

ITT EDUCATIONAL SERVICES INC  
Form DEF 14A  
March 08, 2011

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

SCHEDULE 14A INFORMATION

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 under §240.14a-12

ITT EDUCATIONAL SERVICES, INC.

(Name of Registrant as Specified In Its Charter)

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

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ITT Educational Services, Inc.

2011 Annual Meeting  
Notice and Proxy Statement

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ITT EDUCATIONAL SERVICES, INC.  
13000 North Meridian Street  
Carmel, IN 46032-1404

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD MAY 3, 2011

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The 2011 Annual Meeting of Shareholders of ITT Educational Services, Inc. ("ITT/ESI") will be held at the Hilton Crystal City, 2399 Jefferson Davis Highway, Arlington, VA 22202, on Tuesday, May 3, 2011, at 10:00 a.m., local time, for the following purposes:

1. To consider and vote upon four proposals described in the accompanying Proxy Statement providing for:

Proposal Election of three Directors to serve until the 2014 Annual Meeting of Shareholders and until their successors  
One: are elected and have qualified.

Proposal Ratification of the appointment of PricewaterhouseCoopers LLP to serve as ITT/ESI's independent registered  
Two: public accounting firm for its fiscal year ending December 31, 2011.

Proposal Advisory vote to approve the compensation paid to ITT/ESI's named executive officers, as disclosed  
Three: pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, in the accompanying Proxy Statement.

Proposal Advisory vote as to whether future shareholder votes to approve the compensation paid to ITT/ESI's named  
Four: executive officers should occur every one, two or three years.

2. To act upon such other matters that may properly come before the meeting.

All shareholders of record at the close of business on March 4, 2011 will be entitled to vote at the meeting.

It is important that your shares be represented at this meeting. Whether or not you expect to be present, please vote as soon as possible. We have provided information on available voting methods in the accompanying Proxy Statement. If you attend the meeting, you may revoke your proxy and vote in person.

By Order of the Board of Directors,

Christine G. Long

Senior Vice President, General Counsel  
and Secretary



ITT EDUCATIONAL SERVICES, INC.  
13000 North Meridian Street  
Carmel, IN 46032-1404

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PROXY STATEMENT

Annual Meeting of Shareholders  
May 3, 2011

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This Proxy Statement and accompanying proxy are being provided to shareholders on or about March 18, 2011 in connection with the solicitation by the Board of Directors of ITT Educational Services, Inc. (“ITT/ESI,” “we” or “us”) of proxies to be voted at the 2011 Annual Meeting of Shareholders (“Annual Meeting”) to be held at 10:00 a.m., local time, Tuesday, May 3, 2011, at the Hilton Crystal City, 2399 Jefferson Davis Highway, Arlington, VA 22202, for the purposes set forth in the accompanying notice.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Why did I receive a Notice of Internet Availability of Proxy Materials?

Many of our shareholders will receive a Notice of Internet Availability of Proxy Materials (the “Notice”), which was or will be sent to shareholders on or about March 18, 2011. We are furnishing our proxy materials to our shareholders on the Internet, unless the shareholder has previously requested printed copies. Printed copies of our proxy materials furnished at the previous request of our shareholders were or will be sent to those shareholders on or about March 18, 2011.

If you received a Notice by mail or e-mail, you will not receive a printed copy of our proxy materials unless you request such a copy in the manner described in the Notice. The Notice also instructs you as to how you may access and review this Proxy Statement and our 2010 Annual Report on Form 10-K, and how you may submit your proxy to vote at the Annual Meeting.

Who is entitled to vote at the Annual Meeting?

Holders of our common stock outstanding at the close of business on March 4, 2011, the record date for the Annual Meeting (the “Record Date”), are entitled to vote their shares at the Annual Meeting. As of the Record Date, 28,352,075 shares of our common stock were issued and outstanding. Each share of our common stock is entitled to one vote on each matter properly brought before the Annual Meeting.

What will shareholders vote on at the Annual Meeting and how does the Board of Directors recommend that I vote?

There are four proposals that shareholders will vote on at the Annual Meeting:

- election of three directors to serve until the 2014 Annual Meeting of Shareholders and until their successors are elected and have qualified;
- ratification of the appointment of PricewaterhouseCoopers LLP (“PWC”) to serve as our independent registered public accounting firm for our fiscal year ending December 31, 2011;
- advisory vote to approve the compensation paid to our Named Executive Officers (those executive officers identified in the Compensation Discussion and Analysis below), as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission (“SEC”), including the Compensation Discussion and



- Analysis, compensation tables and narrative discussion, in this Proxy Statement; and
- advisory vote as to whether future shareholder votes to approve the compensation paid to our Named Executive Officers should occur every one, two or three years.

The Board of Directors recommends that you vote FOR the first three proposals and that you vote to have future shareholder votes on our executive compensation every THREE years.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered, with respect to those shares, the “shareholder of record.” The Notice has been or will be sent directly to you, unless you previously requested printed copies of our proxy materials.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the “beneficial owner” of those shares held in “street name.” The Notice has been or will be sent to you by your broker, bank or other holder of record who is considered, with respect to those shares, to be the shareholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote the shares in your account.

How do I vote?

Record Holders

If you are a record holder, you may vote by using any of the following methods.

**Through the Internet.** You may submit a proxy through the Internet by following the instructions on the Notice or the instructions on the proxy card if you previously requested to receive paper copies of our proxy materials or you request paper copies in connection with this Annual Meeting. If you submit a proxy through the Internet, you do not need to return a proxy card. The Internet voting facility for shareholders of record will close at 11:59 p.m., Eastern Time, on May 2, 2011.

**By Telephone.** If you receive a proxy card by mail because you have previously requested to receive paper copies of our proxy materials or you request paper copies in connection with this Annual Meeting, you may submit a proxy by telephone by dialing the toll-free telephone number shown on the proxy card and following the recorded instructions. If you submit a proxy by telephone, you do not need to return a proxy card. The telephone voting facility for shareholders of record will close at 11:59 p.m., Eastern Time, on May 2, 2011.

**By Mail.** If you receive a proxy card by mail because you have previously requested to receive paper copies of our proxy materials or you request paper copies in connection with this Annual Meeting, you may vote by completing, signing, dating and mailing that proxy card in the pre-addressed postage-prepaid envelope that will be included when the proxy card is sent to you.

**In Person at the Annual Meeting.** If you attend the Annual Meeting, you may vote your shares in person. We encourage you, however, to vote by proxy card, through the Internet or by telephone even if you plan to attend the meeting so that your shares will be voted in the event you later decide not to attend the meeting.

Beneficial Owners

If you are a beneficial shareholder, you may vote by using any voting instruction card provided by your broker, bank or other record holder or by following their instructions for voting through the Internet or by telephone. If you are a beneficial shareholder who would like to vote in person at the Annual Meeting, you must obtain a legal proxy from

your broker, bank or other holder of record and present it at the Annual Meeting.

Pursuant to the rules of the New York Stock Exchange (“NYSE”), brokers may not exercise discretion to vote shares on the following matters if the beneficial shareholder does not give voting instructions:

- the election of directors;
- the approval of the compensation paid to our Named Executive Officers; and
- the vote on the frequency of future shareholder votes to approve the compensation paid to our Named Executive Officers.

Accordingly, if you are a beneficial shareholder and wish your shares to be voted on these matters, you must give your broker voting instructions.

What does it mean if I receive more than one Notice or proxy card?

If you received more than one Notice or proxy card, your shares are registered in more than one name or are registered in different accounts. Please follow the voting instructions included in each Notice and proxy card to ensure that all of your shares are voted.

May I change my vote after I have submitted a proxy?

If you are a shareholder of record, you have the power to revoke your proxy at any time before the shares it represents are voted, by:

- delivering to our Secretary an instrument revoking the proxy;
- delivering a new proxy in writing, through the Internet or by telephone, dated after the date of the proxy being revoked and, in the case of telephone or Internet voting, before 11:59 p.m., Eastern Time, on May 2, 2011; or
- attending the Annual Meeting and voting in person (attendance without casting a ballot will not, by itself, constitute revocation of a proxy).

If you are a beneficial shareholder, you may submit new voting instructions by contacting your broker, bank or other holder of record. You may also revoke your previous voting instructions by voting in person at the Annual Meeting if you obtain a legal proxy from your broker, bank or other holder of record and present it at the Annual Meeting.

How will the proxies be voted?

Clark D. Elwood and Daniel M. Fitzpatrick, two of our executive officers, have been selected by our Board of Directors to serve as proxy holders for the Annual Meeting. All shares of our common stock represented by properly delivered proxies received in time for the Annual Meeting will be voted at the Annual Meeting by the proxy holders in the manner specified by the shareholder. If a written proxy card is signed by a shareholder and returned without instructions, the shares of our common stock represented by the proxy will be voted:

- FOR the election of the three director nominees named in this Proxy Statement;
  - FOR the ratification of the appointment of PWC;
- FOR the approval of the compensation paid to our Named Executive Officers as disclosed in this Proxy Statement; and
- to conduct future shareholder advisory votes on the compensation paid to our Named Executive Officers every THREE years.

What is the quorum required at the Annual Meeting?

In order for business to be conducted at the Annual Meeting, a quorum must be present. A quorum will be present if the holders of a majority of the shares issued and outstanding as of the Record Date and entitled to vote are represented in person or by proxy at the Annual Meeting. Votes cast by proxy or in person at the Annual Meeting will be tabulated by the election inspector appointed for the meeting and will determine whether a quorum is present. The election inspector will treat abstentions and broker non-votes as shares that are present for purposes of determining the presence of a quorum. A broker non-vote occurs when a broker, bank or other holder of record holding shares for a beneficial owner does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item (for example, the election of directors) and has not received voting instructions from the beneficial owner.

What are the voting requirements to approve each of the proposals?

**Election of Three Directors.** To be elected, a Director nominee must receive a majority of the votes cast with respect to such Director, which means that the number of shares voted “for” that Director’s election must exceed the number of shares voted “against” that Director’s election. Shareholders will not be allowed to cumulate their votes in the election of Directors. Abstentions and broker non-votes will not be considered as votes cast on this proposal and therefore will have no effect on the outcome of this proposal.

**Ratification of the Appointment of the Independent Registered Public Accounting Firm.** The affirmative vote of a majority of the shares of our common stock represented in person or by proxy at the Annual Meeting is required to ratify the appointment by the Audit Committee of the Board of Directors of PWC as our independent registered public accounting firm for our fiscal year ending December 31, 2011. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present and will be considered shares represented at the Annual Meeting. Accordingly, an abstention or broker non-vote will have the same effect as a vote against this proposal.

**Advisory Vote on the Approval of the Compensation Paid to Our Named Executive Officers.** The affirmative vote of a majority of the shares of our common stock represented in person or by proxy at the Annual Meeting is required to approve the compensation paid to our Named Executive Officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, in this Proxy Statement. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present and will be considered shares represented at the Annual Meeting. Accordingly, an abstention or broker non-vote will have the same effect as a vote against this proposal. The shareholder vote to approve the compensation paid to our Named Executive Officers is an advisory vote only and, therefore, the result of that vote will not be binding on our Board of Directors or Compensation Committee. Our Compensation Committee will, however, consider the outcome of the vote when evaluating our executive compensation principles and practices.

**Advisory Vote on the Frequency of Future Shareholder Votes to Approve the Compensation Paid to our Named Executive Officers.** The shareholder vote as to the frequency of future shareholder votes to approve the compensation paid to our Named Executive Officers is an advisory vote only and, therefore, the result of that vote will not be binding on our Board of Directors. Shareholders will be able to choose from among four options in connection with this frequency vote, namely whether future shareholder votes to approve Named Executive Officer compensation should occur each year, every two years, every three years or the shareholder abstains from voting on this matter. Abstentions and broker non-votes will not be considered as votes cast on this proposal and therefore will have no effect on the outcome of this proposal. While the outcome of the frequency vote will not be binding on our Board of Directors, our Board of Directors will consider the number of votes cast for each frequency choice when determining how often to hold future shareholder advisory votes on our executive compensation.

Could other matters be decided at the Annual Meeting?

As of the date of this Proxy Statement, our Board of Directors is not aware of any matters, other than those described in this Proxy Statement, which are to be voted on at the Annual Meeting. If any other matters are properly raised at

the Annual Meeting, however, the persons named as proxy holders intend to vote the shares represented by your proxy in accordance with their judgment on such matters.

Who is paying for the costs of this proxy solicitation?

We will pay all expenses of solicitation of proxies. Our officers, Directors and other employees may solicit proxies, without additional compensation, by telephone, electronic mail, facsimile or mail, or by meetings with shareholders or their representatives. We also will reimburse brokers, banks and other record holders for their charges and expenses in forwarding proxy material to beneficial owners.

#### PROPOSAL ONE: ELECTION OF THREE DIRECTORS TO SERVE UNTIL THE 2014 ANNUAL MEETING OF SHAREHOLDERS AND UNTIL THEIR SUCCESSORS ARE ELECTED AND HAVE QUALIFIED

Our Board of Directors currently consists of nine Directors divided into three classes. Each class contains three Directors. The term of one class expires each year. Generally, each Director serves until the annual meeting of shareholders held in the year that is three years after the Director's election and thereafter until the Director's successor is elected and has qualified.

At the meeting, three Directors are to be elected to hold office for a three-year term to expire at the 2014 Annual Meeting of Shareholders and until their successors are elected and have qualified. The proxy holders intend to vote such proxy for the election to the Board of Directors of John E. Dean, James D. Fowler, Jr. and Vin Weber, three current Directors whose terms expire this year, unless you direct them to vote otherwise.

The voting standard for election of the Director nominees is a majority vote standard. This majority vote standard is in effect because this is an uncontested election of Directors (i.e., the number of nominees for Director did not exceed the number of Directors to be elected, as of the date that was 14 days in advance of the date that this Proxy Statement was filed with the SEC). For any contested elections, the Directors would be elected by a plurality of the shares of our common stock voted in person or by proxy at the meeting.

All of the Director nominees for this Annual Meeting are currently serving on our Board of Directors. If any nominee is not elected at the Annual Meeting, he is expected to tender his resignation to our Board of Directors. Our Board of Directors will act on the tendered resignation and publicly disclose its decision regarding the tendered resignation within 90 days from the date of the certification of the election results. In making its decision regarding the tendered resignation, our Board of Directors may consider any factors or other information that it considers appropriate and relevant. If a Director's resignation is not accepted by our Board of Directors, the Director will continue to serve until the end of the term of his class and until his successor is duly elected, or his earlier resignation or removal. If a Director's resignation is accepted by our Board of Directors, then the Board may fill the resulting vacancy or decrease the size of the Board.

Each of the nominees has consented to serve as a Director. If for any reason a nominee should become unable or unwilling to accept nomination or election, the proxy holders intend to vote the proxy for the election of such other person as our Board, upon the recommendation of the Nominating and Corporate Governance Committee, may select. Alternatively, our Board may reduce the number of Directors to eliminate the vacancy.

Our Board of Directors does not have a policy with respect to the Directors' attendance at our annual shareholder meetings, but all of our Directors are encouraged to attend those meetings. Our 2010 Annual Meeting of Shareholders was held on May 4, 2010, and all of the members of our Board of Directors at that time attended that meeting.

