREW STRONG INTEREST FROM STUDENTS.

SUPERIOR EXECUTION

These accomplishments were realized through superior execution in the four operational areas that contribute to student satisfaction and successful outcomes: attracting, recruiting and enrolling students; providing students with a quality education that prepares them for career success; helping students stay in school; and assisting graduates in beginning their career.

CEC's marketing message continued to resonate with prospective students during 2003, resulting in a record 1.8 million leads. The role of the Internet in lead generation continued to expand, accounting for nearly a third of the year's total. Targeted recruiting efforts focusing on current high school students and out-of-area prospects also paid dividends for many schools.

CSU Group campuses excelled at converting leads to enrollments and then starts during 2003. Instrumental in this success were CEC's online enrollment capability, which accounted for nearly half of all enrollments, and online financial aid processing. Student starts reached all-time highs, due in part to "stitch-in" programs that established and reinforced relationships with students even before they arrived on campus to begin classes.

ENHANCING QUALITY

An ongoing priority for CSU Group campuses is enhancing the quality of the educational experience they deliver. In 2003, faculty development was a primary focus, with initiatives addressing faculty recruiting, orientation and training producing positive results. CSU Group campuses also continued to work closely with employer advisory boards to assure that program content reflected current workplace needs and requirements.

THE 78 CAMPUSES AROUND THE WORLD THAT COMPRISE THE COLLEGES, SCHOOLS AND UNIVERSITIES (CSU) GROUP OF CAREER EDUCATION CORPORATION ONCE AGAIN DELIVERED RECORD REVENUES, OPERATING INCOME AND STUDENT POPULATION IN 2003, AND EDUCATED MORE THAN 100,000 STUDENTS DURING THE YEAR.

NEW PROGRAM LAUNCHES

One of the education-related highlights of 2003 was the acceleration of new program launches, which historically has been a primary driver of CEC's organic growth. More than 50 new curricular offerings debuted at CSU Group campuses during the year. Programs in criminal justice, visual communication, culinary arts and health education were introduced at multiple campuses and drew strong interest from students.

For many schools, the new programs marked their entry into a new academic field, enabling them to access more of the potential student market. Most curricular additions were at the associate, bachelor's or master's degree level, reflecting CEC's continuing emphasis on upward degree migration. CEC's expanding use of model curricula helped shorten the program development process and assure consistent quality.

In response to growing student interest, several campuses began offering some of their general education courses online during 2003. The courses are part of the programs at the campus but are delivered online by faculty in CEC's Online Education Group through a consortium agreement with the school. Students who chose the online option cited such benefits as greater flexibility and convenience, and schools found the online option to be a plus in student recruitment. Based on the positive results achieved to date, additional campuses are planning to add this option in 2004.



"Referrals from current students were up in 2003, which reflects positively on the quality of education we provide and on customer service and satisfaction. When students are willing to recommend you to their friends, you know you're getting the job done." -- Jake Gruver, President, College and University Divisions

"Our design and culinary schools are all about passion - both faculty and students are driven by a passion for what they do." -- Paul Ryan, President, Academy and Culinary Divisions

STUDENT SATISFACTION

We paid significant attention to student retention in 2003, as CSU campuses undertook multiple actions to improve this key measurement of student satisfaction. Efforts included establishing and strengthening a "retention culture" in which all faculty and staff recognize and fulfill their role in the retention process, establishing policies, procedures and measurement criteria and tools, assessing the current degree of delivery on student expectations and identifying schools' current best practices in retention.

One of the most promising retention initiatives of 2003 was the Early Student Success Program, which focuses on students in their first term when the risk of dropping out is greatest. Each student is assigned an advisor who contacts the student weekly to

discuss their progress and help resolve any problems that might prevent them from staying in school. In tests at three CEC campuses during 2003, the program produced significantly improved retention among first-term students. Based on the initial positive results, it now is being rolled out to additional campuses system-wide.

In addition, the faculty portal was upgraded to accommodate online recording and reporting of attendance data, which is an early indicator of potential retention problems. Automating this function allows information to be processed faster and more accurately.

