

ELWOOD CLARK D  
Form 4  
October 13, 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)  
 Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Sr VP, Gen Counsel & Secretary

(Last) (First) (Middle)  
13000 NORTH MERIDIAN STREET  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
10/12/2006

CARMEL,, IN 46032

(City) (State) (Zip)

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

**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)
				Code V Amount (A) or (D) Price			
Common Stock	10/12/2006		M <sup>(1)</sup>	8,301 <sup>(2)</sup> A \$ 12.125 <sup>(3)</sup>	16,605 <sup>(4)</sup>	D	
Common Stock	10/12/2006		S <sup>(1)</sup>	5,891 <sup>(2)</sup> D \$ 70	10,714 <sup>(4)</sup>	D	
Common Stock	10/12/2006		S <sup>(1)</sup>	445 <sup>(2)</sup> D \$ 70.01	10,269 <sup>(4)</sup>	D	
Common Stock	10/12/2006		S <sup>(1)</sup>	788 <sup>(2)</sup> D \$ 70.02	9,481 <sup>(4)</sup>	D	
	10/12/2006		S <sup>(1)</sup>	480 <sup>(2)</sup> D \$ 70.03	9,001 <sup>(4)</sup>	D	

Common  
Stock

Common Stock	10/12/2006	S <sup>(1)</sup>	171 <sup>(2)</sup>	D	\$ 70.04	8,830 <sup>(4)</sup>	D
Common Stock	10/12/2006	S <sup>(1)</sup>	240 <sup>(2)</sup>	D	\$ 70.05	8,590 <sup>(4)</sup>	D
Common Stock	10/12/2006	S <sup>(1)</sup>	286 <sup>(2)</sup>	D	\$ 70.08	8,304 <sup>(4)</sup>	D

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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(9-02)

**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	10/12/2006		M <sup>(1)</sup>	8,301	<sup>(5)</sup> 02/12/2007	Common Stock	8,301

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ELWOOD CLARK D 13000 NORTH MERIDIAN STREET CARMEL,, IN 46032			Sr VP, Gen Counsel & Secretary	

## Signatures

Clark D.  
Elwood

10/13/2006

    Signature of  
Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) 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) Represents an original exercise price of \$24.250 for the shares of ESI common stock subject to the 1997 Option, reduced to \$12.125 pursuant to the June 2002 Split.
- (4) This total does not include 6,097 shares of ESI common stock beneficially owned under the ESI 401(k) Plan on October 12, 2006.
- (5) The option vested in three equal installments on February 10, 1998, 1999 and 2000.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.