

CAREER EDUCATION CORP
Form DEFA14A
May 12, 2006

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Career Education Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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- Fee paid previously with preliminary materials.
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

[The following letter was sent to Career Education Corporation's (CEC) stockholders by CEC's Board of Directors on May 12, 2006.]

May 12, 2006

AN OPEN LETTER TO STEVEN BOSTIC

In your proxy campaign to get yourself and your personal colleagues elected to the board of directors of Career Education, you have attacked the current management's competence; made negative assertions about the Company's business operations and corporate governance; and questioned what the Company is doing on behalf of its stockholders. In doing so, we believe that you knew that this would create a negative environment surrounding the Company which would adversely influence the perceptions of the investment marketplace, regulators, and media. **Since you are willing to risk the effect that your false allegations would have on the Company and its stockholders, and at the same time ask Career Education's stockholders to place their confidence in you and your slate, we challenge you to answer for the benefit of Career Education stockholders the following questions about *your* character, *your* competence and *your* real agenda:**

- 1) Why, under your leadership at the for-profit education company EduTrek International, did that company's stock price drop dramatically from over \$27 per share in April 1998, to 63 cents in November 1999—a decline of over 95 percent in stockholder value?
- 2) How do you explain that EduTrek, which you and an investor group purchased for \$38 million in 1996, went from having an annual net income of \$4.6 million to a nine-month net loss of \$5.5 million by the time it was sold to Career Education?
- 3) How do you explain that under your leadership of EduTrek, according to its Form 10-K for 1999, the company failed to meet the financial responsibility standards of the U.S. Department of Education, thereby jeopardizing the Title IV eligibility of students?
- 4) How do you explain your acquisition on December 2, 1999—the very day Career Education first called you to express interest in EduTrek—of over one million shares of EduTrek common stock at 93 cents per share, enabling you to reap over \$3 million when EduTrek was purchased by Career Education for \$3.81 per share?
- 5) How do you explain your acquisition on September 11, 2000—while negotiations for the sale of EduTrek were underway with Career Education—of over 450,000 additional shares of EduTrek stock at \$1.81 per share, producing a windfall to you of over \$900,000 when the acquisition closed?

6) How do you explain a corporate governance structure at EduTrek which enabled you, your ex-wife and your affiliates to have 93 percent of the voting power and therefore control of all EduTrek's votes at the time of its merger with Career Education? If you are so concerned with stockholder rights, why did EduTrek create a structure with two classes of stock - Class A stockholders having one vote per share and Class B stockholders having ten votes per share with you as a Class B stockholder?

7) You write in your proxy statement that to [your] knowledge, from 1995 to 2001, American InterContinental University was not cited for, nor did it receive written notice of, non-compliance with SACS criteria. Were you unaware, as AIU's then Chairman and CEO, of a letter from SACS dated January 6, 1997, which placed the university on sanction, citing it for non-compliance with earlier recommendations made by SACS? Were you unaware of an additional letter dated January 8, 1999, addressed to you, in which the executive director of SACS warned the university about its opening of off-campus sites without the requisite accreditor approval?

8) It is public knowledge that EduTrek received a going concern opinion from its accountants, Deloitte & Touche, while you were the company's Chairman and CEO. Why did it receive this opinion?

9) You have been telling investors that you are precluded by a confidentiality obligation from informing them about discussions you had with Career Education before you mounted your proxy contest. Will you waive the confidentiality provision and let the stockholders be fully informed as to these discussions? Career Education would welcome an open discussion.

Since you are asking for their vote, the stockholders of Career Education deserve to know more about your history and your intentions. Will you answer these questions? Will you tell Career Education stockholders the truth about you and what you truly intend to do at and to Career Education?

Career Education urges its stockholders to VOTE for Career Education's nominees for the board of directors by signing, dating and returning the WHITE proxy card in support of Career Education's nominees.

The Career Education Board of Directors

/s/ John M.
Larson
John M. Larson

/s/ Leslie T. Thornton
Leslie T. Thornton

/s/ Patrick K. Pesch
Patrick K. Pesch

/s/ Patrick W.
Gross
Patrick W. Gross

/s/ Dennis H. Chookaszian
Dennis H. Chookaszian

/s/ Thomas B.
Lally
Thomas B. Lally

/s/ Robert E. Dowdell

Robert E. Dowdell

/s/ Steven H.

Lesnik

Steven H. Lesnik

/s/ Keith K.

Ogata

Keith K. Ogata

IMPORTANT

PLEASE RETURN YOUR WHITE PROXY CARD AND DO NOT RETURN ANY OF MR. BOSTIC'S BLUE PROXY CARDS, EVEN AS A PROTEST VOTE AGAINST HIM. ONLY YOUR LATEST DATED, SIGNED PROXY CARD WILL BE COUNTED, AND ANY BLUE PROXY CARD YOU SIGN FOR ANY REASON COULD INVALIDATE PREVIOUS WHITE PROXY CARDS SENT BY YOU TO SUPPORT YOUR COMPANY'S DIRECTOR NOMINEES.

Your vote is important. Please take a moment to SIGN, DATE and promptly MAIL your **WHITE** proxy card in the postage-paid envelope provided. If you shares are held in the name of a brokerage firm, bank nominee or other institution, please sign, date and mail the enclosed **WHITE** instruction card in the postage-paid envelope provided. If you have any questions or need assistance in voting your shares, please call:

17 State Street, 10th Floor

New York, NY 10004

(888) 206-5970 (Toll Free)

[The following press release was issued by CEC on May 12, 2006.]

FOR IMMEDIATE RELEASE

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Career Education Corporation Challenges Dissident With Critical Questions

HOFFMAN ESTATES, IL, MAY 12, 2006 Career Education Corporation's board of directors today sent a letter to the company's dissident shareholder, Steven Bostic, challenging him to answer in the public domain questions related to his character, his competence, and his intentions regarding the company. The content of that letter follows below.

[The letter is reproduced in its entirety above.]

About Career Education Corporation

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The colleges, schools and universities that are part of the Career Education Corporation (CEC) family offer high quality education to more than 100,000 students across the world in a variety of career-oriented disciplines. The 80-plus campuses that serve these students are located throughout the U. S., Canada, France, the United Kingdom, and the United Arab Emirates and offer doctoral, master s, bachelor s, and associate degrees and diploma and certificate programs. Approximately one third of students attend the web-based virtual campuses of American InterContinental University Online and Colorado Technical University Online.

Career Education is an industry leader whose gold-standard brands are recognized globally. Those brands include, among others, the Le Cordon Bleu Schools North America; the Harrington College of Design; the Brooks Institute of Photography; the Katharine Gibbs Schools; American InterContinental University; Colorado Technical University and Sanford-Brown Institutes and Colleges. The mission of CEC, through its schools, its educators, and its employees is education their primary goal, to enable students to graduate successfully and pursue rewarding careers.

For more information see www.careered.com. The company s website also has a detailed listing of individual campus locations and web links for its 80-plus colleges, schools and universities.

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