

LALLY THOMAS B  
Form 4  
February 20, 2009

**FORM 4**

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

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
LALLY THOMAS B

2. Issuer Name and Ticker or Trading Symbol  
CAREER EDUCATION CORP  
[CECO]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
02/20/2009

Director  10% Owner  
 Officer (give title below)  Other (specify below)

8 MAGNOLIA LANE

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

SMITHTOWN, NY 11787

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | (A) or (D) Code V Amount (D) Price                                |   |  |                                   |
| Common Stock                    |                                      |  |                                |   | 20,000  | D  |                                   |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | Amount or Number of Shares |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|----------------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title                      | Amount or Number of Shares |
| Stock Option                               | \$ 22.065  | 05/17/2002                           |  | D <sup>(1)</sup>               |   | 48,000   | <u>(2)</u> 05/16/2012 <sup>(1)</sup>                        | Common Stock               | 48,000                     |
| Stock Option                               | \$ 22.065  | 02/20/2009                           |  | A <sup>(1)</sup>               | 48,000  |  | <u>(2)</u> 05/16/2012 <sup>(1)</sup>                        | Common Stock               | 48,000                     |
| Stock Option                               | \$ 29.35   | 05/19/2003                           |  | D <sup>(1)</sup>               |   | 48,000   | <u>(3)</u> 05/18/2013 <sup>(1)</sup>                        | Common Stock               | 48,000                     |
| Stock Option                               | \$ 29.35   | 02/20/2009                           |  | A <sup>(1)</sup>               | 48,000  |  | <u>(3)</u> 05/18/2013 <sup>(1)</sup>                        | Common Stock               | 48,000                     |
| Stock Option                               | \$ 62.56   | 05/21/2004                           |  | D <sup>(1)</sup>               |   | 24,000   | <u>(4)</u> 05/20/2014 <sup>(1)</sup>                        | Common Stock               | 24,000                     |
| Stock Option                               | \$ 62.56   | 02/20/2009                           |  | A <sup>(1)</sup>               | 24,000  |  | <u>(4)</u> 05/20/2014 <sup>(1)</sup>                        | Common Stock               | 24,000                     |
| Stock Option                               | \$ 34.7  | 05/20/2005                           |  | D <sup>(1)</sup>               |   | 24,000   | <u>(5)</u> 05/19/2015 <sup>(1)</sup>                        | Common Stock               | 24,000                     |
| Stock Option                               | \$ 34.7  | 02/20/2009                           |  | A <sup>(1)</sup>               | 24,000  |  | <u>(5)</u> 05/19/2015 <sup>(1)</sup>                        | Common Stock               | 24,000                     |
| Stock Option                               | \$ 30.8  | 05/18/2006                           |  | D <sup>(1)</sup>               |   | 24,000   | <u>(6)</u> 05/17/2016 <sup>(1)</sup>                        | Common Stock               | 24,000                     |
| Stock Option                               | \$ 30.8  | 02/20/2009                           |  | A <sup>(1)</sup>               | 24,000  |  | <u>(6)</u> 05/17/2016 <sup>(1)</sup>                        | Common Stock               | 24,000                     |
| Stock Option                               | \$ 33.96   | 05/17/2007                           |  | D <sup>(1)</sup>               |   | 24,000   | <u>(7)</u> 05/16/2017 <sup>(1)</sup>                        | Common Stock               | 24,000                     |
| Stock Option                               | \$ 33.96   | 02/20/2009                           |  | A <sup>(1)</sup>               | 24,000  |  | <u>(7)</u> 05/16/2017 <sup>(1)</sup>                        | Common Stock               | 24,000                     |
| Stock Option                               | \$ 18.64   | 05/13/2008                           |  | D <sup>(1)</sup>               |   | 24,000   | <u>(8)</u> 05/12/2018 <sup>(1)</sup>                        | Common Stock               | 24,000                     |
| Stock Option                               | \$ 18.64   | 02/20/2009                           |  | A <sup>(1)</sup>               | 24,000  |  | <u>(8)</u> 05/12/2018 <sup>(1)</sup>                        | Common Stock               | 24,000                     |

## Reporting Owners

| Reporting Owner Name / Address | Relationships |           |         |       |
|--------------------------------|---------------|-----------|---------|-------|
|                                | Director      | 10% Owner | Officer | Other |
|                                |               |           |         |       |

LALLY THOMAS B  
8 MAGNOLIA LANE  
SMITHTOWN, NY 11787

X

## Signatures

/s/ Gail B. Rago, as  
attorney-in-fact

02/20/2009

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Amendment of outstanding options to provide for an extended exercise period following cessation of services as a director, which may result in a deemed cancellation of the option and the grant of a replacement option.
- (2) Grants were fully vested as of May 17, 2004.
- (3) Grants were fully vested as of May 19, 2005.
- (4) Grants were fully vested as of May 21, 2006.
- (5) Grants were fully vested as of May 20, 2007.
- (6) Grants were fully vested as of May 18, 2008.
- (7) Immediately exercisable as to 16,000 of the underlying shares of Common Stock and exercisable as to 8,000 of the remaining underlying shares on May 17, 2009.
- (8) Immediately exercisable as to 8,000 of the underlying shares of Common Stock and exercisable as to 8,000 of the remaining underlying shares on each of May 13, 2009 and 2010.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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