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**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

**IN RE CAREER EDUCATION) No. 03 C 8884
CORPORATION SECURITIES) Honorable Joan Humphrey Lefkow
LITIGATION)**

ORDER AND FINAL JUDGMENT

On the 18th day of September, 2008, a hearing having been held before this Court to determine: (1) whether the terms and conditions of the Stipulation and Agreement of Settlement dated November 5, 2007 (the "Settlement Agreement") are fair, reasonable, and adequate for the settlement of all claims asserted by the Class against the Defendants in the Third Consolidated Amended Class Action Complaint (the "Complaint") filed in this Court under the above caption (the "Action"); (2) to finally determine whether the Action satisfies the applicable prerequisites of Rules 23(a) and (b) of the Federal Rules of Civil Procedure; (3) to finally determine whether the Notice of Pendency and Settlement of Class Action (the "Notice"), the Summary Notice and the notice methodology implemented pursuant to the Settlement Agreement (i) constituted the best practicable notice, (ii) constituted notice that was reasonably calculated, under the circumstances, to apprise Settlement Class members of the pendency of the Action, their right to object to or exclude themselves from the proposed settlement and their right to appear at the Settlement Hearing, (iii) were reasonable and constituted due, adequate sufficient notice of the proposed Settlement to all persons entitled to receive notice and (iv) met all applicable requirements of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Private

Securities Litigation Reform Act of 1995 (15 U.S.C. § 77a-1(a)(3)(B)(ii)) (the "PSLRA"), the Class Action Fairness Act of 2005 (28 U.S.C. §§ 1332(d), 1453, and 1711-1715) ("CAFA"), the Rules of the Court and any other applicable law; (4) to finally determine whether Plaintiff's Lead Counsel and Lead Plaintiff adequately represent the Settlement Class for purposes of entering into and implementing the Settlement; (5) to determine whether this Order and Final Judgment as provided for in the Settlement Agreement should be entered, dismissing the Complaint on the merits and with prejudice, and to determine whether the release by the Settlement Class of the Released Claims, as set forth in the Settlement Agreement, should be provided to the Released Parties; (6) to determine whether the proposed Plan of Allocation for distribution of the proceeds of the settlement, as set forth in Exhibit A-1 to the Settlement Agreement, is fair and reasonable, and should be approved by the Court; (7) to consider Plaintiff's Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses; and (8) to rule upon such other matters as the Court may deem appropriate. The Court having considered all matters submitted to it at the hearing and otherwise; and it appearing that a notice of the hearing in all material respects in the form approved by the Court was mailed to all persons or entities reasonably identifiable, who purchased the securities of Career Education Corporation Inc. ("CEC") between April 22, 2002 and February 15, 2005, inclusive, as shown by the records of CEC's transfer agent and the records compiled by the Claims Administrator, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. **Incorporation of Settlement Documents.** This Order and Final Judgment incorporates and makes a part hereof the Settlement Agreement, filed with this Court on March 19, 2008, including Exhibits A, A-1, A-2, A-3 and B thereto. Unless otherwise defined in this Order and

Final Judgment, the capitalized terms have the same meaning as they have in the Settlement Agreement.

2. **Jurisdiction.** The Court has personal jurisdiction over all Members of the Settlement Class and has subject matter jurisdiction over the Action, including, without limitation, jurisdiction to approve the proposed Settlement and the Plan of Allocation, grant final certification of the Settlement Class and dismiss the Action on the merits and with prejudice. The Court has ancillary jurisdiction over matters necessary to implement and effectuate this Order and Final Judgment.

3. **Final Class Certification.** The Court finds that the Settlement Class preliminarily certified in the Preliminary Approval Order meets all of the requirements of Federal Rules of Civil Procedure 23(a) and 23(b)(3) for the reasons set out in the Preliminary Approval Order. The Court therefore finally certifies for settlement purposes a Settlement Class consisting of all persons or entities who purchased or had purchased on their behalf CEC securities, including common stock, options and debt securities between April 22, 2002 and February 15, 2005, inclusive of those dates (the "Settlement Class Period"). The Settlement Class certified by this Court for settlement purposes does not include:

(a) those persons or entities who submitted valid and timely requests for exclusion from the Class as listed on Exhibit A to this Order and Final Judgment; or

(b) Defendants; members of Defendants' immediate families; all individuals who are either current officers and/or directors, or who served as officers and directors at any time during the Settlement Class Period; Defendants' subsidiaries; any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a controlling interest or any entity which is related to or affiliated with any Defendant; and the legal representatives, agents, affiliates,

heirs, successors and assigns of any such excluded persons.

4. **Adequacy of Representation.** Plaintiff's Lead Counsel and Lead Plaintiff have fully and adequately represented the Settlement Class for purposes of entering into and implementing the settlement and have satisfied the requirements of Rules 11 and 23 of the Federal Rules of Civil Procedure and the Private Securities Litigation Reform Act of 1995 (15 U.S.C. § 77a-1(a)(3)(B)(ii)) (the "PSLRA").

