

ITT EDUCATIONAL SERVICES INC  
Form 4  
October 16, 2006

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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

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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
ELWOOD CLARK D

2. Issuer Name and Ticker or Trading Symbol  
ITT EDUCATIONAL SERVICES INC [ESI]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
10/16/2006

\_\_\_ Director \_\_\_ 10% Owner  
 Officer (give title below) \_\_\_ Other (specify below)  
Sr VP, Gen Counsel & Secretary

13000 NORTH MERIDIAN STREET

(Street)

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

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

CARMEL,, IN 46032

(City) (State) (Zip)

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	
Common Stock	10/16/2006		S <sup>(1)</sup>	138	<sup>(2)</sup>	D	\$ 70.42 16,043 <sup>(3)</sup> D
Common Stock	10/16/2006		S <sup>(1)</sup>	171	<sup>(2)</sup>	D	\$ 70.43 15,872 <sup>(3)</sup> D
Common Stock	10/16/2006		S <sup>(1)</sup>	309	<sup>(2)</sup>	D	\$ 70.44 15,563 <sup>(3)</sup> D
Common Stock	10/16/2006		S <sup>(1)</sup>	34	<sup>(2)</sup>	D	\$ 70.45 15,529 <sup>(3)</sup> D
Common Stock	10/16/2006		S <sup>(1)</sup>	342	<sup>(2)</sup>	D	\$ 70.46 15,187 <sup>(3)</sup> D

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Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	856 <u>(2)</u>	D	\$ 70.47	14,331 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	171 <u>(2)</u>	D	\$ 70.48	14,160 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	274 <u>(2)</u>	D	\$ 70.49	13,886 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	651 <u>(2)</u>	D	\$ 70.5	13,235 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	171 <u>(2)</u>	D	\$ 70.51	13,064 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	342 <u>(2)</u>	D	\$ 70.52	12,722 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	308 <u>(2)</u>	D	\$ 70.53	12,414 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	34 <u>(2)</u>	D	\$ 70.54	12,380 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	103 <u>(2)</u>	D	\$ 70.55	12,277 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	103 <u>(2)</u>	D	\$ 70.56	12,174 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	411 <u>(2)</u>	D	\$ 70.57	11,763 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	308 <u>(2)</u>	D	\$ 70.58	11,455 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	34 <u>(2)</u>	D	\$ 70.59	11,421 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	274 <u>(2)</u>	D	\$ 70.6	11,147 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	377 <u>(2)</u>	D	\$ 70.61	10,770 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	274 <u>(2)</u>	D	\$ 70.62	10,496 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	274 <u>(2)</u>	D	\$ 70.63	10,222 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	685 <u>(2)</u>	D	\$ 70.64	9,537 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	514 <u>(2)</u>	D	\$ 70.65	9,023 <u>(3)</u>	D
Common Stock	10/16/2006	<u>S</u> <sup>(1)</sup>	240 <u>(2)</u>	D	\$ 70.67	8,783 <u>(3)</u>	D
	10/16/2006	<u>S</u> <sup>(1)</sup>	205 <u>(2)</u>	D		8,578 <u>(3)</u>	D

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Common Stock					\$ 70.68		
Common Stock	10/16/2006	S <sup>(1)</sup>	274 <sup>(2)</sup>	D	\$ 70.69	8,304 <sup>(3)</sup>	D

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

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Option (Right to Buy)	\$ 12.125	10/16/2006		M <sup>(1)</sup>	15,135	<sup>(4)</sup> 02/12/2007	Common Stock	15,135

## Reporting Owners

### Relationships

#### Reporting Owner Name / Address

Director   10% Owner   Officer   Other

ELWOOD CLARK D  
13000 NORTH MERIDIAN STREET  
CARMEL,, IN 46032

Sr VP, Gen Counsel & Secretary

## Signatures

Clark D.                                  10/16/2006  
Elwood

                                          Date  
\*\*Signature of Reporting Person

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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- (1) The transactions reported on this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on May 5, 2006.  
Represents a portion of the: (a) 18,750 shares subject to a stock option (right to buy) granted on February 10, 1997 ("1997 Option"); and
- (2) (b) the increase of 18,750 shares subject to the 1997 Option pursuant to the 2-for-1 split of the ESI common stock on June 6, 2002 ("June 2002 Split").
- (3) This total does not include 6,097 shares of ESI common stock beneficially owned under the ESI 401(k) Plan on October 12, 2006.
- (4) The option vested in three equal installments on February 10, 1998, 1999 and 2000.

### **Remarks:**

This is the second of two Form 4s filed by the reporting person for transactions that occurred on October 16, 2006. Due to soft

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

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