The Nominating and Corporate Governance Committee, in concluding that the nominees for Director and the continuing Directors should serve as our Directors, considered the specific experience, qualifications, attributes and

skills of each such individual. Since each Director and nominee for Director is a current Director of ours, the Committee also considered the significant contributions that each such individual has made to our Board of Directors and its committees during his or her tenure as a Director. The Committee believes that each of the Directors and nominees for Director possesses judgment, integrity, the ability to make independent inquiries and a willingness to devote adequate time to Board duties. In addition, the Nominating and Corporate Governance Committee believes that each Director and nominee for Director brings a strong and particular background, experience and set of skills to our Board, giving the Board as a whole competence and experience in a wide variety of areas.

Set forth below is a brief summary of each Director's principal occupation, business affiliations and certain other information, as well as a summary description of the experiences, qualifications, attributes and skills that led the Nominating and Corporate Governance Committee to the conclusion that each such person should serve as a Director of ours. Unless otherwise indicated, each Director's principal occupation has been the same for the past five years. There is no family relationship between any of our Directors or executive officers.

Nominees for Director

Term Expiring at the 2011 Annual Meeting.

JOHN E. DEAN, age 60, is an attorney who has specialized in higher education law since April 1985. Mr. Dean has been a partner at the Law Offices of John E. Dean since June 2005. Mr. Dean has also served as a principal of Washington Partners, LLC, a public affairs firm, since June 2002. Mr. Dean has been a Director of ours since December 1994.

Director Qualifications: John E. Dean has specialized in higher education law since April 1985 and has been a principal of a public affairs firm since 2002. He has broad knowledge and experience with issues surrounding higher education and our industry. Mr. Dean's work provides him with current and valuable knowledge and insight of the actions of Congress and the U.S. Department of Education related to higher education matters. His experience has also led to a strong understanding of the workings of government and public policy, particularly in areas affecting our company.

JAMES D. FOWLER, JR., age 66, served as senior vice president and director, human resources of ITT Industries, Inc., an industrial, commercial machinery and equipment company now known as ITT Corporation, from November 2000 until his retirement in October 2002. Mr. Fowler has been a Director of ours since April 1994.

Director Qualifications: James D. Fowler, Jr.'s past experience in the human resources area has provided him with strong understanding of, and skills related to, the compensation and benefits areas. As an executive in the human resources area, Mr. Fowler's work included managing and directing other individuals and provided him with leadership and consensus-building skills. Mr. Fowler also possesses government relations experience through his work with a Fortune 100 company.

VIN WEBER, age 58, has been a partner at Clark & Weinstock Inc. ("C&W"), a management and public policy consulting firm, since 1994, and the chief executive officer of C&W since 2007. During the past five years, he was also a director of Lenox Group, Inc. Mr. Weber has been a Director of ours since December 1994.

Director Qualifications: Vin Weber has had significant involvement in public policy and management matters during his career. This has contributed to Mr. Weber's experience in, and strong understanding of, the workings of government and public policy. Mr. Weber's public policy involvement has been in a variety of highly-regulated areas, including higher education, during which he has developed strong knowledge and political insight about our industry. Mr. Weber also served in the U.S. House of Representatives from 1980 to 1992. Mr. Weber has served as a director of public companies for over 16 years.

The Board of Directors recommends a vote FOR each of the nominees listed above.

#### Directors Continuing in Office

Term Expiring at the 2012 Annual Meeting.

JOANNA T. LAU, age 52, has served as chairperson and chief executive officer of Lau Acquisition Corporation (doing business as LAU Technologies), a management consulting and investment firm, since March 1990. She is also a director of DSW Inc. During the past five years, Ms. Lau was also a director of TD Banknorth Inc. Ms. Lau has been a Director of ours since October 2003.

Director Qualifications: Joanna T. Lau's experience as the chairperson and chief executive officer of Lau Acquisition Corporation has provided her with leadership skills and the ability to analyze varied aspects of a company's business. Her experience includes developing and implementing a turnaround and growth strategy for a company. Ms. Lau currently serves, and has served for over ten years, as a director of other public companies.

SAMUEL L. ODLE, age 61, has served as president and chief executive officer of Methodist Hospital ("MH") and Indiana University Hospital ("IUH") and executive vice president of Indiana University Health (formerly Clarian Health Partners) ("IU Health"), an Indianapolis-based private, non-profit healthcare organization comprised of MH, IUH and Riley Hospital for Children, since July 2004. Mr. Odle has been a Director of ours since January 2006.

Director Qualifications: Samuel L. Odle's experience in executive positions at MH, IUH and IU Health have provided him with the ability to analyze and assess numerous aspects of a complex and highly-regulated organization. He also possesses leadership skills and decision-making abilities as a result of his executive experience. Mr. Odle's services as Chairman of the American College of Healthcare Executives also provided him with a national perspective on the healthcare industry. The healthcare industry is an area that we are focusing on for future growth for our programs of study.

JOHN A. YENA, age 70, has served as chairman of the board of Johnson & Wales University ("J&W"), a postsecondary educational institution, since June 2004. He is also a director of Bancorp Rhode Island, Inc. Mr. Yena has been a Director of ours since May 2006.

Director Qualifications: John A. Yena has extensive experience in higher education, most recently as the chairman (and prior to that as the president and chief executive officer) of J&W. This experience has provided him with a strong understanding of the particular issues facing postsecondary institutions such as ours. Over his career, Mr. Yena has also been involved in a number of national educational organizations, furthering the breadth of his experience in our industry. He is also currently a member of the board of commissioners of the Accrediting Bureau of Health Education Schools. Mr. Yena currently serves, and has served for over ten years, as a director of another public company.

Term Expiring at the 2013 Annual Meeting.

JOHN F. COZZI, age 49, has served as a managing director of AEA Investors LP, a private equity firm, since January 2004. Mr. Cozzi has been a Director of ours since October 2003.

Director Qualifications: John F. Cozzi's years of experience in private equity and investment banking have exposed him to a broad range of issues affecting businesses, including a number of businesses in our industry. His work has included analyzing and focusing on improving various aspects of businesses, including operations, strategies and financial performance. Mr. Cozzi's background also includes experience driving the strategic direction and growth of numerous organizations. Mr. Cozzi's experience in corporate finance, including financial accounting and reporting, has led our Board of Directors to determine that he is an "audit committee financial expert" as that term is defined in

Item 407(d)(5) of Regulation S-K under the Securities Exchange Act of 1934 (the “Exchange Act”).

KEVIN M. MODANY, age 44, has served as our Chairman since February 2008 and as our Chief Executive Officer since April 2007. He also served as our President from April 2005 through March 2009. From April 2005 through March 2007, Mr. Modany also served as our Chief Operating Officer. Mr. Modany has been a Director of ours since July 2006.

**Director Qualifications:** Kevin M. Modany’s day-to-day involvement in our business has provided him with extensive knowledge and understanding of our company and our industry. Mr. Modany had previous experience in advising other companies on financial and operational matters, and he had in-depth involvement in the financial and operational aspects of our company before becoming our Chief Executive Officer. As our Chief Executive Officer, he has developed strong leadership skills. Mr. Modany is able to provide our Board of Directors with insight and advice related to the effect of the Board’s decisions, both internally and externally.

LLOYD G. WATERHOUSE, age 59, served as chief executive officer and president of Harcourt Education, a global education company serving students and teachers, adult learners and readers, from September 2006 until his retirement in January 2008. Mr. Waterhouse served as an independent director and consultant from August 2004 through September 2006. Mr. Waterhouse is also a director of SolarWinds, Inc. During the past five years, he was also a director of Digimarc Corporation, i2 Technologies, Inc. and Atlantic Mutual Insurance Companies. Mr. Waterhouse has been a director of ours since April 2009.

**Director Qualifications:** Lloyd G. Waterhouse’s experience in executive roles at Harcourt Education and Reynolds and Reynolds Co. (where he was chief executive officer and chairman from April 2001 through July 2004) has provided him with leadership skills and the ability to analyze and address numerous aspects of a company’s business. His work has included experience in driving strategic direction and encouraging growth at companies. During the course of his career, Mr. Waterhouse has been involved with education-related activities and initiatives for over 18 years. While at IBM Corporation (“IBM”), where he served for a number of years as president or general manager of various business units, Mr. Waterhouse held leadership positions with IBM’s internal and external educational-related businesses and managed IBM’s relationships with research universities. Mr. Waterhouse also currently serves as a member of the Board of Visitors of the Penn State Smeal College of Business and on the board of Ascend Learning, LLC, a provider of technology-based learning solutions. His experience at Harcourt Education also provided Mr. Waterhouse with knowledge in the curriculum development area. Mr. Waterhouse has served as a director of public companies for over 11 years.

#### Meetings, Independence, Leadership and Committees of the Board of Directors

**Meetings.** During 2010, there were seven meetings of the Board of Directors. During 2010, each of the Directors attended 75% or more of the aggregate number of meetings of the Board of Directors and the standing Board committees on which he or she served.

**Independent Directors.** Our Board of Directors currently contains eight non-employee Directors: Messrs. Cozzi, Dean, Fowler, Odle, Waterhouse, Weber and Yena, and Ms. Lau. Our Board of Directors has adopted categorical standards to assist it in making determinations of independence. Any transactions, relationships or arrangements that we may have with any of our Directors are immaterial, so long as none of those transactions, relationships or arrangements caused the Director to violate any of our categorical standards of independence. Our categorical standards of independence are contained in Section 5 of our Corporate Governance Guidelines and are posted on our website at [www.ittesi.com](http://www.ittesi.com). Our Board of Directors has determined that each of our current non-employee Directors is independent, and each of the non-employee Directors in 2010 was independent, pursuant to our categorical standards of independence and in accordance with Section 303A.02 of the NYSE Listed Company Manual. In the application of our categorical standards of independence to determine the independence of each non-employee Director for service on our Board of Directors and on its Audit, Compensation, Nominating and Corporate Governance and Academic

Committees, there were no transactions, relationships or arrangements with our non-employee Directors that were required to be disclosed pursuant to Item 404(a) of Regulation S-K under the Exchange Act, or if not disclosed, that our Board considered.

The non-employee Directors on our Board of Directors meet at regularly scheduled executive sessions without our management. The Directors on our Board of Directors who are determined to be independent meet by themselves in executive session at least once annually. Our Board of Directors has chosen the Chair of the Nominating and Corporate Governance Committee, currently Vin Weber, to preside over the executive sessions of our non-employee and independent Directors (“Presiding Director”). Interested parties may send communications to the non-employee Directors, independent Directors or the entire Board of Directors by e-mail to [PresidingDirector@ittesi.com](mailto:PresidingDirector@ittesi.com) or by regular mail addressed to:

ITT Educational Services, Inc.  
13000 North Meridian Street  
Carmel, IN 46032-1404  
Attention: Presiding Director

Although such communications are available to any Director who wishes to review them, our General Counsel initially reviews all communications and forwards to the Presiding Director those communications that meet certain criteria set by the non-employee Directors.

**Leadership.** The Chairman of our Board of Directors, Kevin M. Modany, is also our Chief Executive Officer. Our Presiding Director is our lead independent Director, who presides over the executive sessions of our non-employee and independent Directors. Our Corporate Governance Guidelines provide that the Board of Directors should be free to choose its Chairman in any way that seems best for our company at any given point in time, based on the recommendation of the Nominating and Corporate Governance Committee. Therefore, the Board of Directors does not have a policy on whether the role of the Chairman and Chief Executive Officer should be separate or combined. Our Chief Executive Officer has responsibility for the day-to-day operations of our company, communicating with constituents of our company and implementing our company’s strategy and other decisions of the Board. Since all of these items are an important focus at the Board of Directors’ meetings, at this time the Nominating and Corporate Governance Committee and the full Board of Directors believe that it is more efficient and effective to have our Chief Executive Officer act as the chairperson of the Board. The Board of Directors also recognizes the important leadership roles that the Presiding Director has in leading the executive sessions of our non-employee and independent Directors, and that the chairpersons of each of the committees of the Board have in leading their respective committee meetings and reviewing agendas in advance of such meetings.

**Role in Risk Oversight.** The Board of Directors oversees our risk management processes to determine whether those processes are functioning as intended and are consistent with our business and strategy. The Board conducts this oversight primarily through the Audit Committee, although some aspects of risk oversight are performed by the full Board of Directors or another committee. On a quarterly basis, the full Board of Directors receives updates and information from management related to our company’s enterprise risk management program.

The Audit Committee is specifically tasked with, among other things:

- reviewing with our management and our independent registered public accounting firm our risk assessment and risk management, including;
- the guidelines and policies governing the process by which management assesses and manages our exposure to risk, and
- our major financial risk exposures and the steps taken by management to monitor and control those exposures;
  - overseeing our systems of internal controls regarding finance, accounting, legal compliance and ethics;
  - periodically reviewing legal, regulatory and related governmental policy matters; and



- reviewing management policies and programs relating to our compliance with legal and regulatory requirements, business ethics, business integrity, conflicts of interest and environmental matters.

The Audit Committee has standing items on its meeting agendas relating to these responsibilities. In addition, members of our management who have responsibility for designing and implementing our risk management processes, such as our Chief Compliance Officer, regularly meet with the Audit Committee in separate executive sessions after each Committee meeting. The Audit Committee members, as well as each other Director, have access to our Chief Compliance Officer, Chief Financial Officer and any other member of our management, for discussions between meetings as warranted. The Audit Committee provides reports to the full Board of Directors on risk-related items on a quarterly basis.

Committees. The standing committees of the Board of Directors are the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Academic Committee.

Audit Committee. Our Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act. Our Board of Directors has adopted a written charter for the Audit Committee, a current copy of which may be obtained from our website at [www.ittesi.com](http://www.ittesi.com). The functions of the Audit Committee are to assist the Board of Directors in its oversight of:

- the integrity of our financial statements and other financial information provided by us to any governmental body or the public;
  - our compliance with legal and regulatory requirements;
- our systems of internal controls regarding finance, accounting, legal compliance and ethics that our management and the Board of Directors establish;
  - our auditing, accounting and financial reporting processes generally;
- the qualifications, independence and performance of our independent registered public accounting firm; and
  - the performance of our compliance and internal audit functions.

The Audit Committee also performs other functions as detailed in the Audit Committee's charter, including, without limitation, appointing, compensating, retaining and overseeing our independent registered public accounting firm and pre-approving all services to be provided to us by our independent registered public accounting firm.

The Audit Committee held five meetings during 2010. The members of the Audit Committee throughout 2010 were, and the current members are, John F. Cozzi, John E. Dean (Chairperson), Joanna T. Lau and Lloyd G. Waterhouse. Our Board of Directors has determined that John F. Cozzi is an "audit committee financial expert," as that term is defined in Item 407(d)(5) of Regulation S-K under the Exchange Act, and is independent pursuant to our categorical standards of independence, Section 303A.02 of the NYSE Listed Company Manual and Rule 10A-3 of the Exchange Act. Each of the current members of the Audit Committee is independent and each of the members of the Audit Committee in 2010 was independent, pursuant to our categorical standards of independence, Section 303A.02 of the NYSE Listed Company Manual and Rule 10A-3 of the Exchange Act.

