

CAREER EDUCATION CORP  
Form 10-Q  
August 08, 2007

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

**FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2007**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 0-23245

## CAREER EDUCATION CORPORATION

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation or organization)  
**2895 Greenspoint Parkway, Suite 600,**  
**Hoffman Estates, Illinois**  
(Address of principal executive offices)

**36-3932190**  
(I.R.S. Employer  
Identification No.)

**60169**  
(Zip Code)

Registrant's telephone number, including area code: **(847) 781-3600**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of registrant's common stock, par value \$0.01, outstanding as of August 6, 2007: 91,205,657

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CAREER EDUCATION CORPORATION

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**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****CAREER EDUCATION CORPORATION AND SUBSIDIARIES****UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share and per share amounts)

	June 30, 2007	December 31, 2006
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 99,161	\$ 187,853
Investments	264,095	259,766
Total cash and cash equivalents and investments	363,256	447,619
Receivables:		
Students, net of allowance for doubtful accounts of \$29,504 and \$28,709 as of June 30, 2007, and December 31, 2006, respectively	45,030	48,564
Other, net	9,229	8,094
Prepaid expenses	39,207	29,621
Inventories	18,375	16,853
Deferred income tax assets	7,105	11,357
Assets held for sale	60,692	63,156
Other current assets	18,725	32,064
Total current assets	561,619	657,328
<b>PROPERTY AND EQUIPMENT, net</b>	<b>341,954</b>	<b>352,270</b>
<b>GOODWILL</b>	<b>380,450</b>	<b>349,760</b>
<b>INTANGIBLE ASSETS, net</b>	<b>45,550</b>	<b>33,984</b>
<b>OTHER ASSETS</b>	<b>24,565</b>	<b>32,321</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,354,138</b>	<b>\$ 1,425,663</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt	\$ 11,311	\$ 12,098
Accounts payable	26,665	30,095
Accrued expenses:		
Payroll and related benefits	26,636	27,012
Income taxes	4,586	
Other	87,742	78,885
Deferred tuition revenue	114,598	132,186
Liabilities held for sale	31,246	31,879
Total current liabilities	302,784	312,155
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt, net of current maturities	3,304	2,763
Deferred rent obligations	91,660	90,360
Deferred income tax liabilities	16,328	16,527
Other	8,413	7,980
Total long-term liabilities	119,705	117,630
<b>SHARE-BASED AWARDS SUBJECT TO REDEMPTION</b>	<b>13,827</b>	<b>13,477</b>
<b>STOCKHOLDERS EQUITY:</b>		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; no shares issued or outstanding		
Common stock, \$0.01 par value; 300,000,000 shares authorized; 107,562,174 and 106,923,310 shares issued, 92,827,210 and 96,148,825 shares outstanding as of June 30, 2007, and December 31, 2006, respectively	1,076	1,069
Additional paid-in capital	688,554	666,780
Accumulated other comprehensive income	9,431	5,683
Retained earnings	710,001	675,188