5. **Notice.** The Court finds that the distribution of the Notice, the publication of the Summary Notice and the notice methodology were all implemented in accordance with the Court's Preliminary Approval Order. The Court further finds that the Notice, the Summary Notice and the notice methodology (a) constituted the best practicable notice to Members of the Settlement Class under the circumstances of the Action; (b) constituted notice that was reasonably calculated, under the circumstances, to apprise putative Members of the Settlement Class of (i) the pendency of the Action, (ii) the effect of the Settlement Agreement (including the Release), (iii) the binding effect of this Order and Final Judgment in the Action, whether favorable or unfavorable, on all persons who do not request exclusion from the Settlement Class, (iv) their right to object to the proposed settlement, (v) their right to exclude themselves from the Settlement Class and (vi) their right to appear at the Settlement Hearing; (c) were reasonable and constituted due, adequate and sufficient notice to all persons or entities entitled to receive notice; and (d) met all applicable requirements of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the PSLRA, CAFA, the Rules of the Court and any other applicable law.

6. **Final Settlement Approval.** The terms and provision of the Settlement Agreement have been entered into in good faith and are hereby fully and finally approved as fair, reasonable and

adequate, consistent and in full compliance with all applicable requirements of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the PSLRA, the Rules of the Court and any other applicable law, and in the best interests of each of the parties and the Members. The parties are directed to consummate the Settlement Agreement in accordance with its terms and provisions.

7. **Binding Effect.** The terms of the Settlement Agreement and of this Order and Final Judgment shall be forever binding on Lead Plaintiff, Plaintiffs and all other Members, as well as all of their heirs, executors and administrators, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b) and assigns.

8. **Release.** The release and relevant definitions of the Settlement Agreement are expressly incorporated herein in all respects. The release is effective as of the Settlement Effective Date and fully, finally and forever discharges, among other things, the Released Parties from any and all claims of liability arising from the Released Claims. The Released Claims are hereby compromised, settled, released, discharged and dismissed as against the Released Parties on the merits and with prejudice by virtue of the proceedings herein and this Order and Final Judgment. Upon the Settlement Effective Date, the Released Persons shall be deemed to have, and by operation of this Order and Final Judgment shall have, fully, finally, and forever discharged Lead Plaintiff, the Plaintiffs, Plaintiffs Lead Counsel, the Plaintiffs' counsel, and the Members from any and all claims arising out of the institution, prosecution, or resolution of the Action or the Released Claims, provided, however, that nothing herein is meant to bar any claim relating to performance or enforcement of this Settlement Agreement or the Settlement.

9. **No Evidentiary Effect.** This Order and Final Judgment, the Settlement Agreement (whether or not consummated), any of its terms and provisions, any of the negotiations or proceedings connected with it, any of the documents or statements referred to in it, and any proceedings taken pursuant to it:

(a) shall not be offered or received against any of the Defendants as evidence of or construed as or deemed to be evidence of any admission, concession or presumption by any of the Defendants with respect to the truth of any fact alleged by Lead Plaintiff, the Plaintiffs or any of the Members or the validity of any claim that has been asserted in the Action; and

(b) shall not be construed as or received in evidence as an admission, concession or presumption against Lead Plaintiff or any of the Members that any of their claims are without merit, or that any defenses asserted by the Defendants have any merit, or that damages alleged to be recoverable under the Complaint would not have exceeded the Settlement Fund.

10. **Plan of Allocation.** The Plan of Allocation is approved as fair and reasonable, and Plaintiff's Lead Counsel and the Settlement Administrator are directed to administer the Plan of Allocation in accordance with its terms and provisions. As set forth in paragraph 7.6 of the Settlement Agreement, the Defendants, Defendants' counsel and Defendants' insurers, and any of their agents or representatives shall have no responsibility for, interest in, or liability whatsoever with respect to any act, omission or determination of the Escrow Agent, Settlement Administrator or Plaintiff's Lead Counsel in connection with the administration of, or distributions from the Settlement, the Net Settlement Fund, or the Notice and Administration Fund.

11. **Distribution of Net Settlement Fund.** The Net Settlement Fund Shall be distributed to Authorized Claimants pursuant to paragraph 7.2 of the Settlement Agreement. In the event that

any funds remain in the Net Settlement Fund following completion of the distribution provided for in paragraph 7.2 of the Settlement Agreement, all amounts remaining thereafter shall be donated to The Institute for Law and Economic Policy, a private, non-sectarian, not for profit public policy research and educational foundation with offices located in Philadelphia, Pennsylvania and Internal Revenue Code §501(c)(3) tax deductible status.