Compensation Committee. Our Board of Directors has adopted a written charter for the Compensation Committee. A current copy of the charter may be obtained from our website at [www.ittesi.com](http://www.ittesi.com). The principal function of the Compensation Committee is to discharge the Board of Directors' responsibilities relating to compensation of our Directors and officers. The Compensation Committee has overall responsibility and authority for approving and evaluating our Director and officer compensation plans, policies and programs. The Compensation Committee also performs other functions as detailed in the Compensation Committee's charter. The Committee's charter provides that it may delegate some or all of its responsibility and authority to subcommittees and/or our executive officers when the Compensation Committee deems the delegation to be appropriate. The elements of the compensation program for our executives presently consist of base salary, non-equity incentive compensation (until July 1, 2011), equity-based compensation, qualified retirement savings, nonqualified deferred compensation, pension benefits, employee benefits,

perquisites, and potential payments upon termination of employment or a change in control of us. See “Compensation of Executive Officers and Directors—Compensation Discussion and Analysis.” Each element is determined by the Compensation Committee with the assistance of an independent compensation consultant, upon the recommendation of our Chief Executive Officer, except for each element of our Chief Executive Officer’s compensation, which is determined solely by the Compensation Committee with the assistance of an independent compensation consultant. See “Compensation of Executive Officers and Directors – Compensation Discussion and Analysis – Design and Determinations.”

The elements of the compensation program for our non-employee Directors presently consist of an annual retainer, equity-based compensation, nonqualified deferred compensation, perquisites and potential payments upon termination of services as a non-employee Director or a change in control of us. See “Compensation of Executive Officers and Directors – Director Compensation.” Each element is determined by the Compensation Committee with the assistance of an independent compensation consultant and our Chief Executive Officer.

The compensation consulting firm used by the Compensation Committee in 2010 was Farient Advisors LLC (“Farient”). The consulting firm is retained directly by the Compensation Committee and has helped the Compensation Committee develop an appropriate agenda for performing the Compensation Committee’s responsibilities. In this regard, the consultant advises and assists the Compensation Committee:

- in determining the appropriate objectives and goals of our executive and Director compensation programs;
  - in designing compensation programs that fulfill those objectives and goals;
- regarding the external and internal equity of our executive officers’ total compensation and the primary components of that compensation;
  - in evaluating the effectiveness of our compensation programs;
- in identifying appropriate pay positioning strategies and pay levels in our executive compensation program; and
- in identifying comparable companies and compensation surveys for the Compensation Committee to use to benchmark the appropriateness and competitiveness of our executive compensation program.

The Compensation Committee has retained the consultant as an outside advisor to provide information and objective advice regarding executive and Director compensation. All of the decisions with respect to our executive and Director compensation, however, are made by the Compensation Committee alone and may reflect factors and considerations other than, or that may differ from, the information and recommendations provided by the consultant. The consultant may, from time to time, contact our executive officers for information necessary to fulfill its assignment and may make reports and presentations to and on behalf of the Compensation Committee that our executive officers also receive. Farient and its affiliates did not provide any other services to us or our affiliates during 2010.

The Compensation Committee held five meetings during 2010. The members of the Compensation Committee throughout 2010 were, and the current members are, John F. Cozzi (Chairperson), James D. Fowler, Jr., Samuel L. Odle and John A. Yena. Each of the current members of the Compensation Committee is independent, and each of the members of the Compensation Committee in 2010 was independent, pursuant to our categorical standards of independence and Section 303A.02 of the NYSE Listed Company Manual. In addition, each of the current members of the Compensation Committee is, and each of the members of the Compensation Committee in 2010 was, a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act and an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “IRC”). None of the Compensation Committee members during 2010 was:

- an officer or employee of ours;
  - a former officer of ours; or
- involved in a relationship requiring disclosure as a related person transaction pursuant to Item 404 of Regulation S-K under the Exchange Act or as an interlocking executive officer/director pursuant to Item 407(e)(4)(iii) of Regulation S-K under the Exchange Act.

Nominating and Corporate Governance Committee. Our Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee. A current copy of the charter may be obtained from our website at [www.ittesi.com](http://www.ittesi.com). The functions of the Nominating and Corporate Governance Committee, which are detailed in its charter, are to:

- assist the Board of Directors by identifying individuals qualified to become Directors, and recommend to the Board of Directors the Director nominees for each annual meeting of shareholders;
  - develop and recommend to the Board of Directors the Corporate Governance Guidelines applicable to us;
  - lead the Board of Directors in its annual review of the Board of Directors' performance; and
  - recommend to the Board of Directors Board members for each standing Board committee.

The Nominating and Corporate Governance Committee held three meetings during 2010. The members of the Nominating and Corporate Governance Committee throughout 2010 were, and the current members are, John E. Dean, Samuel L. Odle, Vin Weber (Chairperson) and John A. Yena. Each of the current members of the Nominating and Corporate Governance Committee is independent and each of the members of the Nominating and Corporate Governance Committee in 2010 was independent, pursuant to our categorical standards of independence and Section 303A.02 of the NYSE Listed Company Manual.

The Nominating and Corporate Governance Committee will consider Director candidates recommended by our shareholders. A shareholder who wishes to recommend a Director candidate for consideration by the Nominating and Corporate Governance Committee should send the recommendation to our Secretary at ITT Educational Services, Inc., 13000 North Meridian Street, Carmel, Indiana 46032-1404, who will forward it to the Committee. Any such recommendation should include a description of the candidate's qualifications for Board service, the candidate's written consent to be considered for nomination and to serve if nominated and elected, and addresses and telephone numbers for contacting the shareholder and the candidate for more information. A shareholder who wishes to nominate an individual as a Director candidate at an annual meeting of shareholders, rather than recommend the individual to the Nominating and Corporate Governance Committee as a nominee, must comply with the advance notice requirements set forth in our By-Laws. See "Shareholder Proposals for 2012 Annual Meeting."

The Nominating and Corporate Governance Committee selects nominees for Directors on the basis of each candidate's broad experience, judgment, integrity, ability to make independent inquiries, understanding of our business environment and willingness to devote adequate time to the duties of our Board of Directors. The Nominating and Corporate Governance Committee identifies possible nominees for a Director who meet specified objectives in terms of the composition of our Board of Directors that are established by law, the NYSE and/or our Board of Directors. The only specified qualities and skills that the Nominating and Corporate Governance Committee believes are necessary for one or more of our Directors to possess and the only specific standards for the overall structure and composition of our Board of Directors are those imposed by law and the NYSE or contained in our Corporate Governance Guidelines and the charters of the standing committees of our Board of Directors, such as independence, financial expertise and age.

Our Corporate Governance Guidelines provide that our Nominating and Corporate Governance Committee is to take into account such factors as geographic, occupational, gender, race and age diversity, among other factors, when identifying possible nominees for Director. The Committee implements that policy, and assesses its effectiveness, by examining the diversity of all of the Directors on the Board when it selects nominees for Directors. The Committee has noted that the Directors' geographic locations, occupations, gender, race and age are reasonably diverse and, therefore, the diversity policy has been effective. The diversity of Directors is one of the factors that the Nominating and Corporate Governance Committee considers, along with the other selection criteria described above.

The Nominating and Corporate Governance Committee utilizes various resources for identifying nominees for Directors, including, but not limited to, recommendations of our Directors, management and shareholders, the media,

industry affiliations, government service and search firms. The Nominating and Corporate Governance Committee evaluates nominees for Directors by assessing the nominees' qualities, skills and potential contributions to our Board based on available information, against the qualities, skills and contributions sought and the current composition of our Board.

Academic Committee. Our Board of Directors has adopted a written charter for the Academic Committee. A current copy of the charter may be obtained from our website at [www.ittesi.com](http://www.ittesi.com). The functions of the Academic Committee, which are detailed in its charter, are to assist our Board of Directors in:

- ensuring that our programs and services fulfill their commitment to serve the public good;
  - overseeing the integrity of our academic affairs, including our curricula;
    - overseeing our academic policies;
  - providing guidance on our academic activities; and
  - overseeing our fulfillment of accreditation criteria.

The Academic Committee held three meetings in 2010. The members of the Academic Committee throughout 2010 were, and the current members are, James D. Fowler, Jr., Joanna T. Lau, Lloyd G. Waterhouse, Vin Weber and John A. Yena (Chairperson). Each of the current members of the Academic Committee is independent and each of the members of the Academic Committee in 2010 was independent, pursuant to our categorical standards of independence and Section 303A.02 of the NYSE Listed Company Manual.

#### Indemnification Obligations

On November 3, 2010, a complaint in a securities class action lawsuit was filed against us and two of our current executive officers in the United States District Court for the Southern District of New York by the Operating Engineers Construction Industry and Miscellaneous Pension Fund, individually and on behalf of all others similarly situated (the "Operating Engineers Lawsuit"). The complaint alleges, among other things, that the defendants violated Section 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder, by making false and misleading statements and engaging in fraudulent business practices. The plaintiff seeks, among other things, the designation of this action as a class action, an award of unspecified damages, interest, costs, attorney's fees, equitable relief and injunctive relief.

On November 12, 2010, a complaint in a shareholder derivative lawsuit was filed against three of our current executive officers and all of our current Directors in the United States District Court for the Southern District of New York by Antonio Cosing, derivatively and on behalf of ITT Educational Services, Inc. (the "Cosing Lawsuit"). The complaint alleges, among other things, that from October 23, 2008 through August 13, 2010, the defendants breached their fiduciary duties to us, abused their ability to control and influence us, grossly mismanaged us, caused us to waste corporate assets and were unjustly enriched, by making false and misleading statements and engaging in fraudulent business practices. The complaint seeks, among other things, unspecified damages, equitable and/or injunctive relief, restitution, disgorgement of profits, benefits and other compensation, an order directing us to reform our corporate governance and internal procedures, costs, disbursements and attorneys' fees. On December 14, 2010, the Cosing Lawsuit was consolidated into the Operating Engineers Lawsuit.

On November 22, 2010, another complaint in a shareholder derivative lawsuit was filed against seven of our current officers and all of our current Directors in the United States District Court for the Southern District of Indiana by Roger B. Orensteen, derivatively on behalf of ITT Educational Services, Inc. The complaint alleges, among other things, that, from January 2008 through August 2010, the defendants violated Sections 10(b) and 20(a) of the Exchange Act, breached their fiduciary duties to us, abused their ability to control and influence us, grossly mismanaged us, caused us to waste corporate assets and were unjustly enriched, by making false and misleading statements and engaging in fraudulent business practices. The complaint seeks, among other things, unspecified damages, restitution, disgorgement of profits, benefits and other compensation, an order directing us to reform our

corporate governance and internal procedures, costs, disbursements and attorneys' fees.

On December 3, 2010, another complaint in a shareholder derivative lawsuit was filed against two of our current executive officers and all of our current Directors in the United States District Court for the Southern District of New York by J. Kent Gregory, derivatively on behalf of ITT Educational Services, Inc. (the "Gregory Lawsuit"). The complaint alleges, among other things, that the defendants breached their fiduciary duties to us, were unjustly enriched by us and misappropriated information about us, by making false and misleading statements and engaging in fraudulent business practices. The complaint seeks, among other things, unspecified damages, restitution, disgorgement of profits, benefits and other compensation, an order directing us to reform our corporate governance and internal procedures, costs, disbursements and attorneys' fees. The Gregory Lawsuit was consolidated into the Cosing Lawsuit on December 13, 2010 and further consolidated into the Operating Engineers Lawsuit on December 14, 2010.

The officers named in one or more of the securities class action and shareholder derivative lawsuits described above include: Jeffrey R. Cooper, Clark D. Elwood, Nina F. Esbin, Eugene W. Feichtner, Daniel M. Fitzpatrick, Kevin M. Modany and Martin Van Buren.

Certain of our officers and Directors are or may become a party in certain of the actions described above. Our By-laws and Restated Certificate of Incorporation obligate us to indemnify our officers and Directors to the fullest extent permitted by Delaware law, provided that their conduct complied with certain requirements. We are obligated to advance defense costs to our officers and Directors, subject to the individual's obligation to repay such amount if it is ultimately determined that the individual was not entitled to indemnification. In addition, our indemnity obligation can, under certain circumstances, include indemnifiable judgments, penalties, fines and amounts paid in settlement in connection with those actions.

**PROPOSAL TWO: RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP TO SERVE AS ITT/ESI'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR ITS FISCAL YEAR ENDING DECEMBER 31, 2011**

The Audit Committee of our Board of Directors has appointed PWC to serve as our independent registered public accounting firm for our fiscal year ending December 31, 2011. This firm has audited our financial statements since 1994. Although shareholder ratification of the selection of PWC to serve as our independent registered public accounting firm is not legally required, our Board of Directors has determined to afford our shareholders the opportunity to express their opinions on the matter of auditors and, accordingly, is submitting to our shareholders at the Annual Meeting a proposal to ratify the Audit Committee's appointment of PWC. If a majority of the shares represented at the Annual Meeting, in person or by proxy, are not voted in favor of the ratification of the appointment of PWC, the Audit Committee will consider the facts and circumstances surrounding the vote and may reconsider such appointment. Notwithstanding this selection, and the ratification of this selection by our shareholders, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in our best interests. A representative of PWC is not expected to be present at the meeting.

The Board of Directors recommends a vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent registered public accounting firm for our fiscal year ending December 31, 2011.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**Audit Committee Report**

The Audit Committee oversees our financial reporting process on behalf of our Board of Directors. Our management has the primary responsibility for our financial statements and the reporting process, including the system of

disclosure controls and procedures and internal control over financial reporting. PWC, who is our independent registered public accounting firm, is responsible for expressing an opinion on the conformity of our audited financial statements with generally accepted accounting principles. The Audit Committee has reviewed and discussed with our management and PWC the audited financial statements for our 2010 fiscal year. The Audit Committee also has reviewed and discussed with our management and PWC our management's report and PWC's attestation report on internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002.

The Audit Committee discussed with PWC the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees (Codification of Statements on Auditing Standards, AU 380), as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T. This discussion involved certain information relating to PWC's judgments about the quality, not just the acceptability, of our accounting principles and included such other matters as are required to be discussed with the Audit Committee under standards established by the PCAOB.

The Audit Committee also has received the written disclosures and the letter from PWC required by applicable requirements of the PCAOB regarding PWC's communications with the Audit Committee concerning independence, and has discussed with PWC its independence from us and our management. In addition, the Audit Committee considered whether PWC's independence would be jeopardized by providing non-audit services to us.

Based on the review and discussions referred to above, the Audit Committee recommended to our Board of Directors, and the Board has approved, that the audited financial statements for our 2010 fiscal year be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 for filing with the SEC.

Audit Committee  
 John F. Cozzi  
 John E. Dean, Chair  
 Joanna T. Lau  
 Lloyd G. Waterhouse

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Exchange Act that may incorporate future filings (including this Proxy Statement, in whole or in part), the preceding Audit Committee Report shall not be incorporated by reference in any such filings.