PLACEMENT SUCCESS

The final element of CEC's commitment to students is job placement. In 2003, the CSU Group's placement rate, which CEC views as its moral report card, was 93 percent.

This outstanding performance results from CEC's highly proactive approach to the placement function. Career Services staff members actively seek out job openings through contacts with prospective employers. In addition, students receive extensive training and support in developing job search skills.

Contributing to 2003's placement success were two initiatives first launched in 2002: a dedicated placement Web site and an online job fair. At the placement Web site, students and alumni can post their resume, search through job listings from around the world and apply for jobs. Prospective employers can post job openings and search through resumes for appropriate candidates. Usage of the site by both employers and students increased rapidly in 2003.

ONLINE JOB FAIR

The online job fair, held twice annually, allows employers worldwide to communicate in real time with students from all CEC schools. Participation of both employers and students has grown rapidly, with the fall 2003 event attracting nearly 14,000 CEC students and nearly 5,000 employers who posted approximately 29,000 job openings. The job fair has resulted in numerous job interviews, internships and full time career positions for CEC students. Evidence of employer satisfaction with the program is their high level of repeat participation.

HARNESSING THE FUTURE

In each of the four operational areas detailed above, technology proved to be an efficient and effective tool for improving customer service and achieving the scalability needed to keep pace with CEC's rapid growth. That will be no less true in 2004, when CEC plans to continue to harness the power of technology to deliver an ever-more-personal educational experience to every student.

Building on its success in 2003, the Colleges, Schools and Universities Group is poised for more of the same this year: more new programs, more innovations that improve the quality of education and customer service, and more student dreams turned into futures.

**CSU GROUP CAMPUSES
CONTINUED TO WORK CLOSELY
WITH EMPLOYER ADVISORY
BOARDS TO ASSURE THAT
PROGRAM CONTENT REFLECTED
CURRENT WORKPLACE NEEDS
AND REQUIREMENTS.**

REPORT OF INDEPENDENT AUDITORS ON CONDENSED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF CAREER EDUCATION CORPORATION:

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheets of Career Education Corporation (a Delaware corporation) and Subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended (not presented separately herein) and in our report dated January 29, 2004 we expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph that discussed a change effective January 1, 2002 in the Company's method of accounting for goodwill and other intangible assets. The consolidated financial statements of Career Education Corporation and Subsidiaries for the year ended December 31, 2001 (not presented separately herein) were audited by another auditor who has ceased operations and whose report dated January 29, 2002, expressed an unqualified opinion on such statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements (on pages 19 through 21) as of December 31, 2003 and 2002 and for the years then ended is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

Ernst & Young LLP

Chicago, Illinois
January 29, 2004

CONTENTS

Condensed Consolidated Statements of Income	19
Condensed Consolidated Balance Sheets	20
Condensed Consolidated Statements of Cash Flows	21

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31 (AMOUNTS IN THOUSANDS, EXCEPT EPS)

	2003	2002	2001
REVENUE			
Tuition and registration fees	\$ 1,089,192	\$ 704,172	\$ 495,152
Other	99,417	75,887	51,907
Total revenue	1,188,609	780,059	547,059
OPERATING EXPENSES			
Educational services and facilities	413,806	294,539	213,916
General and administrative	533,964	338,586	233,503
Depreciation and amortization	43,908	33,636	30,818
Total operating expenses	991,678	666,761	478,237
Income from operations	196,931	113,298	68,822
Interest income	1,004	808	734
Interest expense	(1,845)	(2,094)	(1,493)
Share of affiliate earnings	3,354	2,348	1,674
Total other income	2,513	1,062	915
Income before provision for income taxes	199,444	114,360	69,737
Provision for income taxes	80,276	46,888	31,382
Net income	\$ 119,168	\$ 67,472	\$ 38,355
INCOME PER SHARE*			
Basic	\$ 1.24	\$ 0.74	\$ 0.44
Diluted	\$ 1.19	\$ 0.71	\$ 0.42
WEIGHTED AVERAGE SHARES OUTSTANDING			
Basic	96,214	90,813	87,503
Diluted	100,522	95,095	90,780

THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING FOOTNOTES ARE INCLUDED IN THE COMPANY'S FORM 10-K.

