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## Career Education Corp. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

**(Operator Instructions) Your first question comes from Robert Craig – Stifel Nicolaus.**

#### Robert Craig – Stifel Nicolaus

Couple of questions for you. First off, regarding the peer issues, this first one where are you versus where you would like to be in terms of rep efficiency, and maybe if you could give us a sort of before and after photo of that kind of productivity since the implementation of the peer process?

#### Gary McCullough

Sure, Bob, this is Gary. I would tell you that we worked diligently through the peer issues. We believe those issues are behind us now and we're very pleased with what we're doing with the head count we've got. If you recall there was a question last quarter about because we had reduced head count, we thought that might be the leading cause of the diminishment in our starts, and the fact of the matter is, from last year we're down about 19% in terms of admission representatives, yet you see the growth that we delivered in the university business on our starts.

And so we believe peer is behind us. We think we're getting good efficiency out of the reps that we have, which is again what we had modeled in the program.

#### Robert Craig – Stifel Nicolaus

The University segment obviously helped in the quarter by the calendar shift, but I take it, and you mentioned this in the last call that there was some lingering negative impact from peer, and I know you won't provide specific guidance, but could you give some indication directionally of what you'd expect in the fourth quarter from that division in terms of starts?

#### Gary McCullough

Sure I guess from a macro point of view, as we look forward, we think we'll see continued very healthy starts at CTU. We believe that while we've got the issues behind us, we'll see more variability at AIU.

#### Robert Craig – Stifel Nicolaus

Okay, but no percentage I take it?

**Gary McCullough**

No, Bob.

**Robert Craig – Stifel Nicolaus**

And the timing of the remaining teach-outs in 2009, some of those have happened a little sooner than we expected, would you anticipate those would be front-loaded or fairly even throughout the year?

**Michael Graham**

I would expect they would be more back-loaded than front-loaded. We're doing a very good job of teaching out the classes and reducing the population, and to the extent that we have a small amount of population left in the school, we're looking for other arrangements with other schools to accelerate the teach-out.

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