#### Audit, Audit-Related, Tax and All Other Fees

The following table sets forth fees for audit services provided by PWC for the audit of our consolidated financial statements for the years ended December 31, 2010 and 2009, and fees billed for other services rendered by PWC during those periods:

Type of Service	2010 .	2009 .
Audit	\$904,000(1)	\$878,000(2)
Audit-Related	\$364,176(3)	\$322,554(3)
Tax	\$311,409(4)	\$217,898(4)
All Other	\$-- (5)	\$-- (5)

(1) Represents fees for the following services associated with the audit or review of our financial statements:

- auditing our annual consolidated financial statements for our 2010 fiscal year;
- reviewing our consolidated financial statements included in our Quarterly Reports on Form 10-Q which were filed with the SEC in our 2010 fiscal year;
-

conducting reviews of our internal control over financial reporting and assisting with requirements related to internal control over financial reporting in 2010;

- conducting statutory audits (such as federal and state student financial aid compliance audits) for 2010;
- conducting an audit of one of our wholly-owned subsidiaries' separate company financial statements for its 2010 fiscal year; and
- providing other audit services in connection with statutory and regulatory filings or engagements for our 2010 fiscal year.

Those services were rendered in both the 2010 and 2011 calendar years.

(2) Represents fees for the following services associated with the audit or review of our financial statements:

- auditing our annual consolidated financial statements for our 2009 fiscal year;
- reviewing our consolidated financial statements included in our Quarterly Reports on Form 10-Q which were filed with the SEC in our 2009 fiscal year;
- conducting reviews of our internal control over financial reporting and assisting with requirements related to internal control over financial reporting in 2009;
  - conducting statutory audits (such as federal and state student financial aid compliance audits) for 2009;
- conducting an audit of one of our wholly-owned subsidiaries' separate company financial statements for its 2009 fiscal year; and
- providing other audit services in connection with statutory and regulatory filings or engagements for our 2009 fiscal year.

Those services were rendered in both the 2009 and 2010 calendar years.

(3) Represents fees for services rendered in the period indicated that were related to the performance of the audit or review of our financial statements and were not reported as Audit services. The nature of those services included, without limitation:

- financial statement audits of our employee benefit plans;
- assistance with respect to accounting, financial reporting and disclosure treatment of transactions or events, including:
  - consultations with us;
- assistance with understanding and implementing related final and proposed rules, guidance, standards and interpretations from accounting rulemakers, the SEC and the NYSE; and
  - helping us assess the actual or potential impact of final or proposed rules, guidance, standards and interpretations from accounting rulemakers, the SEC and the NYSE;
  - review of SEC comment letters and responses; and
- in 2009, review of our change in accounting principle for direct costs associated with the enrollment of new students.

(4) Represents fees for tax services rendered in the period indicated. The nature of those services included, without limitation:

- the preparation and/or review of original and amended income, franchise and other tax returns with respect to international, federal, state and local tax authorities;
  - assistance with tax audits and appeals before federal, state and local tax authorities; and
- tax advice and assistance related to employee benefit plans and statutory, regulatory or administrative developments, and tax credits and refund opportunities.

(5) PWC did not render any services in the period indicated, other than those services reported as Audit, Audit-Related or Tax services.

#### Audit and Non-Audit Services Pre-Approval Policy

The Audit Committee has adopted a policy that sets forth the procedures and conditions pursuant to which services proposed to be performed by our independent registered public accounting firm may be pre-approved by the Audit Committee. Under the Audit Committee's policy, unless a type of service has received pre-approval by the Audit Committee without consideration of specific case-by-case services ("general pre-approval"), it requires specific pre-approval by the Audit Committee if it is to be provided by our independent registered public accounting firm.

For both types of pre-approval, the Audit Committee considers whether such services are consistent with the SEC's rules on auditor independence. The Audit Committee also considers whether our independent registered public accounting firm is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with our business, people, culture, accounting systems, risk profile and other factors, and whether the service might enhance our ability to manage or control risk or improve audit quality. All such factors are considered as a whole, and no one factor is necessarily determinative.

In deciding whether to pre-approve any audit and non-audit services, the Audit Committee is also mindful of the relationship between fees for audit and non-audit services and may determine, for each fiscal year, the appropriate ratio between the total amount of fees for audit, audit-related and tax services and the total amount of fees for certain permissible non-audit services classified as all other services.

The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee considers a different period and states otherwise and except that the pre-approvals related to an audit of our annual consolidated financial statements will last until that audit is completed. The Audit Committee annually reviews and pre-approves the services that may be provided by our independent registered public accounting firm without obtaining specific pre-approval. The Audit Committee may add to or subtract from the list of general pre-approved services from time to time, based on subsequent determinations.

The policy does not delegate the Audit Committee's responsibilities to pre-approve services performed by our independent registered public accounting firm to our management. The Audit Committee may delegate either type of pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee has delegated both types of pre-approval authority to the Chairperson of the Audit Committee with respect to any requests for services to be performed by our independent registered public accounting firm that cannot be delayed without inconvenience until the next scheduled Audit Committee meeting.

Pre-approval fee levels or budgeted amounts for all services to be provided by our independent registered public accounting firm are established annually by the Audit Committee. Any proposed services exceeding those levels or amounts require specific pre-approval by the Audit Committee.

All requests or applications for services to be provided by our independent registered public accounting firm that do not require specific approval by the Audit Committee are submitted to our Chief Financial Officer and must include a detailed description of the services to be rendered. Our Chief Financial Officer will determine whether such services are included within the list of services that have received the general pre-approval of the Audit Committee.

Requests or applications to provide services that require specific approval by the Audit Committee are submitted to the Audit Committee by both our independent registered public accounting firm and Chief Financial Officer.

All of the fees reported in the table above as "Audit," "Audit-Related" and "Tax" services rendered by PWC in our 2010 and 2009 fiscal years were pre-approved by the Audit Committee.

The annual audit services engagement terms and fees are subject to the specific pre-approval of the Audit Committee. Audit services include all services performed to comply with the PCAOB's standards, including, without limitation, the annual financial statement audit (including required quarterly reviews), subsidiary audits, equity investment audits and other procedures required to be performed by our independent registered public accounting firm to be able to form an opinion on our consolidated financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit or quarterly review. Audit services also include services performed in connection with the independent registered public accounting firm's report on internal control over



financial reporting. The Audit Committee monitors the audit services engagement as necessary and also approves, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, our structure or other items.

In addition to the annual audit services engagement approved by the Audit Committee, the Audit Committee may grant general pre-approval of other audit services, which are those services that our independent registered public accounting firm reasonably can provide. Other audit services include:

- statutory audits (such as federal and state student financial aid compliance audits) or financial audits for our subsidiaries or affiliates;
- services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings; and
- consultations with our management concerning accounting, financial reporting or treatment of transactions or events.

Any audit services that the Audit Committee generally pre-approves are reflected in the minutes of the Audit Committee meeting at which the services were pre-approved. All other audit services not reflected in the Audit Committee's meeting minutes must be specifically approved by the Audit Committee before they are performed.

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of our financial statements or that are traditionally performed by the independent registered public accounting firm. Since the Audit Committee believes that the provision of audit-related services does not impair the independence of the auditor and is consistent with the SEC's rules on auditor independence, the Audit Committee may grant general pre-approval to audit-related services. Audit-related services include, among others:

- due diligence services pertaining to potential business acquisitions or dispositions;
- consultations concerning accounting, financial reporting or disclosure treatment of transactions or events not classified as "audit services";
- assistance with understanding and implementing new and proposed accounting and financial reporting guidance from rulemaking authorities;
  - financial statement audits of employee benefit plans;
- assistance with assessing the actual or potential impact of final or proposed rules, standards or interpretations from accounting authorities;
- agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters;
  - attest services not required by statute or regulation;
- information systems reviews not performed in connection with the financial statement audit;
- subsidiary or equity investee audits not required by statute or regulation that are incremental to the audit of the consolidated financial statements;
  - review of the effectiveness of the internal audit function;
- general assistance with understanding and implementing requirements of SEC rules and stock exchange listing standards; and
  - consultations and audits in connection with acquisitions.

Any audit-related services that the Audit Committee generally pre-approves are reflected in the minutes of the Audit Committee meeting at which the services were pre-approved. All other audit-related services not reflected in the Audit Committee's meeting minutes must be specifically approved by the Audit Committee before they are performed.

Tax services include tax compliance, planning and advice, as well as tax only valuation services, including transfer pricing and cost segregation. Since the Audit Committee believes that the provision of tax services does not impair our independent registered public accounting firm's independence, and the SEC has stated that the independent

registered public accounting firm may provide such services, the Audit Committee believes it may grant general pre-approval to tax services. The Audit Committee will not permit the retention of the independent registered public accounting firm in connection with a transaction initially recommended by our independent registered public accounting firm, the sole business purpose of which may be tax avoidance and the tax treatment of which may not be supported in the IRC and related regulations. The Audit Committee will consult with our Chief Financial Officer or outside counsel to determine that the tax planning and reporting positions are consistent with the policy.

Any tax services that the Audit Committee generally pre-approves are reflected in the minutes of the Audit Committee meeting at which the services were pre-approved. All tax services not reflected in the Audit Committee's meeting minutes must be specifically approved by the Audit Committee before they are performed.

The Audit Committee believes, based on the SEC's rules prohibiting the independent registered public accounting firm from providing specific non-audit services, that other types of non-audit services are permitted. Accordingly, the Audit Committee believes it may grant general pre-approval to those permissible non-audit services classified as all other services that it believes are routine and recurring services, would not impair the independence of our independent registered public accounting firm and are consistent with the SEC's rules on auditor independence.

Any other services that the Audit Committee generally pre-approves are reflected in the minutes of the Audit Committee meeting at which the services were pre-approved. All other services not reflected in the Audit Committee's meeting minutes must be specifically approved by the Audit Committee before they are performed.

#### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and Directors, and persons who own more than 10% of our common stock, to file reports of ownership with the SEC. These persons also are required to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of copies of such forms received by us, or written representations from certain reporting persons that no Forms 5 were required for those persons, we believe that, during 2010, all of our executive officers, Directors and greater than 10% shareholders complied with all applicable filing requirements.

#### EXECUTIVE OFFICERS

Name	Age	Position
Kevin M. Modany	44	Chairman and Chief Executive Officer
Clark D. Elwood	50	Executive Vice President, Chief Administrative and Legal Officer
Eugene W. Feichtner	55	Executive Vice President and President, ITT Technical Institute Division
Daniel M. Fitzpatrick	51	Executive Vice President, Chief Financial Officer
June M. McCormack	62	Executive Vice President and President, Online Division
Glenn E. Tanner	63	Executive Vice President, Chief Marketing Officer
Martin Van Buren	43	Executive Vice President, Chief Information Officer

Kevin M. Modany has served as our Chairman since February 2008 and as our Chief Executive Officer since April 2007. He also served as our President from April 2005 through March 2009. From April 2005 through March 2007, Mr. Modany also served as our Chief Operating Officer. Mr. Modany has been a Director of ours since July 2006.

Clark D. Elwood has served as an Executive Vice President and our Chief Administrative Officer since April 2009 and as our Chief Legal Officer since April 2010. He served as a Senior Vice President of ours from December 1996 through March 2009, as our Secretary from October 1992 through March 2010, and as our General Counsel from May 1991 through March 2010.

Eugene W. Feichtner has served as an Executive Vice President and as President, ITT Technical Institute Division since April 2009. He served as our Senior Vice President, Operations from March 2004 through March 2009.

Daniel M. Fitzpatrick has served as our Executive Vice President, Chief Financial Officer since April 2009. He served as our Senior Vice President, Chief Financial Officer from June 2005 through March 2009.

June M. McCormack has served as an Executive Vice President since April 2009 and as our President, Online Division since May 2008. Ms. McCormack served as executive vice president, servicing, information technology and sales marketing of SLM Corporation from October 2005 through December 2007.

Glenn E. Tanner has served as our Executive Vice President, Chief Marketing Officer since April 2009. He served as our Senior Vice President, Marketing from April 2007 through March 2009. From October 2002 through March 2007, Mr. Tanner served as our Vice President, Marketing.

Martin Van Buren has served as our Executive Vice President, Chief Information Officer since April 2009. He served as our Senior Vice President, Chief Information Officer from April 2008 through March 2009. From January 2004 through March 2008, Mr. Van Buren served as our Vice President, Information Technology.

**PROPOSAL THREE: ADVISORY VOTE TO APPROVE THE COMPENSATION PAID TO ITT/ESI'S NAMED EXECUTIVE OFFICERS, AS DISCLOSED PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC, INCLUDING THE COMPENSATION DISCUSSION AND ANALYSIS, COMPENSATION TABLES AND NARRATIVE DISCUSSION, IN THIS PROXY STATEMENT**

We are asking you to approve the compensation paid to our Named Executive Officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, in this Proxy Statement. The vote on this proposal is not intended to address any specific element of compensation. Our executive compensation program is designed to attract, retain and motivate skilled executives and, prior to 2011, to link pay to performance. The Compensation Discussion and Analysis section of this Proxy Statement describes our executive compensation program and the decisions made by the Compensation Committee in 2010 in more detail. As described in the Compensation Discussion and Analysis, the Compensation Committee believes that the compensation of our Named Executive Officers in 2010 and early 2011 was effective in fulfilling the Compensation Committee's objectives of competition, accountability for business performance, accountability for individual performance, alignment with shareholder interests and focus. Under this pay-for-performance philosophy, there is a direct correlation between the short- and long-term performance of the executive and us, and the amount of compensation received by the executive. Although the Compensation Committee has determined that beginning July 1, 2011, it will no longer base executive compensation on performance-related metrics due to the high level of risk involved in violating the Incentive Compensation Regulations (as defined below in the Compensation Discussion and Analysis), the Committee believes that our executive compensation program, as so modified, will still fulfill the objectives of competition, alignment with shareholder interests and focus. The Compensation Committee will continue to monitor the Incentive Compensation Regulations, and if the U.S. Department of Education (the "ED") provides clear guidance on the scope and breadth of the regulations, the Committee will evaluate once again utilizing performance metrics when awarding executive compensation, to the extent so

permitted.

While the outcome of the vote on this Proposal Three is advisory and will not be binding on us, our Board of Directors or our Compensation Committee, our Compensation Committee will consider the outcome of the vote when evaluating our executive compensation principles and practices.

The Board of Directors recommends a vote FOR the approval of the compensation paid to our Named Executive Officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and narrative disclosure, in this Proxy Statement.

**PROPOSAL FOUR: ADVISORY VOTE AS TO WHETHER FUTURE SHAREHOLDER VOTES TO APPROVE THE COMPENSATION PAID TO ITT/ESI'S NAMED EXECUTIVE OFFICERS SHOULD OCCUR EVERY ONE, TWO OR THREE YEARS**

Pursuant to Rule 14a-4 of the Exchange Act, we are required, beginning with the Annual Meeting and not less frequently than once every six years thereafter, to include a separate shareholder advisory vote as to whether future shareholder votes to approve the compensation paid to our Named Executive Officers should occur every one, two or three years.