* ALL SHARE AND PER SHARE AMOUNTS HAVE BEEN RETROACTIVELY ADJUSTED TO REFLECT OUR TWO-FOR-ONE STOCK SPLITS THAT OCCURRED IN 2001 AND 2003.

THE STOCK SPLITS WERE AFFECTED IN THE FORM OF STOCK DIVIDENDS.

CONDENSED CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31 (AMOUNTS IN THOUSANDS)

ASSETS

CURRENT ASSETS:

	2003	2002
Cash and cash equivalents	\$ 161,235	\$ 33,474
Receivables, net of allowance for doubtful accounts	117,360	82,320
Inventories, prepaid expenses and other current assets	57,196	33,450
Total current assets	335,791	149,244
Property and equipment, net	263,925	177,429
Intangible assets, net	477,035	212,444
Other assets	42,399	47,019
Total other assets	783,359	436,892
Total Assets	\$ 1,119,150	\$ 586,136

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Current maturities of long-term debt	\$ 79,822	\$ 30,083
Accounts payable	30,627	23,410
Accrued expenses	82,562	53,811
Deferred tuition revenue	113,610	52,904
Total current liabilities	306,621	160,208

LONG-TERM LIABILITIES:

Long-term debt, net of current maturities	25,453	2,686
Long-term contractual obligations	9,679	9,679
Deferred income tax liabilities	18,366	1,616
Other long-term liabilities	11,211	6,250
Total long-term liabilities	64,709	20,231
Stockholders' equity	747,820	405,697
Total Liabilities and Stockholders' equity	\$ 1,119,150	\$ 586,136

THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING FOOTNOTES ARE INCLUDED IN THE COMPANY'S FORM 10-K.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31 (AMOUNTS IN THOUSANDS)

	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 119,168	\$ 67,472	\$ 38,355
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation and amortization	43,908	33,636	30,818
Deferred income taxes	11,489	(383)	13,167
Royalty expense related to stock options	474	158	—
Compensation expense related to stock options	248	52	52
Amortization of deferred financing costs	269	—	—
Loss on sale of property and equipment	244	690	10
Changes in operating assets and liabilities, net of acquisitions	57,487	4,605	(30,421)
Net cash provided by operating activities	233,287	106,230	51,981
CASH FLOWS FROM INVESTING ACTIVITIES			
Business acquisitions, net of acquired cash	(83,484)	(5,762)	(44,212)
Acquisition transaction costs	(6,680)	(1,291)	(1,953)
Purchases of property and equipment, net	(100,272)	(60,871)	(54,550)
Proceeds on sale of property and equipment	25	49	—
Change in investment in affiliate	(35)	(212)	23
Net cash used in investing activities	(190,446)	(68,087)	(100,692)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock	27,894	14,254	10,971
Equity and debt financing costs	(584)	(1,054)	(30)
Payments of long-term debt	(8,802)	(880)	(16,655)
Payments of capital lease obligations	(3,108)	(5,817)	(6,878)
Net proceeds from (payments of) revolving loans under credit agreements	66,009	(51,000)	67,500
Net cash provided by (used in) financing activities	81,409	(44,497)	54,908
Effect of foreign currency exchange rate changes on cash and cash equivalents	3,511	153	(264)
Net increase (decrease) in cash and cash equivalents	127,761	(6,201)	5,933
Cash and cash equivalents, beginning of year	33,474	39,675	33,742
Cash and cash equivalents, end of year	\$ 161,235	\$ 33,474	\$ 39,675

THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING FOOTNOTES ARE INCLUDED IN THE COMPANY'S FORM 10-K.

BOARD OF DIRECTORS**JOHN M. LARSON**

Chairman, President and Chief Executive Officer of Career Education Corporation

PATRICK K. PESCH

Executive Vice President, Chief Financial Officer, Treasurer and Secretary of Career Education Corporation

DENNIS H. CHOOKASZIAN

Former Chairman and Chief Executive Officer of CNA Financial Corporation

ROBERT E. DOWDELL

Chief Executive Officer of Marshall & Swift, L.P.

