

ITT EDUCATIONAL SERVICES INC  
 Form 4  
 September 01, 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 \*  
 CHAMPAGNE RENE R

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)  
 Chairman and CEO

(Last) (First) (Middle)  
 13000 NORTH MERIDIAN STREET  
 (Street)  
 CARMEL,, IN 46032  
 (City) (State) (Zip)

3. Date of Earliest Transaction (Month/Day/Year)  
 09/01/2006  
 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 Indirect Ownership (Instr. 4)      |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
|                                 |                                      |  |                                | (A) or (D)  | Price   |  |   |
|                                 |                                      |  |                                | Code  | V   | Amount   |   |
| Common Stock                    | 09/01/2006                           |  | M <sup>(1)</sup>               |   | 22,500 <sup>(2)</sup>   | A  | \$ 6.75 <sup>(3)</sup> 123,688 <sup>(4)</sup> D |
| Common Stock                    | 09/01/2006                           |  | S <sup>(1)</sup>               |   | 100 <sup>(2)</sup>  | D  | \$ 65.83 123,588 <sup>(4)</sup> D               |
| Common Stock                    | 09/01/2006                           |  | S <sup>(1)</sup>               |   | 1,900 <sup>(2)</sup>  | D  | \$ 65.89 121,688 <sup>(4)</sup> D               |
| Common Stock                    | 09/01/2006                           |  | S <sup>(1)</sup>               |   | 5,600 <sup>(2)</sup>  | D  | \$ 65.9 116,088 <sup>(4)</sup> D                |
| Common Stock                    | 09/01/2006                           |  | S <sup>(1)</sup>               |   | 1,500 <sup>(2)</sup>  | D  | \$ 65.92 114,588 <sup>(4)</sup> D               |

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|              |            |                  |                            |   |          |                        |   |
|--------------|------------|------------------|----------------------------|---|----------|------------------------|---|
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | <u>2,300</u><br><u>(2)</u> | D | \$ 65.93 | 112,288 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | 400 <sup>(2)</sup>         | D | \$ 65.94 | 111,888 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | 500 <sup>(2)</sup>         | D | \$ 65.95 | 111,388 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | <u>1,400</u><br><u>(2)</u> | D | \$ 65.96 | 109,988 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | 200 <sup>(2)</sup>         | D | \$ 65.97 | 109,788 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | <u>1,500</u><br><u>(2)</u> | D | \$ 65.98 | 108,288 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | 500 <sup>(2)</sup>         | D | \$ 65.99 | 107,788 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | 400 <sup>(2)</sup>         | D | \$ 66    | 107,388 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | 100 <sup>(2)</sup>         | D | \$ 66.01 | 107,288 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | 200 <sup>(2)</sup>         | D | \$ 66.02 | 107,088 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | 100 <sup>(2)</sup>         | D | \$ 66.03 | 106,988 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | 500 <sup>(2)</sup>         | D | \$ 66.04 | 106,488 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | 200 <sup>(2)</sup>         | D | \$ 66.05 | 106,288 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | 400 <sup>(2)</sup>         | D | \$ 66.06 | 105,888 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | 700 <sup>(2)</sup>         | D | \$ 66.08 | 105,188 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | 700 <sup>(2)</sup>         | D | \$ 66.09 | 104,488 <sup>(4)</sup> | D |
| Common Stock | 09/01/2006 | S <sup>(1)</sup> | <u>3,300</u><br><u>(2)</u> | D | \$ 66.1  | 101,188 <sup>(4)</sup> | D |

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

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(9-02)

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

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| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Option (Right to Buy)                | \$ 6.75  | 09/01/2006                           |  | M <sup>(1)</sup>               | 22,500  | <sup>(5)</sup> 01/09/2010                                | Common Stock  | 22,500                        |

## Reporting Owners

| Reporting Owner Name / Address                                       | Relationships |           |                  |       |
|--|---------------|-----------|------------------|-------|
|  | Director      | 10% Owner | Officer          | Other |
| CHAMPAGNE RENE R<br>13000 NORTH MERIDIAN STREET<br>CARMEL,, IN 46032 | X             |           | Chairman and CEO |       |

## Signatures

Clark D. Elwood, Attorney-In-Fact for Rene R.  
Champagne

09/01/2006

\_\_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 February 1, 2006.  
Represents a portion of the: (a) 67,500 shares subject to a stock option (right to buy) granted on January 7, 2000 ("2000 Option"); and (b)
- (2) the increase of 67,500 shares subject to the 2000 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 \$13.50 for the shares of ESI common stock subject to the 2000 Option, reduced to \$6.75 pursuant to the June 2002 Split.
- (4) This total does not include 10,801 shares of ESI common stock beneficially owned under the ESI 401(k) Plan on August 1, 2006.
- (5) The option vested in three equal installments on January 7, 2001, 2002 and 2003.

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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