Our Board of Directors believes that shareholders should have the opportunity to vote on the compensation of our Named Executive Officers every three years consistent with our long-term approach to executive compensation. While our Compensation Committee reviews executive compensation on a regular basis, our programs and policies are designed to retain and motivate our executives over the long term. As discussed in the Compensation Discussion and Analysis below, a significant portion of the compensation of our executives is in the form of long-term, equity-based compensation. Our Board of Directors believes that a shareholder advisory vote every three years will provide shareholders the opportunity to more fully evaluate the effectiveness of our executive compensation program on a longer-term basis and to assess the value to the executives that result from the equity-based compensation.

A triennial vote would also give us additional time to engage with shareholders to better understand their views about our executive compensation programs and respond in a more effective manner. As described below in the Compensation Discussion and Analysis, our Compensation Committee has determined that, beginning July 1, 2011, it will not award performance-based compensation in order to avoid violating the Incentive Compensation Regulations. Given the current lack of clarity around the Incentive Compensation Regulations, the Board of Directors believes that a vote every three years would allow for additional time during which the ED could provide guidance on the scope and breadth of the Incentive Compensation Regulations. Further, in the event that the Compensation Committee is able to make changes to our executive compensation program as a result of such guidance, a more frequent shareholder advisory vote would not allow for changes to the compensation program to be in place long enough to evaluate whether the changes are effective in addressing shareholder interests.

In addition, shareholders have meaningful existing alternatives to provide input to the Board of Directors on compensation or other matters by sending communications to the non-employee Directors, the independent Directors or the entire Board. See "PROPOSAL ONE: ELECTION OF THREE DIRECTORS TO SERVE UNTIL THE 2014 ANNUAL MEETING OF SHAREHOLDERS AND UNTIL THEIR SUCCESSORS ARE ELECTED AND HAVE QUALIFIED – Meetings, Independence, Leadership and Committees of the Board of Directors – Independent Directors." While a vote on executive compensation indicates whether shareholders approve of our executive compensation programs and policies, it does not give us any specific information about shareholder views. Our Board of Directors believes that the other available means of communication provides a more meaningful way for shareholders to share their views about our executive compensation program.

While the outcome of the vote on this Proposal Four is advisory and will not be binding on our Board of Directors or us, our Board of Directors will consider the number of votes cast for each frequency choice when determining how often to hold future shareholder advisory votes on our executive compensation. Shareholders will have the opportunity to choose among four options (holding the future votes every one, two or three years, or abstaining) and, therefore, shareholders will not be voting to approve or disapprove the recommendation of our Board of Directors.

The Board of Directors recommends a vote to conduct future shareholder advisory votes on the approval of the compensation paid to our Named Executive Officers every three years.

## COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

### Compensation Discussion and Analysis

**Executive Summary.** Our executive compensation program is designed to attract, retain and motivate skilled executives and, prior to 2011, to link pay to performance by providing incentives which varied upon the attainment of short- and long-term performance goals. The Compensation Committee's goal for our 2010 executive compensation program was to reward each of our executives based on the short- and long-term performance of both the executive and us. The Compensation Committee believed that this goal for the 2010 compensation program could best be achieved by paying our executives:

- a reasonable amount of stable compensation (in the form of base salary, employee benefits, perquisites, qualified retirement savings and nonqualified deferred compensation) to help them maintain a reasonable standard of living and provide for their families, so that they could focus their energies and efforts on our financial and operating performance and increasing shareholder value; and
- performance-based compensation (in the form of annual bonus awards and equity-based compensation awards) to help motivate them to achieve our financial and operating goals and increase shareholder value by conditioning a significant portion of their total compensation on producing the individual and company results that are necessary to achieve those goals.

Based on its review of all of the elements of our executive officers' compensation, the Compensation Committee found the compensation paid to our executive officers in 2010 to be reasonable in light of market practices and performance, and to be effective in fulfilling the Committee's compensation objectives, as described below. See "—Compensation Objectives."

In early 2011, the Compensation Committee was required to make changes to our executive compensation program as a result of new regulations affecting our industry. On October 29, 2010, the ED issued final regulations that severely limit the types of, and bases for awarding, compensation to employees of postsecondary institutions like us. These regulations, commonly referred to as the "Incentive Compensation Regulations," generally prohibit us from providing any commission, bonus or other incentive payment based in any part, directly or indirectly, upon success in securing student enrollments or the award of financial aid. The ED has defined this prohibition to include anything of value for services rendered (other than a fixed salary or wage) that is:

- based in any part, directly or indirectly, on activities engaged in at any point in time through the completion of an educational program for the purpose of enrollment of students for any period of time or the award of financial aid to students; and
- provided to any employee who undertakes recruiting or admitting of students, makes decisions about and awards federal student financial aid, or has responsibility for any such activities.

Because the limiting language of the Incentive Compensation Regulations is very broad and the ED has not provided sufficient guidance on the breadth or scope of the regulations, we believe that the regulations can be interpreted to

cover all of our employees (including our executive officers) and to prohibit the payment of compensation based on any performance-related metric. We reached this conclusion after consulting with regulatory counsel and considering that any alternative conclusion would involve a high level of risk for our company. An institution that is found to be in noncompliance with the Incentive Compensation Regulations could face significant monetary penalties, limitations on its operations and/or termination of its eligibility to participate in all federal student financial aid programs. The Incentive Compensation Regulations become effective on July 1, 2011 and, therefore, the Compensation Committee modified our executive compensation program during its review in January 2011 of the compensation that it would award to our executive officers in 2011 after the regulations become effective.

At its January 2011 meeting, the Compensation Committee determined that, while it would prefer to continue to base executive compensation on performance metrics, the risk of violating the Incentive Compensation Regulations prevented the Committee from basing compensation amounts or adjustments on individual or company performance after the regulations become effective. The Compensation Committee recognized that, while the short- and long-term performance of both the individual executive officers and us will no longer be used in compensation decisions, such performance will be reviewed by the full Board of Directors when evaluating the continued employment of each executive officer. The Compensation Committee determined that, beginning July 1, 2011, it would continue to be guided by the following objectives in determining the compensation of our executives:

- Competition. The Committee believes that compensation should reflect the competitive marketplace in order for us to attract, retain and motivate talented executives.
- Alignment with Shareholder Interests. Compensation should include equity-based compensation awards in order to align the executives' interests with those of our shareholders.
- Focus. The Committee believes that certain elements of compensation should provide some security to our executives to allow them to continue to focus on their job responsibilities.

As a result of the prohibition on basing any portion of the executives' compensation on performance, the Compensation Committee did not establish a bonus program for 2011. Instead, in order to achieve the objectives noted above, the Compensation Committee used the following compensation elements as part of the 2011 executive compensation program, as described in more detail below under "—Compensation Elements":

- base salary;
- a grant that consists of, based on the executives' choice as to the form of the award, stock options that vest over a three-year period and/or restricted stock units ("RSUs") that vest and settle in shares of our common stock over a three-year period;
- a grant of RSUs that vests and settles on the first anniversary of the grant date in cash based on the average of the closing market prices of our common stock over the 20 trading day period prior to the settlement date;
  - employee benefits;
  - perquisites;
  - qualified retirement savings; and
  - nonqualified deferred compensation.

In determining and recommending the compensation awarded in January 2011 to our executives under each of these elements, the Compensation Committee consulted with the Committee's independent compensation consultant and made subjective assessments after deliberate and thorough review and consideration of a number of factors. These factors included:

- the competitive marketplace and, in particular, how the level of an executive's compensation compares with the compensation paid to executives in the same or similar positions and with similar responsibilities at comparator companies;
  - the level and area of job responsibilities of the executive;
-

the executive's individual performance in his or her position and as it related to his or her specific job responsibilities;

- the executive's contribution toward achieving our financial and operating results; and
- our overall financial and operating results.

In order to avoid violating the Incentive Compensation Regulations, the Compensation Committee determined that, after the regulations go into effect on July 1, 2011, it would no longer take into account the performance-related factors when awarding compensation and, therefore, it would no longer review or consider the last three bullet points in the above list. The Compensation Committee decided, however, that it would reexamine its determination with respect to considering performance-related factors when awarding compensation, if and when the ED provides clear and sufficient guidance on the breadth and scope of the Incentive Compensation Regulations.

Overview. This discussion explains the compensation program for our executives, including the Named Executive Officers. The individuals included as Named Executive Officers in this Proxy Statement are:

- Kevin M. Modany, who served as our Chief Executive Officer during all of 2010;
- Daniel M. Fitzpatrick, who served as our Chief Financial Officer during all of 2010; and
- Clark D. Elwood, Eugene W. Feichtner and June M. McCormack, who were our three other most highly compensated executive officers during 2010.

This discussion describes the following:

- the objectives of our compensation program;
- what our compensation program is designed to reward and not reward;
  - each element of compensation;
  - why we choose to pay each compensation element;
- how we determine the amount to pay and, where applicable, the formula with respect to each compensation element;
- how each compensation element and our decisions regarding that element relate to our overall compensation objectives and affect our decisions regarding other compensation elements; and
  - how the Incentive Compensation Regulations will impact our compensation programs in the future.

The Compensation Committee of our Board of Directors has overall responsibility and authority for approving and evaluating the compensation programs and policies pertaining to our executives and Directors. Each year, the Compensation Committee reviews all elements of all of our executive officers' compensation and the internal pay equity of our Chief Executive Officer's compensation compared to our other executive officers' compensation.

The Compensation Committee directly retains a consultant from an independent compensation consulting firm to provide advice on aspects of our executive and Director compensation programs. The Committee requests written reports and holds meetings with the consultant, which are not attended by any of our employees, in order to obtain independent opinions on compensation proposals. The independent compensation consultant helps the Committee determine the amount and, where applicable, the formula for each element of the compensation program for each executive. The independent compensation consultant also assists the Committee in selecting the companies used for benchmarking and comparison purposes. The Compensation Committee retained the independent compensation consulting firm Farient Advisors LLC ("Farient") to advise it on 2010 and 2011 compensation determinations. For additional information about the role of Farient, see "Proposal One: Election of Three Directors to Serve Until the 2014 Annual Meeting of Shareholders and Until Their Successors are Elected and have Qualified – Meetings, Independence, Leadership and Committees of the Board of Directors – Committees – Compensation Committee."

When making executive compensation decisions, the Compensation Committee also considers, for all executives other than our Chief Executive Officer, the recommendation of our Chief Executive Officer. Our Chief Executive Officer's

compensation is determined solely by the Compensation Committee with the assistance of the independent compensation consultant. In 2010, our Chief Executive Officer played a significant role in the process of determining the compensation elements and the value of those elements for our other executives by:

- evaluating executive performance;
- recommending financial and operating performance targets and goals, as well as non-equity incentive compensation awards (i.e., annual bonus awards); and
  - recommending salary levels, equity-based compensation awards and perquisites.

The Compensation Committee has met, and will continue to meet, in executive sessions which are not attended by any of our employees. The Committee regularly reports its activities to our Board of Directors.

The Compensation Committee met in executive session in January 2011 to review the overall performance of our Chief Executive Officer during 2010, particularly with respect to our long range strategies and the achievement of both financial and non-financial goals and objectives. Consideration was given to our Chief Executive Officer's role in building shareholder value and improving our shareholders' return on invested capital. The Compensation Committee also met with our Chief Executive Officer to review the overall performance of the other Named Executive Officers during 2010. The Committee reviewed a tally of the total compensation received by each of the Named Executive Officers in 2010 and information from Farient.

Compensation Objectives. Prior to the 2011 changes as a result of the Incentive Compensation Regulations, the Compensation Committee was guided by the following objectives in determining the compensation of our executives:

- **Competition.** The Committee believes that compensation should reflect the competitive marketplace in order for us to attract, retain and motivate talented executives.
- **Accountability for Business Performance.** Compensation should be tied in part to our financial and operating results in order for us to hold our executives accountable, through their compensation, for our performance.
- **Accountability for Individual Performance.** Compensation should be tied in part to the executive's individual performance to encourage and reflect individual contributions to our performance.
- **Alignment with Shareholder Interests.** Compensation should include equity-based compensation awards in order to align the executives' interests with those of our shareholders.
- **Focus.** The Committee believes that certain elements of compensation should provide some security to our executives to allow them to continue to focus on our financial and operating results, their individual performance and their job responsibilities.

In connection with the changes to our executive compensation program in 2011 as a result of the Incentive Compensation Regulations, the Compensation Committee determined that it would continue to be guided by the following objectives: competition, alignment with shareholder interests and focus. See “—Executive Summary.”

Design and Determinations. In determining and recommending the compensation of our executives, the Compensation Committee consulted with Farient and, along with our Chief Executive Officer, made subjective assessments after deliberate and thorough review and consideration of a number of factors. In 2010, these factors included:

- the competitive marketplace and, in particular, how the level of an executive's compensation compares with the compensation paid to executives in the same or similar positions and with similar responsibilities at comparator companies;
  - the level and area of job responsibilities of the executive;
- the executive's individual performance in his or her position and as it related to his or her specific job responsibilities;
  - the executive's contribution toward achieving our financial and operating results; and



- our overall financial and operating results.

As a result of the changes to our executive compensation program in 2011, the Compensation Committee and our Chief Executive Officer will continue to review and consider the competitive marketplace and the level and area of job responsibilities of the executive.

The Compensation Committee also annually reviews the tally of total compensation of our executives in order to determine that the amount of compensation is within appropriate competitive parameters. The tally information is not, however, a key factor in the Committee's current compensation decisions, because the tally information is reflective of past performance and past competitive market practice.

The Compensation Committee receives information from which they can determine the value that could be realized by the Named Executive Officers from compensation paid to them in prior years, such as gains on prior stock option awards. The Compensation Committee recognizes that the realization of the value from prior equity-based compensation is, in large part, a function of the personal investment decisions made by the Named Executive Officers. Therefore, the Committee does not factor in the value realized from prior equity-based compensation awards granted to the Named Executive Officers in setting any of the subsequent compensation to be paid to the Named Executive Officers.

The Committee does, however, review the potential value that unexercised stock options held by the Named Executive Officers may have to them from time to time. In the latter part of 2010, the Compensation Committee reviewed the equity-based compensation granted to the Named Executive Officers over the past several years. The Committee recognized that, despite our positive financial and operating results achieved by the Named Executive Officers over the past several years, the market price of our common stock has significantly declined in recent periods. The Committee believes that such stock price decline was caused by outside forces that are unrelated to the performance and results achieved by our executives. As a result of the decline in our stock price, a significant portion of the stock options held by the Named Executive Officers have an exercise price that exceeds the current market price of our common stock, which has substantially eroded the incentive and retention value of those stock options. The Compensation Committee determined that it would not take any action related to prior option grants at that time but would continue to monitor the value of outstanding stock options held by our executives.

**Benchmarking.** The Compensation Committee believes that compensation decisions are complex and should be made after a review of the compensation levels paid to executives in the same or similar positions at other comparator companies.

In setting and administering the compensation program and policies for our executives, the Committee attempts to target:

- the cash portion of the compensation of our executives to the median of the range of the cash compensation provided to executives of comparator companies, based on the dollar amount of such compensation; and
- the equity-based compensation of our executives to the upper quarter of the range of equity-based compensation provided to executives of comparator companies, based on the number of shares awarded as a percentage of the number of shares outstanding.