THOMAS B. LALLY

Former President of Heller Equity Capital Corporation

WALLACE O. LAUB

Former Executive Vice President of National Education Centers, Inc.

KEITH K. OGATA

President of 3-K Financial Corporation

Senior Management Team**JOHN M. LARSON**

Chairman of the Board, President and Chief Executive Officer

PATRICK K. PESCH

Executive Vice President and Chief Financial Officer

DR. JON R. COOVER

President of the Gibbs and Health Education Divisions

NICK FLUGE

President of the Online Education Group and Chief Operating Officer of American InterContinental University (AIU) Online

JACOB P. GRAUER

President of the College and University Divisions

PAUL R. RYAN

President of the Academy and Culinary Divisions

TODD H. STEELE

Executive Vice President of Planning and Development and President of the International and Startup Divisions

STEVE B. SOTRAIDIS

Executive Vice President of Administration

DR. PATRICIA A. KAPPER

Senior Vice President of Education

RICHARD SELLERS

Senior Vice President of Marketing and Admissions

Financial Analysts who Follow Career Education Corporation (as of March 2004)**HOWARD BLOCK**

Banc of America Securities
600 Montgomery Street
San Francisco, CA 94111

ALEXANDER PARIS, JR.

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161 North Clark Street
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CHANDY SMITH

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New York, NY 10017

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Suite 2950
Cleveland, OH 44114

GARY BISBEE

Lehman Brothers
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17th Floor
New York, NY 10019

LAUREN RICH FINE

Merrill Lynch
4 World Financial Center
20th Floor
New York, NY 10080

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800 Nashville City Center
Nashville, TN 37219

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343 Sansome Street
Suite 800
San Francisco, CA 94104

FRED MCCREA

Thomas Weisel Partners
One Montgomery Street
San Francisco, CA 94104

KELLY FLYNN

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1285 Avenue of the Americas
New York, NY 10019

MARK MAROSTICA

US Bancorp Piper Jaffray
800 Nicollet Mall
Minneapolis, MN 55402

MATT LITFIN

William Blair & Company
222 West Adams Street
Chicago, IL 60606

BOARD OF DIRECTORS

(From left to right) Dennis H. Chookaszian, Keith K. Ogata, Patrick K. Pesch, Wallace O. Laub, John M. Larson, Thomas B. Lally, Robert E. Dowdell



CORPORATE AND STOCKHOLDER INFORMATION

SAFE HARBOR STATEMENT

This Annual Report contains various forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon various assumptions, and certain risks and uncertainties could cause actual results to differ materially from those stated. Factors that could cause such differences include risks and other matters disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2003 and its other filings with the Securities and Exchange Commission. Career Education Corporation assumes no obligation to update its forward looking statements.

COMMON STOCK

The Company's Common Stock trades on the Nasdaq National Market System under the symbol CECO. The Company has not paid any cash dividends to its common stockholders since its inception and does not intend to pay any cash dividends in the foreseeable future. As of March 23, 2004 there were 187 holders of record of CEC's common stock. The range of high and low closing sale prices for the last two fiscal years for the Common Stock reflects CEC's 2 for 1 stock split affected in the form of a stock dividend in August 2003, which is as follows:

2002 QUARTER ENDED		HIGH		LOW
March 31, 2002	\$	20.12	\$	15.00
June 30, 2002	\$	24.11	\$	19.00
September 30, 2002	\$	24.33	\$	16.51
December 31, 2002	\$	26.25	\$	18.40

2003 QUARTER ENDED		HIGH		LOW
March 31, 2003	\$	25.78	\$	18.95
June 30, 2003	\$	34.67	\$	24.53
September 30, 2003	\$	50.46	\$	34.08
December 31, 2003	\$	56.20	\$	31.50

COMMON STOCK TRANSFER AGENT AND REGISTRAR

Computershare Investor Services
2 North LaSalle Street
Chicago, Illinois 60602
Attn: Shareholder Services
(312) 588-4991
www.computershare.com

CORPORATE HEADQUARTERS

Career Education Corporation
2895 Greenspoint Parkway
Suite 600
Hoffman Estates, Illinois 60195
Phone: (847) 781-3600
Facsimile: (847) 781-3610
Web site: www.careered.com

INVESTOR RELATIONS

Tracy K. Lorenz
Director of Investor Relations
(847) 585-3899
investorrelations@careered.com

ANNUAL MEETING OF STOCKHOLDERS

The annual meeting of stockholders of Career Education Corporation will be held on May 21, 2004.