12. **Enforcement of Settlement.** Nothing in this Order and Final Judgment shall preclude any action to enforce the terms of the Settlement Agreement.

13. **Attorneys' Fees and Expenses.** Plaintiff's Lead Counsel are hereby awarded 22.5% of the Settlement Fund in fees, together with a proportionate amount of the interest earned on the Settlement Fund to the date of payment at the same rate as earned by the Settlement Fund, which sum the Court finds to be fair and reasonable, and \$182,657.03 together with a proportionate amount of the interest earned on the Settlement Fund to the date of payment at the same rate as earned by the Settlement Fund in reimbursement of expenses, which expenses shall be paid to Plaintiffs' Lead Counsel pursuant to the terms of the Settlement Agreement. The award of attorneys' fees shall be allocated among counsel representing Plaintiffs in a manner which, in the opinion of Plaintiff's Lead Counsel, fairly compensates such counsel for their respective contributions in the prosecution of the Action.

14. In making this award of attorneys' fees and reimbursement of expenses, the Court has considered and found that:

(a) the Settlement has created a fund of \$4.9 million in cash that is already on deposit in an interest-bearing escrow account;

(b) the numerous Members who have filed or will file timely and valid Proofs of

Claim will benefit from the Settlement negotiated by Plaintiff's Lead Counsel;

(c) Over 146,000 copies of the Notice were disseminated to putative Members of the Settlement Class indicating that Plaintiff's Lead Counsel were moving for attorneys' fees in the amount of up to 33⅓% of the Settlement Fund and for reimbursement of expenses in an amount not to exceed \$500,000, and no objections were filed with respect to the terms of the proposed Settlement, the Plan of Allocation, or the amount of the fees and expenses requested by Plaintiff's Lead Counsel contained in the Notice;

(d) Plaintiff's Lead Counsel have conducted the litigation and achieved the Settlement Agreement with skill, perseverance and diligent advocacy;

(e) The Action involves complex factual and legal issues and was actively litigated;

(f) In the absence of a settlement, further prosecution would involve further lengthy proceedings with uncertain resolution of the complex factual and legal issues, especially because the Court dismissed the claims on three separate occasions;

(g) Had Plaintiff's Lead Counsel not achieved the Settlement there would remain a significant risk that Plaintiffs and the Settlement Class may have recovered less or nothing from the Defendants;

(h) Plaintiffs' counsel have devoted over 4,350 hours, with a lodestar value of \$2,670,955.25 to achieve the Settlement Agreement; and

(i) The amount of attorneys' fees awarded and expenses reimbursed from the Settlement Amount are consistent with awards in similar cases.

15. The preceding paragraphs 13 and 14 of this Order and Final Judgment cover, without limitation, any and all claims for attorneys' fees and expenses, costs or disbursements incurred by Plaintiffs' counsel or Plaintiffs Lead Counsel or any other counsel of record representing Plaintiffs, Lead Plaintiff or Members in the Action, or incurred by Plaintiffs, Lead Plaintiff or Members, or any of them, in connection with or related in any manner to the Action and/or Released Claims, and the settlement of the Action except to the extent otherwise specified in this Order and Final Judgment or the Settlement Agreement.

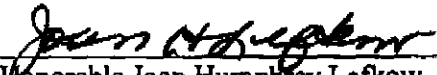
16. **Modification of Settlement Agreement.** The parties are hereby authorized, without further approval from the Court, to agree to and adopt such amendments, modifications and expansions of the Settlement Agreement and all exhibits attached to the Settlement Agreement, provided that such amendment, modifications and expansions of the Settlement Agreement are not materially inconsistent with this Order and Final Judgment and do not materially limit the rights of Members under the Settlement Agreement. Any modification in the Plan of Allocation that involves an amount equal to or less than ten percent (10%) of the total distribution amount involved in the Plan of Allocation shall be deemed to be materially consistent with this Order and Final Judgment and shall be deemed not to materially limit the rights of Members under the Settlement Agreement. With notice to the Court, but without further order of the Court, the parties may agree to reasonable extensions of time to carry out any of the provisions of the Settlement Agreement.

17. **Dismissal of Action.** This Action, including all individual claims and Settlement Class claims, is hereby dismissed on the merits and with prejudice against Lead Plaintiff, Plaintiffs and all other Members, without fees or costs to any party except as otherwise provided in this Order and Final Judgment.

18. In accordance with and pursuant to the terms of 15 U.S.C. § 78u-4(f)(7)(A), any and all claims for contribution arising out of this Action are hereby permanently barred, extinguished, discharged, satisfied, and unenforceable.

19. There is no just reason for delay in the entry of this Order and Final Judgment and immediate entry by the Clerk of the Court is expressly directed pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

SO ORDERED this 18th day of September 2008.



Honorable Joan Humphrey Lefkow
United States District Judge