This is intended to result in targeting the overall total direct compensation of our executives to the upper third of the range of compensation provided to executives of comparator companies. The upper third of the range is targeted in order to attract and retain a higher than average level of executive, who is tasked with producing financial and operating results that are higher than average.

The companies used for the comparisons vary from time to time. For 2010 compensation determinations, the Compensation Committee benchmarked the appropriateness and competitiveness of our executive compensation

program against a market composite that consisted of 13 companies in our industry and broad market surveys of companies with annual revenues of between \$500 million and \$2.5 billion, adjusted for an industry premium. The 13 companies in our industry that were used include:

- American Public Education, Inc.;
- Apollo Group, Inc.;
- Bridgepoint Education, Inc.;
- Capella Education Company;
- Career Education Corp.;
- Corinthian Colleges, Inc.;
- DeVry, Inc.;
- Education Management Corporation;
- Grand Canyon Education, Inc.;
- Learning Tree International, Inc.;
- Lincoln Educational Services Corporation;
- Strayer Education, Inc.; and
- Universal Technical Institute, Inc.

For 2010 compensation determinations, the Compensation Committee also reviewed compensation information of 19 high performing companies in the consumer discretionary and healthcare services and facilities industries with similar size, growth, margin and capital efficiency characteristics as us, excluding manufacturers and product companies. The Committee did not benchmark our 2010 executive compensation against those companies, but instead used such information as a second check of the industry-specific data to ensure relevance. The 19 companies that were used include:

- Aeropostale, Inc.;
- Amedisys, Inc.;
- AmSurg Corp.;
- Brink's Home Security Holdings, Inc.;
- The Buckle, Inc.;
- Chipotle Mexican Grill, Inc.;
- Choice Hotels International, Inc.;
- The Gymboree Corporation;
- Interactive Data Corporation;
- John Wiley & Sons, Inc.;
- Life Time Fitness, Inc.;
- MEDNAX, Inc.;
- Morningstar, Inc.;
- O'Reilly Automotive, Inc.;
- Priceline.com Incorporated;
- Scripps Networks Interactive, Inc.;
- Urban Outfitters, Inc.;
- VCA Antech, Inc.; and
- Weight Watchers International, Inc.

For 2011 compensation determinations, the Compensation Committee benchmarked the appropriateness and competitiveness of our executive compensation program against a market composite that consisted of 13 companies in our industry and broad market surveys of companies with annual revenues of between \$1.0 billion and \$2.5 billion, adjusted for an industry premium. The 13 companies in our industry that were used were the same 13 companies utilized in 2010 as listed above. For 2011 compensation determinations, the Compensation Committee also reviewed compensation information of 20 high performing companies in the consumer discretionary and healthcare services and facilities industries with similar size, growth, margin and capital efficiency characteristics as us, excluding companies with very different business models. The Committee did not benchmark our 2011 executive compensation against those companies, but instead used such information as a second check of the industry-specific data to ensure relevance. The 20 companies that were used include:

- Aeropostale, Inc.;
- Amedisys, Inc.;
- AmSurg Corp.;
- The Buckle, Inc.;
- Chipotle Mexican Grill, Inc.;
- Choice Hotels International, Inc.;
- Deckers Outdoor Corporation;
- John Wiley & Sons, Inc.;
- Life Time Fitness, Inc.;
- MEDNAX, Inc.;
- Morningstar, Inc.;
- O'Reilly Automotive, Inc.;
- Priceline.com Incorporated;
- Scripps Networks Interactive, Inc.;

- Guess?, Inc.;
- The Gymboree Corporation;
- J.Crew Group, Inc.;
- Urban Outfitters, Inc.;
- VCA Antech, Inc.; and
- Weight Watchers International, Inc.

Determinations. In 2010 and prior years, the total compensation paid to our executive officers depended on both the executive's individual performance and our financial and operating performance. Under the Compensation Committee's pay-for-performance philosophy with respect to executive compensation that was followed in 2010 and prior years, there was a direct correlation between the Committee's subjective assessment of each executive officer and the amount of compensation that the Committee determined to pay to the executive officer. As a result, the higher the Compensation Committee's subjective assessment of an executive officer's performance, the higher the amount of compensation that the Committee approved for that executive officer, relative to his or her level and area of responsibility, the competitive marketplace for the same or similar positions and his or her contribution toward achieving our results.

In January 2011, after considering the Incentive Compensation Regulations and the risk that an award or adjustment of compensation based on performance-related metrics could be deemed to violate those regulations, the Compensation Committee determined that, beginning July 1, 2011, it would no longer follow a pay-for-performance philosophy with respect to executive compensation, until such time as the ED issues guidance that clearly provides that such an award or adjustment would not violate those regulations. As a result, the Committee changed its executive compensation philosophy to being competitive in the marketplace with respect to the level of compensation paid to executives in the same or similar positions and with similar responsibilities at comparator companies. In addition, the Committee did not establish a bonus program for our executives related to 2011 performance based on its determination that the Incentive Compensation Regulations could be interpreted to preclude basing executive compensation on performance. The Committee did establish the 2011 salary and equity-based compensation for each executive officer based on the executive's and our performance in 2010, as well as a review of the competitive marketplace and the level and area of job responsibilities of the executive. The Committee determined, however, that any adjustments to an executive's compensation after the Incentive Compensation Regulations go into effect would not be based on the performance of the executive or us, until such time as the ED issues guidance that clearly provides that such performance-based adjustments would not violate those regulations. As a result, the Compensation Committee determined that, unless and until the ED clarifies the scope and breadth of the Incentive Compensation Regulations, all future adjustments to the 2011 salary levels of the executives would be based solely on tenure, adjustments in the cost of living, the competitive marketplace and the level and area of job responsibilities of the executive.

The Compensation Committee applies the same principles for executive compensation in determining our Chief Executive Officer's compensation that it applies in determining the compensation of our other executive officers. The Compensation Committee has established a higher level of compensation for our Chief Executive Officer than the levels for our other executive officers, due to:

- the high level of responsibility that he has with us;
- the substantial duties and responsibilities that he has to us; and
- the fact that the market and comparator compensation information demonstrates higher levels of compensation for chief executive officers both within and outside of our industry.

Clawback, Stock Ownership and Hedging Policies. We do not have any policies regarding automatic adjustment or recovery of compensation paid or awarded to our executives in the event any of the performance measures upon which that compensation was paid or awarded are restated or adjusted, such that the compensation paid or awarded would have been less under the restated or adjusted performance measures. Beginning in 2011, our executive compensation is no longer based on performance measures due to the Incentive Compensation Regulations, so such a policy is not necessary with respect to compensation paid or awarded with respect to that year and beyond. For compensation paid or awarded related to performance measures in 2010 and prior years, the Compensation Committee believes that the

cause of any subsequent restatement or adjustment to the results of the performance measure(s) used to trigger compensation should be thoroughly examined to assess each executive's culpability for the restatement or adjustment, instead of establishing a policy that requires an automatic adjustment or recovery of compensation. We did not experience any restatement or adjustment in 2010 to the results of any performance measures upon which our executives were compensated, so no consideration was given by the Compensation Committee in 2010 whether to adjust or recover any compensation payments or awards to our executives.

We do not impose any specific equity or security ownership requirements on our executives. We believe that the equity-based compensation paid to our executives serves to align their interests with those of our shareholders. We believe that it is improper and inappropriate for any employee or Director to engage in short-term or speculative transactions involving our securities. It is our policy that our executives and Directors are prohibited from purchasing or selling any publicly traded options for our securities, including the trading of any call or put, the writing of any call or put, hedging or the use of collars.

Compensation Elements. The elements of our compensation program, a description of the purpose of each element and the objectives that each element supports are shown in the table below. See “– Compensation Objectives.”

Compensation Element	Purpose	Link to Compensation Objectives
Base Salary	Fixed component used to help us attract, motivate and retain our executives.	<ul style="list-style-type: none"> <li>· Competition</li> <li>· Accountability for Business Performance *</li> <li>· Accountability for Individual Performance *</li> <li>· Focus</li> </ul>
Annual Bonus Awards – Discontinued in 2011	Variable component used to help us incentivize, motivate and hold accountable our executives for our financial and operating results and their individual performance.	<ul style="list-style-type: none"> <li>· Competition</li> <li>· Accountability for Business Performance *</li> <li>· Accountability for Individual Performance *</li> </ul>
Equity-Based Compensation (i.e., Time-Based Stock Options and/or Restricted Stock Unit Awards)	Used to promote equity ownership in us by our executives.  Aligns the executives' interests with those of our shareholders.	<ul style="list-style-type: none"> <li>· Competition</li> <li>· Accountability for Business Performance *</li> <li>· Accountability for Individual Performance *</li> <li>· Alignment with Shareholder Interests</li> </ul>
Qualified Retirement Savings (i.e., 401(k) Plan Contributions)	Used to help us provide stable compensation and some security to our executives, in order to help them save for retirement on a tax-deferred basis.	<ul style="list-style-type: none"> <li>· Competition</li> <li>· Accountability for Individual Performance *</li> <li>· Focus</li> </ul>
Nonqualified Deferred Compensation	Provides some security to our executives and helps	<ul style="list-style-type: none"> <li>· Competition</li> </ul>

	them save a portion of their compensation for retirement on a tax-deferred basis.	<ul style="list-style-type: none"> <li>· Accountability for Individual Performance *</li> <li>· Focus</li> </ul>
Pension Benefits (i.e., Qualified and Nonqualified Retirement Plan Earnings)	Allows executives to focus on their job responsibilities while employed and provides some security upon retirement.	<ul style="list-style-type: none"> <li>· Benefit accruals under our pension plans were frozen as of March 31, 2006.</li> </ul>
Employee Benefits	Provides stable compensation and some security to our executives, in order to allow them to focus on their job responsibilities.	<ul style="list-style-type: none"> <li>· Competition</li> <li>· Focus</li> </ul>
Perquisites	<p>Used to recognize our executives based on their responsibilities.</p> <p>Helps our executives focus on their job responsibilities.</p>	<ul style="list-style-type: none"> <li>· Competition</li> <li>· Focus</li> </ul>
Potential Payments Upon Termination of Employment or a Change in Control of Us	<p>Provides for payments in connection with a change in control and/or involuntary termination of employment.</p> <p>Provides some security to our executives to help them focus on their job responsibilities and to encourage them to remain employed with us during a critical time of a potential change in control.</p>	<ul style="list-style-type: none"> <li>· Competition</li> <li>· Alignment with Shareholder Interests</li> <li>· Accountability for Business Performance *</li> <li>· Accountability for Individual Performance *</li> <li>· Focus</li> </ul>

\* Will no longer be a compensation objective beginning July 1, 2011 as a result of the Incentive Compensation Regulations.

Base Salary. Salaries provide a necessary element of stability in the total compensation program and, as such, are not subject to significant variability. Salaries are set and administered to reflect the value of the job in the marketplace. Prior to July 1, 2011, increases in base salary have been and will be based on individual and company performance, as well as a comparison of the base salaries of executives in the same or similar positions at the comparator companies that the Committee uses for benchmarking, and each executive's performance was evaluated annually based on his or her achievement of specific individual and company-wide goals. The executive's overall performance rating was then reduced to one of five levels that were either at, above or below satisfactory

performance. The Compensation Committee believed that it was progressively more challenging for an executive to achieve a higher overall performance rating. Based on this evaluation, the Compensation Committee authorized a salary increase for the Named Executive Officers in January 2010 that became effective on March 29, 2010.

In January 2011, the Compensation Committee established the salary levels for the Named Executive Officers to become effective on March 28, 2011 based on a review of:

- individual and company performance;
- the base salaries of executives in the same or similar positions at the comparator companies that the Committee uses for benchmarking; and
- the area and level of job responsibilities of each executive.

The Committee also concluded that, until such time, if any, that the ED provides clear and sufficient guidance regarding performance-based salary adjustments under the Incentive Compensation Regulations, future adjustments to the salary levels of each executive would be based solely on:

- the base salaries of executives in the same or similar positions at the comparator companies that the Committee uses for benchmarking;
- the area and level of job responsibilities of each executive;
  - tenure; and
  - adjustments in the cost of living.

The following table sets forth the annualized base salary information for each of the Named Executive Officers as of March 29, 2010 and March 28, 2011.

Named Executive Officer	Annualized		Percentage Increase		Interval From Last Increase
	Base Salary	Dollar Increase	Over Prior Year	Over Prior Year	
Kevin M. Modany					
2010	\$ 769,000	\$ 44,000	6.1	%	12 months
2011	\$ 788,250	\$ 19,250	2.5	%	12 months
Daniel M. Fitzpatrick					
2010	\$ 324,000	\$ 19,000	6.2	%	12 months
2011	\$ 332,000	\$ 8,000	2.5	%	12 months
Clark D. Elwood					
2010	\$ 319,000	\$ 19,000	6.3	%	12 months
2011	\$ 327,000	\$ 8,000	2.5	%	12 months
Eugene W. Feichtner					
2010	\$ 295,000	\$ 20,000	7.3	%	12 months
2011	\$ 302,500	\$ 7,500	2.5	%	12 months
June M. McCormack					
2010	\$ 263,000	\$ 18,000	7.3	%	12 months
2011	\$ 270,000	\$ 7,000	2.7	%	12 months

**Annual Bonus Awards.** The annual bonus awards to our executives related to performance in 2010 and prior years and were intended to serve as an incentive to achieve performance targets established by the Compensation Committee for that year. The outcome with respect to the relevant performance targets under our bonus parameters was substantially uncertain at the time the performance targets were established by the Compensation Committee and communicated to our executives. Annual bonuses were a form of performance-based compensation for our

executives. The amount of the annual bonus payout opportunity was based on the total bonus amounts available to executives in the same or similar positions at the comparator companies that the Committee used for benchmarking.

Pursuant to the SEC's regulations, the annual bonus awards related to 2010, 2009 and 2008 performance are classified in the tables in this Proxy Statement as non-equity incentive plan compensation, instead of bonus compensation, due to the annual bonus awards being based on pre-established performance targets. Any discretionary or adjusted bonus awards are classified in the tables in this Proxy Statement as bonus compensation. We refer to the non-equity incentive plan compensation as our "bonus" compensation internally and in previous filings with the SEC. Throughout this Proxy Statement in the narrative and in the footnotes to the tables, when we refer to "annual bonus awards" and related items, we mean the non-equity incentive plan and bonus compensation and related items shown in the columns in the tables in this Proxy Statement. See "-- Summary Compensation Table."

The annual bonus parameters were typically based on our primary financial and operating goals for the ensuing year. While the bonus parameters reflected our financial and operating goals, as opposed to the individual executive's performance goals, achievement of our financial and operating goals depended on, and were affected by, each executive's performance with respect to his or her individual goals. The Compensation Committee could, in its sole discretion, modify the bonus parameters at any time prior to the payment of the annual bonus awards under the parameters.