REPORTS AND PUBLICATIONS

Copies of CEC's Form 10-K and Form 10-Q's as filed with the Securities and Exchange Commission may be obtained without charge by accessing the SEC's Web site at www.sec.gov, or the Company's Web site at www.careered.com.

INDEPENDENT ACCOUNTANTS

Ernst & Young LLP
233 South Wacker Drive
Chicago, Illinois 60606

CAREER EDUCATION CORPORATION CAMPUSES

AS OF MARCH 2004

UNITED STATES

ARIZONA

Collins College IT, VC*
Tempe
www.collinscollege.edu

Scottsdale Culinary Institute CA
Scottsdale
www.scichefs.com

CALIFORNIA

American InterContinental University B, IT, VC
Los Angeles
www.aiulosangeles.com

Brooks College IT, VC
Long Beach
www.brookscollege.edu
Sunnyvale
www.brookssv.com

Brooks Institute of Photography VC
Santa Barbara
www.brooks.edu

California Culinary Academy CA
San Francisco
www.baychef.com

California School of Culinary Arts CA
Pasadena
www.scsca.com

COLORADO

Colorado Technical University B, IT, VC
Colorado Springs
www.ctu-coloradosprings.com
Denver
www.ctu-denver.com

CONNECTICUT

Gibbs College B, IT, VC
Norwalk
www.gibbscollege.com

FLORIDA

American InterContinental University B, IT, VC
Ft. Lauderdale
www.aiufl.edu

International Academy of Design & Technology B, IT, VC
Orlando
www.iadt.edu

International Academy of Design & Technology IT, VC
Tampa
www.iadtampa.com

Orlando Culinary Academy CA
Orlando
www.orlandoculinary.com

Sanford-Brown Institute HE
Ft. Lauderdale
www.sbfthood.com
Jacksonville
www.sbjacksonville.com
Tampa
www.sbtampa.com

GEORGIA

American InterContinental University B, VC
Buckhead
www.aiubuckhead.com

American InterContinental University B, IT, VC
Dunwoody
www.aiudunwoody.com

Le Cordon Bleu College of Culinary Arts CA
Atlanta
www.atlantaculinary.com

Sanford-Brown Institute HE
Atlanta
www.sb-atlanta.com

ILLINOIS

The Cooking and Hospitality Institute of Chicago CA
Chicago
www.chicnet.org

Harrington College of Design VC
Chicago
www.interiordesign.edu

International Academy of Design & Technology B, IT, VC
Chicago
www.iadtchicago.com

Sanford-Brown College B, IT, HE
Granite City
www.sbc-granitecity.com

MARYLAND

Sanford-Brown Institute HE
Landover
www.sblandover.com

MASSACHUSETTS
Gibbs College B, IT, VC
Boston
www.gibbsboston.com

Sanford-Brown Institute HE
Springfield
www.sbmass.com

MICHIGAN
International Academy of Design & Technology VC
Detroit
www.iadtdetroit.com

MINNESOTA

Brown College B, IT, VC, HE
Minneapolis
www.browncollege.edu

Le Cordon Bleu Culinary at Brown College CA
Minneapolis
www.brownculinary.com

MISSOURI

Missouri College IT, VC, HE
St. Louis
www.missouri-college.com

Sanford-Brown College B, IT, HE
Fenton
www.sbc-fenton.com
Hazelwood
www.sbc-hazelwood.com
North Kansas City
www.sbcnks.com
St. Charles
www.sbc-stcharles.com