In January 2010, the Compensation Committee approved the 2010 Executive Bonus Parameters for participation by our executives, including the Named Executive Officers. The annual bonus awards payable to individual participants under the 2010 Executive Bonus Parameters were based on a formula that took into account our ability to achieve specified targets in 2010 in each of four performance categories, each weighted equally, as shown in the following table:

Performance Points (1)	2010 Performance Category			
	EPS (2)	Percentage Increase in Total Student Enrollment (3)	Free Cash Flow (4)	Graduate Employment Percentage (5)
5	<sup>3</sup> \$11.57	<sup>3</sup> 18.00%	<sup>3</sup> \$580.0 million	<sup>3</sup> 82.00%
4	\$11.06 to \$11.56	15.00% to 17.99%	\$540.0 million to \$579.9 million	80.00% to 81.99%
3	\$10.55 to \$11.05	12.00% to 14.99%	\$500.0 million to \$539.9 million	78.00% to 79.99%
2	\$10.05 to \$10.54	9.00% to 11.99%	\$460.0 million to \$499.9 million	76.00% to 77.99%
1	£ \$10.04	£ 8.99%	£ \$459.9 million	£ 75.99%

(1) Under the formula, each performance category is assigned the performance points associated with our actual 2010 performance in that category.

(2) Represents our diluted earnings per share ("EPS") in 2010.

(3) Represents the percentage increase in total student enrollment at our campuses as of December 31, 2010 compared to the total student enrollment at our campuses as of December 31, 2009.

(4) Defined as our net cash flows from operating activities and any change in restricted cash, less capital expenditures, net (excluding facility purchases) ("Free Cash Flow") in 2010. This is a Non-GAAP financial measure. The Compensation Committee believes that the Non-GAAP Free Cash Flow measure improves its ability to measure the amount of cash that is generated from our operations and, therefore, is a better measure to assess our performance for purposes of performance-based bonus compensation.

(5) Represents the percentage of Employable Graduates (as defined below) from our campuses' programs of study in the third and fourth calendar quarters of 2009 and first and second calendar quarters of 2010 who either obtained

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employment by December 31, 2010, or were already employed, in positions that required the direct or indirect use of skills taught in their programs of study. “Employable Graduates” are defined in accordance with the graduate employment metrics that we are required to report by one of the accrediting commissions that accredits our institutions and include all of the graduates from our campuses, except for those graduates who:

- have been admitted into other programs of study at postsecondary educational institutions that are scheduled to begin within one academic year following their graduation;
  - possessed visas that did not permit them to work in the United States following their graduation;
    - were personally suffering from a health condition that prevented them from working;
    - were actively engaged in U.S. military service; or
- moved out of the Continental United States with a spouse or parent who was actively engaged in U.S. military service.

The 2010 Executive Bonus Parameters established for each participant a standard bonus target percentage of annualized base salary as of December 31, 2010, ranging from 32% to 100%, with the percentage depending on the participant’s position. The following table sets forth the standard bonus target percentage of annualized base salary as of December 31, 2010 for each of the Named Executive Officers under the 2010 Executive Bonus Parameters.

Named Executive Officer	2010 Standard Bonus Target Percentage of Annualized Base Salary
Kevin M. Modany	100%
Daniel M. Fitzpatrick	65%
Clark D. Elwood	65%
Eugene W. Feichtner	60%
June M. McCormack	60%

The maximum bonus percentage under the 2010 Executive Bonus Parameters ranged from 25% to 200% of the standard bonus target percentage of annualized base salary as of December 31, 2010, depending on the weighted average performance points associated with the actual results achieved with respect to each performance category. To determine the weighted average performance points, the sum of the performance points associated with the actual performance in the four performance categories was divided by four. The following table sets forth the maximum bonus percentage associated with each range of weighted average performance points under the 2010 Executive Bonus Parameters.

Weighted Average Performance Points	Maximum Bonus Percentage
4.76 – 5.00	200.0%
4.51 – 4.75	187.5%



4.26 – 4.50	175.0%
4.01 – 4.25	162.5%
3.76 – 4.00	150.0%
3.51 – 3.75	137.5%
3.26 – 3.50	125.0%
3.01 – 3.25	112.5%
2.76 – 3.00	100.0%
2.51 – 2.75	87.5%
2.26 – 2.50	75.0%
2.01 – 2.25	62.5%
1.76 – 2.00	50.0%
1.51 – 1.75	41.7%
1.26 – 1.50	33.3%
1.00 – 1.25	25.0%

The following table sets forth the actual results achieved and the resulting performance points associated with each performance category under the 2010 Executive Bonus Parameters.

2010 Results	EPS	Percentage Increase in Total Student Enrollment		Free Cash Flow	Graduate Employment Percentage		
	Performance Points	2010 Results	Points	2010 Results	2010 Results	Performance Points	
\$11.17	4	4.9%	1	\$530.1 million	3	71.7%	1

The weighted average performance points associated with the actual results achieved with respect to the 2010 performance categories were 2.25, which resulted in a maximum bonus percentage of 62.5% under the 2010 Executive Bonus Parameters. See “– Summary Compensation Table.”

A participant’s annual bonus award could be more or less than the participant’s potential award as calculated under the formula. A participant’s actual annual bonus award was based on a discretionary assessment of the participant’s individual performance and contribution toward achieving the specified targets in the four performance categories that was made by the Compensation Committee upon the recommendation of our Chief Executive Officer, except for our Chief Executive Officer’s annual bonus award, which was made by the Committee without a recommendation from our Chief Executive Officer. The total amount available for the payment of bonuses for each year was capped at an amount equal to the cumulative sum of the products of each participant’s bonus percentage multiplied by each participant’s annualized base salary as of the end of the year. The Committee did not adjust any of the Named Executive Officers’ 2010 annual bonus awards from the amounts calculated under the pre-established formula.

On January 17, 2011, the Compensation Committee approved the payment of a 2010 annual bonus award in cash to each of the Named Executive Officers, as follows:

Named Executive Officer	2010 Annual Bonus Award	2010 Bonus Percentage of Annualized Base Salary (1)	Percentage Change from 2009 Bonus Award
Kevin M. Modany	\$480,625	62.5%	(66.9)%

Daniel M. Fitzpatrick	\$131,625	40.6%	(66.8)%
Clark D. Elwood	\$129,594	40.6%	(66.8)%
Eugene W. Feichtner	\$110,625	37.5%	(66.5)%
June M. McCormack	\$98,625	37.5%	(66.5)%

(1) As of March 29, 2010.

On December 21, 2010, the Compensation Committee approved the payment of a special bonus in cash to each of our executives, which bonus is payable on or before June 30, 2011, if the executive is still employed by us on June 27, 2011. The Committee determined to award the special bonuses in order to help motivate and retain those executives, as well as to recognize their extraordinary efforts during a particularly difficult regulatory and legislative environment affecting us and our industry. The bonus amounts that will be payable to each of the Named Executive Officers are as follows:

Named Executive Officer	2011 Special Bonus Award
Kevin M. Modany	\$ 1,153,500
Daniel M. Fitzpatrick	\$ 324,000
Clark D. Elwood	\$ 319,000
Eugene W. Feichtner	\$ 295,000
June M. McCormack	\$ 263,000

As previously discussed, in January 2011, the Compensation Committee determined that it would no longer base executive compensation on performance metrics, due to the Incentive Compensation Regulations. As a result, the Committee did not establish a bonus award component of executive compensation for 2011.

**Equity-Based Compensation.** The Compensation Committee believes that equity-based compensation should be a major component of the total compensation for executives. The Committee believes that the use of our common stock in the payment of this compensation will enhance our executives' commitment to our company over the long-term, because the value of equity-based compensation awards, such as time-based stock options, restricted stock and RSUs, help align the executives' interests with those of our shareholders. The type and value of the equity-based compensation awards vary based on the executive's level and, prior to 2011, individual performance.

In January 2010, the Compensation Committee reviewed equity awards in the previous five years granted to executives in the same or similar positions at the comparator companies that the Committee uses for benchmarking, and calculated the average percentage that those awards bore to the applicable company's outstanding common shares. The Committee utilized that information to determine the upper quartile range of peer practices based on the percentage of common stock outstanding. The Compensation Committee then set within that range the number of shares in the stock option to grant to each executive based on the executive's individual performance in 2009 and, for all executives other than our Chief Executive Officer, the recommendation of our Chief Executive Officer. Specifically, on January 18, 2010, the Compensation Committee authorized the grant of nonqualified stock options to purchase shares of our common stock under the 2006 ITT Educational Services, Inc. Equity Compensation Plan ("2006 Equity Compensation Plan") to the Named Executive Officers, effective on January 27, 2010, as follows:

Named Executive	Number of Securities	Exercise Price	Expiration Date	Grant Date (1)	Date Compensation
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Officer	Underlying Option Granted				Committee Took Action
Kevin M. Modany	125,000	\$113.41	01/27/17	01/27/10	01/18/10 (3)
		(2)			
Daniel M. Fitzpatrick	22,000	\$113.41	01/27/17	01/27/10	01/18/10 (3)
		(2)			
Clark D. Elwood	22,000	\$113.41	01/27/17	01/27/10	01/18/10 (3)
		(2)			
Eugene W. Feichtner	20,000	\$113.41	01/27/17	01/27/10	01/18/10 (3)
		(2)			
June M. McCormack	20,000	\$113.41	01/27/17	01/27/10	01/18/10 (3)
		(2)			

(1) The effective date of the stock option grant.

(2) Nonqualified stock option granted at 100% of the closing market price of a share of our common stock on January 27, 2010, the effective date of the grant. One-third of the option is exercisable on the anniversary date of the grant in each of the years 2011, 2012 and 2013.

(3) The stock option was granted by the Compensation Committee during a Committee meeting on January 18, 2010, and became effective on January 27, 2010, which was the fourth business day following the date we publicly disclosed our financial and operating results for the fiscal quarter and year ended December 31, 2009.

In January 2011, the Compensation Committee reviewed the forms of equity awards made to executives in the same or similar positions at the comparator companies that the Committee uses for benchmarking. The comparator data indicated that a number of companies grant equity-based compensation in a combination of forms, primarily both stock options and RSUs (or restricted stock). As a result, the Compensation Committee decided that it would add RSUs as one of the forms of equity compensation that it would grant to our senior executives in 2011. The Committee also decided to provide our senior executives with a choice among stock options, RSUs or a combination thereof.

To determine the amounts to be awarded under this equity-based grant, the Committee reviewed the amount of the equity awards in the previous five years granted to executives in the same or similar positions at the comparator companies that the Committee uses for benchmarking, and calculated the average percentage that those awards bore to the applicable company's outstanding common shares. The Committee utilized that information to determine the upper quartile range of peer practices based on the percentage of common stock outstanding. For each executive, the Compensation Committee then set within that range the number of shares that would be included in the award if it consisted entirely of a stock option based on the executive's individual performance in 2010 and, for all executives other than our Chief Executive Officer, the recommendation of our Chief Executive Officer. The Compensation Committee calculated the value of such option grants using a binomial option pricing model to determine the fair value of an option, and each executive was permitted to choose stock options, RSUs or a combination thereof in 25% increments that, combined, equaled the value applicable to that executive. The number of RSUs to be included in the award were then calculated by dividing the portion of the value elected to be received by the executive in the form of RSUs by the closing market price of our common stock on the date of grant.

The following table sets forth information about the stock options and RSUs that were granted effective January 27, 2011 to each Named Executive Officer based on his or her election as described above.

Number of Securities Underlying	Stock Options			Number of RSUs	Form of Settlement	Grant Date (1)	Date Compensation Committee
	Exercise Price	Expiration Date					

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Named Executive Officer	Option Granted						Took Action (2)
Kevin M. Modany	125,000 (3)	\$69.43	01/27/18	N/A (4)	N/A (4)	01/27/11	01/17/11
Daniel M. Fitzpatrick	16,500 (3)	\$69.43	01/27/18	2,380 (5)	Common Stock (6)	01/27/11	01/17/11
Clark D. Elwood	N/A (7)	N/A (7)	N/A (7)	9,519 (5)	Common Stock (6)	01/27/11	01/17/11
Eugene W. Feichtner	10,000 (3)	\$69.43	01/27/18	4,327 (5)	Common Stock (6)	01/27/11	01/17/11
June M. McCormack	N/A (7)	N/A (7)	N/A (7)	8,654 (5)	Common Stock (6)	01/27/11	01/17/11

(1) The effective date of the stock option and RSU grants.

- (2) The stock options and RSUs were approved by the Compensation Committee during a Committee meeting on January 17, 2011, and had an effective grant date of January 27, 2011, which was the fifth business day following the date we publicly disclosed our financial and operating results for the fiscal quarter and year ended December 31, 2010.
- (3) Nonqualified stock option granted at 100% of the closing market price of a share of our common stock on January 27, 2011, the effective date of the grant. One-third of the option is exercisable on the anniversary date of the grant in each of the years 2012, 2013 and 2014.
- (4) Not applicable. The Named Executive Officer did not elect to receive any portion of this award in the form of RSUs.
- (5) The period of restriction for this RSU grant lapses in thirds on the anniversary date of the grant in each of the years 2012, 2013 and 2014.
- (6) Each RSU in the group of RSUs for which the period of restriction lapses will be settled on the last day of that period of restriction and will be paid as soon as administratively practicable thereafter by the delivery of one share of our common stock.
- (7) Not applicable. The Named Executive Officer did not elect to receive any portion of this award in the form of stock options.

In January 2011, the Compensation Committee also authorized a separate grant of RSUs to our executives effective January 27, 2011, which RSUs settle in cash on the first anniversary of the grant date of the RSUs. The Committee chose this additional form of equity-based compensation because it contributes to the cash component of the total direct compensation of our executives, while at the same time helps to align our executives' interests with those of our shareholders. The following table sets forth information about these RSUs that were granted to the Named Executive Officers.

Named Executive Officer	Number of RSUs	Form of Settlement	Grant Date (1)	Date Compensation Committee Took Action (2)
Kevin M. Modany	11,354 (3)	Cash (4)	01/27/11	01/17/11
Daniel M. Fitzpatrick	3,109 (3)	Cash (4)	01/27/11	01/17/11
Clark D. Elwood	3,062 (3)	Cash (4)	01/27/11	01/17/11
		Cash (4)	01/27/11	01/17/11

Eugene W. Feichtner	2,615			
	(3)			
June M. McCormack	2,334	Cash (4)	01/27/11	01/17/11
	(3)			

(1) The effective date of the RSU grant.

(2) The RSU grants were approved by the Compensation Committee during a Committee meeting on January 17, 2011, and had an effective grant date of January 27, 2011, which was the fifth business day following the date we publicly disclosed our financial and operating results for the fiscal quarter and year ended December 31, 2010.

(3) The period of restriction for this RSU grant lapses on January 27, 2012.

(4) These RSUs will be settled on the last day of the period of restriction and will be paid as soon as administratively practicable thereafter in cash in an amount equal to the average of the closing market prices of our common stock over the 20 trading day period prior to the settlement date for each RSU in the grant.

The Compensation Committee is responsible for determining equity-based compensation paid to our executives. All equity-based compensation awards to our executives at the Senior Vice President level and above are granted exclusively by our Compensation Committee. The Compensation Committee has delegated limited authority to our Chief Executive Officer to grant equity-based compensation awards to our newly-hired executives below the Senior Vice President level and other key employees.

Equity-based compensation is granted to our executives and other key employees under the following circumstances:

- the Compensation Committee has typically made grants to our executives and other key employees annually during its first regularly scheduled meeting of the calendar year, which grants become effective prospectively on the fourth or fifth business day following the public disclosure of our financial and operating results for our prior fiscal year;
- the Compensation Committee has typically made grants to our newly-hired executives at the Senior Vice President level and above at a Committee meeting occurring either:
- prior to the date that the executive's employment with us begins, in which case the effective date of the grant is typically the executive's first day of employment with us but, if the markets are closed on that day, is the next subsequent day that the markets are open; or
- after the executive's employment with us begins, in which case the effective date of the grant is the date of the Committee meeting or a subsequent date specified by the Committee at its meeting; and
- pursuant to authority delegated to him by the Compensation Committee, our Chief Executive Officer typically grants equity-based compensation to our newly-hired executives below the Senior Vice President level and other key employees on the newly-hired employee's first day of employment with us.

In each of the above circumstances, the exercise price of any stock option granted is the closing market price of a share of our common stock on the effective date of the stock option grant. In addition, the number of any RSUs or shares of restricted stock is based on the closing market price of a share of our common stock on the effective date of the RSU or restricted stock grant.

We do not time our release of material non-public information for the purpose of affecting the value of our executives' compensation, nor do we time our grants of equity-based compensation to take advantage of material non-public information. Nevertheless, our process for granting equity-based compensation (as described above) may result in equity-based compensation, including stock options, being granted to our executives and other key employees at times when our Board of Directors or the Compensation Committee is in possession of material non-public information about us. This possibility is not taken into account in determining whether to make the equity-based compensation awards or the amount or value of those awards.

Retirement Plans.

Qualified Retirement Savings. Our executives participate in our ESI 401(k) Plan, a qualified defined contribution plan, that is designed to provide substantially all of our employees with a tax-deferred, long-term savings vehicle. See “– Equity Compensation and Qualified Savings Plans – ESI 401(k) Plan.”

Nonqualified Deferred Compensation. Due to federal limitations that preclude our highly-compensated employees from fully participating in the ESI 401(k) Plan, we established the ESI Excess Savings Plan, an unfunded, nonqualified deferred compensation plan for a select group of our management, including the Named Executive Officers. We froze the ESI Excess Savings Plan, effective for plan years beginning on and after January 1, 2008, such that executives may no longer make elective deferrals and we no longer make contributions under the ESI Excess Savings Plan. Amounts previously credited to an executive under the ESI Excess Savings Plan will, however, continue to accrue interest in accordance with the terms of the ESI Excess Savings Plan until those amounts are distributed pursuant to the plan’s terms. See “– Nonqualified Deferred Compensation Plans – ESI Excess Savings Plan.”

In addition, we have established the ESI Executive Deferred Bonus Compensation Plan (the “Deferred Bonus Plan”), an unfunded, nonqualified deferred compensation plan, for a select group of our management and highly-compensated employees, including the Named Executive Officers. The Deferred Bonus Plan allows eligible employees to defer payment of all or a portion of his or her annual bonus compensation and to earn interest on any annual bonus compensation payable in the form of cash and deferred under the plan. See “– Nonqualified Deferred Compensation Plans – Deferred Bonus Plan.”

The terms of the ESI Excess Savings Plan and the Deferred Bonus Plan, including the interest rate on the earnings on the Named Executive Officers’ account balances under each plan, are based on common and typical terms and types of nonqualified deferred compensation plans that had been adopted by other publicly traded companies at the time that we adopted those plans.

Pension Benefits. Pension benefits provide retirement compensation that is based on the salary and bonus compensation paid to the employee during his or her employment. We froze the benefit accruals under the ESI Pension Plan and ESI Excess Pension Plan for all participants in the plans on March 31, 2006, such that no further benefits accrue under those plans after March 31, 2006. Participants do, however, continue to be credited with vesting service and interest credits according to the terms of those plans. See “– Pension Plans – ESI Pension Plan” and “– ESI Excess Pension Plan.”

#### Employee Benefits and Perquisites.

Employee Benefits. All of our executives are eligible to participate in our employee benefits, which include medical and dental benefits, vision insurance, flexible spending account, tuition reimbursement, disability insurance, vacation leave, sick leave, bereavement leave, ITT Technical Institute tuition discounts and an employee assistance program that can help employees find answers to various kinds of personal concerns by offering consultation, support, information, planning and referrals. The employee benefits are generally available on a non-discriminatory basis to all full-time and part-time regular employees.

Perquisites. We also provide limited perquisites to our executives, including the Named Executive Officers, that vary based on the executive’s level. The perquisites include use of a company car for our Chief Executive Officer only, a tax return preparation and financial planning allowance, tickets to sporting, theater and other events, enhanced disability benefits, an annual physical examination and, for newly-hired executive officers from outside the Indianapolis metropolitan area whom we ask to relocate, relocation assistance. The value and type of perquisites made available to our executives are based on the value and type of perquisites that had been made available to executives at other publicly-traded companies at the time that we began making those perquisites available, and at the time of each subsequent annual review by the Compensation Committee of those perquisites. The Compensation Committee believes that our executives value the perquisites provided to them and, given that the cost to us of the perquisites is not significant, the Committee has determined to continue providing these perquisites to our executives.

The perquisites that we provided to our Named Executive Officers in 2010 are disclosed in the Summary Compensation Table and footnotes thereto in this Proxy Statement. See “– Summary Compensation Table.” In January 2011, the Compensation Committee approved the value and type of perquisites to be provided in 2011 to the Named Executive Officers, which are consistent with the value and type of perquisites provided to them in 2010. The aggregate incremental cost to us in 2011 for providing all of the 2011 perquisites to the Named Executive Officers is not expected to exceed \$125,000.

**Potential Payments Upon Termination of Employment or a Change In Control of Us.** Our executive officers, including the Named Executive Officers, participate in the ITT Educational Services, Inc. Senior Executive Severance Plan (the “Senior Executive Severance Plan”), which provides for severance benefits if:

- we terminate the executive’s employment, other than for cause, or when the executive terminates his or her employment for good reason, in each case within two years after the occurrence of a change in control of us; or
  - we terminate the executive’s employment, other than for cause, if a change in control is imminent.

The benefits vary depending on the executive’s level and include, among other things, two or three times the executive’s base salary and bonus and a stipend equal to two or three times the annual cost of certain employee benefits. See “– Potential Payments Upon Termination or Change in Control – Senior Executive Severance Plan.”

The Compensation Committee believes that a change in control transaction, or potential change in control transaction, would create uncertainty regarding the continued employment of our executives. This is because many change in control transactions result in significant organizational changes, particularly at the senior executive level. In order to encourage our executives to remain employed with us during an important time when their continued employment in connection with or following a transaction is often uncertain and to help keep our executives focused on our business rather than on their personal financial security, we believe that providing certain of our executives with severance benefits upon the specified terminations of employment is in the best interests of our company and our shareholders. The Committee also believes that severance benefits are even more effective in achieving those purposes at companies, like ours, where executives do not have significant amounts of wealth accumulation from previous compensation awards.

The benefits under the Senior Executive Severance Plan are not payable merely because a change in control transaction occurs or is imminent. Instead, payment of the severance benefits is only triggered if a change in control has occurred or is imminent and certain types of termination of employment occur within certain limited time periods. The Compensation Committee has determined that this “double trigger” requirement is appropriate and reasonable.

If benefits are triggered under the Senior Executive Severance Plan, our Chief Executive Officer would be entitled to payments under the “three times” multiplier and the other covered executives would be entitled to payments under the “two times” multiplier. Our Chief Executive Officer would also be entitled to certain benefits that would not be available to the other covered executives, including that our Chief Executive Officer would receive a tax gross-up payment on any excise taxes and that his severance benefits would not be limited in the event of the imposition of an excise tax. The Compensation Committee believes that our Chief Executive Officer should receive the higher multiplier and the enhanced benefits given his high level of responsibility and the substantial duties that he has with us, as well as the fact that it is common market practice for a chief executive officer to receive a higher level of severance benefits than other executive officers.

The amount and type of severance pay made available to our executive officers are based on common and typical amounts and types of severance pay that were made available to executives by other publicly-traded companies at the time that these benefits were determined.

In addition, some of the awards granted under our equity compensation plans and all or a portion of the contributions, benefits and earnings under our qualified savings plan, nonqualified deferred compensation plans and pension plans may vest and/or become payable to the participating employees, including the Named Executive Officers, if the participating employee's employment terminates in certain situations or we undergo a change in control. See "– Potential Payments Upon Termination or Change In Control." The accelerated vesting and payments are useful in providing security to our executives and helps them to focus on their job responsibilities, instead of the safety of compensation that they have previously been awarded or paid. Further, the accelerated vesting of equity compensation awards upon a change in control:

- provides employees with the same opportunities as shareholders, who are free to sell their equity at the time of the change in control event and thereby realize the value created at the time of the transaction;
- ensures that employees do not have the fate of their outstanding equity tied to the future success of the new and different company that results from the change in control;
  - can be a strong retention device during change in control discussions, particularly for those employees whose equity represents a significant portion of their total pay package; and
    - treats all employees the same regardless of their employment status after the transaction.

The Impact of Accounting and Tax Treatments on the Compensation. Section 162(m) of the IRC limits the allowable deduction for compensation paid or accrued with respect to the chief executive officer and each of the three other most highly compensated executive officers (other than the chief financial officer) of a publicly held corporation to no more than \$1 million per year. In light of Section 162(m), it is the policy of the Compensation Committee to modify, when appropriate, our executive compensation program to maximize the tax deductibility of compensation paid to our executive officers. Accordingly, our equity-based compensation plans include a fixed limit on the awards that may be granted to any individual in any given year. As a result, any future gains that may be realized on the stock options granted under our equity-based compensation plans will be deductible by us. The Committee's ability to maximize the tax deductibility of other forms of compensation beginning July 1, 2011, however, is limited by the Incentive Compensation Regulations because those regulations can be reasonably interpreted to prohibit the payment of performance-based compensation, which is a principal exception to the Section 162(m) compensation calculation.

Section 409A of the IRC provides certain requirements for deferred compensation arrangements. Those requirements, among other things, limit flexibility with respect to the time and form of payment of deferred compensation. If a payment or award constitutes deferred compensation subject to Section 409A and the applicable requirements are not satisfied, the recipient could be subject to tax on the award and all other deferred compensation of the same type, and an additional 20% tax and interest at the underpayment rate plus 1%, at the time the legally binding right to the payment or award arises or, if later, when that right ceases to be subject to a substantial risk of forfeiture. Payments or awards under our plans and arrangements either are intended to not constitute "deferred compensation" for Section 409A purposes (and will thereby be exempt from Section 409A's requirements) or, if they constitute "deferred compensation," are intended to comply with the Section 409A statutory provisions and final regulations.

#### Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K under the Exchange Act with our management. Based on that review and discussions, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and in our Proxy Statement for our 2011 Annual Meeting of Shareholders for filing with the U.S. Securities and Exchange Commission ("SEC").

Compensation  
Committee



John F. Cozzi,  
 Chair  
 James D.  
 Fowler, Jr.  
 Samuel L.  
 Odle  
 John A. Yena

### Compensation-Related Risk Assessment

In January 2010, our Compensation Committee assessed the risks related to our compensation policies and practices in effect at that time and determined that any risks arising from those compensation policies and practices were not reasonably likely to have a material adverse effect on our company. The structure of those policies and practices did not change until the Compensation Committee made modifications to comply with the Incentive Compensation Regulations. As a result, in January 2011, our Compensation Committee conducted an assessment of the risks related to our compensation policies and practices as they have been modified in 2011. In conducting this assessment, the Compensation Committee noted several features of those compensation programs that reduce the likelihood of excessive risk-taking, including the following:

- We have established internal controls, enterprise risk management and a compliance program to discourage and identify any excessive risk-taking by our employees.
  - There is a balanced mix of cash, equity, annual and longer-term components.
- Due to the Incentive Compensation Regulations, our compensation programs are not based on the performance of our employees.
  - Our compensation programs no longer include annual performance-related bonus awards.
- A significant portion of our executives' total compensation consists of equity-based long-term awards, most of which vest over a period of three years, which encourages our executives to focus on sustaining our long-term interests. The equity grants are also made annually, so executives always have unvested awards that could decrease in value if our business is not managed for the long term.
- Some of our non-executive employees are eligible to receive equity awards. For those non-executive employees who are eligible to receive equity awards, the equity awards encourage those employees to focus on our long-term interests.

Based on these factors, the Compensation Committee believes that our compensation policies and practices, as they have been modified in 2011, encourage behaviors that are aligned with our long-term interests, and that numerous factors, such as the lack of performance-related incentives, dissuade our employees from taking risks for short-term gain. As a result, the Compensation Committee determined that any risks arising from our compensation policies and practices, as they have been modified in 2011, are not reasonably likely to have a material adverse effect on our company.

### Summary Compensation Table

The following table sets forth information regarding the compensation of the Named Executive Officers for each of our last three completed fiscal years.

Summary Compensation Table for Fiscal Years 2010, 2009 and 2008

Name and Principal Position	Year	Salary	Bonus	Option	Non-Equity	Change in	All Other	Total (7)
		(1)	(2)	Awards(3)		Pension Value	Compensation(6)	

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					Incentive Plan Compensation (4)	and Non-qualified Deferred Compensation Earnings (5)		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Kevin M. Modany Chairman and Chief Executive Officer	2010	\$758,000	\$ 0	\$5,448,750	\$ 480,625	\$ 1,431	\$57,161	\$6,745,967
	2009	\$712,500	\$ 0	\$5,405,000	\$1,450,000	\$11,275	\$49,397	\$7,628,172
	2008	\$663,750	\$337,500	\$2,779,771	\$ 843,750	\$ 3,032	\$49,574	\$4,677,377
Daniel M. Fitzpatrick Executive Vice President, Chief Financial Officer	2010	\$319,250	\$ 0	\$ 958,980	\$ 131,625	\$ 0	\$19,217	\$1,429,072
	2009	\$300,000	\$ 0	\$1,081,000	\$ 396,500	\$ 0	\$17,117	\$1,794,617
	2008	\$279,575	\$ 85,500	\$ 581,395	\$ 213,750	\$ 0	\$16,094	\$1,176,314
Clark D. Elwood Executive Vice President, Chief Administrative and Legal Officer	2010	\$314,250	\$ 0	\$ 958,980	\$ 129,594	\$11,583	\$11,532	\$1,425,939
	2009	\$295,000	\$ 0	\$1,081,000	\$ 390,000	\$49,298	\$12,293	\$1,827,591
	2008	\$275,025	\$ 77,000	\$ 581,395	\$ 192,500	\$15,378	\$12,930	\$1,154,228
Eugene W. Feichtner Executive Vice President and President, ITT Technical Institute Division	2010	\$290,000	\$ 0	\$ 871,800	\$ 110,625	\$43,588	\$11,500	\$1,327,513