NEVADA

Le Cordon Bleu College of Culinary Arts CA
Las Vegas
www.vegasculinary.com

NEW HAMPSHIRE

McIntosh College B, IT, VC, HE
Dover
www.mcintoshcollege.com

Atlantic Culinary Academy at McIntosh College CA
Dover
www.atlanticculinary.com

NEW JERSEY

Gibbs College B, IT, VC
Montclair
www.gibbsmontclair.com

Katharine Gibbs School B, IT, VC
Piscataway
www.gibbseducation.com

Sanford-Brown Institute HE
Iselin
www.sb-nj.com

NEW YORK

Briarcliffe College B, IT, VC
Bethpage
www.bcbeth.com
Patchogue
www.bcpat.com

Katharine Gibbs School B, IT, VC
Melville
www.gibbsmelville.com

Katharine Gibbs School B, IT, VC
New York
www.gibbsny.com

Sanford-Brown Institute HE
Elmsford
www.sbelmsford.com
Garden City
www.sblongisland.com
New York
www.sbnnewyork.com

OHIO

Sanford-Brown Institute HE
Cleveland
www.sbcleveland.com

OREGON

Western Culinary Institute CA
Portland
www.westernculinary.com

PENNSYLVANIA

Allentown Business School B, IT, VC, HE
Allentown
www.chooseabs.com

International Academy of Design & Technology B, IT, VC
Pittsburgh
www.iadtpitt.com

Katharine Gibbs School IT, VC
Philadelphia
www.pagibbs.com

Pennsylvania Culinary Institute CA
Pittsburgh
www.paculinary.com

Sanford-Brown Institute HE
Philadelphia
www.sbpilly.com

Western School of Health and Business Careers B, IT, HE
Pittsburgh
www.westernschool.com

RHODE ISLAND

Katharine Gibbs School B, IT, VC
Providence
www.gibbsprovidence.com

SOUTH DAKOTA

Colorado Technical University B, IT, VC
Sioux Falls
www.ctu-siouxfalls.com

TEXAS

American InterContinental University B, IT, VC
Houston
www.aiuhouston.com

Sanford-Brown Institute HE
Dallas
www.sbdallas.com
Houston
www.sbhouston.com

Texas Culinary Academy CA
Austin
www.txca.com

VIRGINIA

Gibbs College B, IT, VC
Vienna
www.gibbschool.com

WEST VIRGINIA

International Academy of Design & Technology B, IT, VC, HE
Fairmont
www.iadtwv.com

*PRINCIPAL

CURRICULA:

B = Business Studies
CA = Culinary Arts
HE = Health Education
IT = Information Technology
VC = Visual Communication and Design Technologies

INTERNATIONAL

CANADA

ONTARIO

**International Academy
of Design & Technology**

B, IT, VC

Toronto

www.iaod.com

www.softtrain.com

QUEBEC

**International Academy
of Design & Technology**

B, IT, VC

Montreal

www.internationalacademy.ca

FRANCE

**Institut des Hautes Etudes
Economiques et
Commerciales B**

Paris

Bordeaux

www.inseec-france.com

**Ecole de Commerce
Européenne B**

Bordeaux

Lyon

www.ece-france.com

SUP de Pub VC

Paris

www.sup-de-pub.com

MBA Institute B

Paris

www.imip-mbai-paris.com

CEFIRE B

Paris

www.cefire-paris.com

HEIG B

Bordeaux

www.inseec-france.com

Sup Santé HE

Paris

www.supsante.com

UNITED KINGDOM

**American InterContinental
University B, IT, VC**

London

www.aiulondon.ac.uk

UNITED ARAB EMIRATES

**American InterContinental
University B, IT, VC**

Dubai

www.aud.edu

ONLINE EDUCATION

**American InterContinental
University B, IT, VC**

www.aiu-online.com

**Colorado Technical
University B, IT**

www.ctuonline.edu

*PRINCIPAL CURRICULA:

B = Business Studies

CA = Culinary Arts

HE = Health Education

IT = Information Technology

VC = Visual Communication
and Design Technologies



CAREER
EDUCATION
CORPORATION

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2895 Greenspoint Parkway
Suite 600
Hoffman Estates, Illinois 60195
www.careered.com
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