

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 \*  
 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)

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

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

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

CARMEL,, IN 46032

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

(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 Indirect Beneficial Ownership (Instr. 4)
				(A) or (D)	Price		
				Code V	Amount		
Common Stock	10/16/2006		M <sup>(1)</sup>	A	29,065 <sup>(2)</sup> \$ 6.75 <sup>(3)</sup>	130,253 <sup>(4)</sup>	D
Common Stock	10/16/2006		S <sup>(1)</sup>	D	131 <sup>(2)</sup> \$ 70.01	130,122 <sup>(4)</sup>	D
Common Stock	10/16/2006		S <sup>(1)</sup>	D	132 <sup>(2)</sup> \$ 70.04	129,990 <sup>(4)</sup>	D
Common Stock	10/16/2006		S <sup>(1)</sup>	D	66 <sup>(2)</sup> \$ 70.08	129,924 <sup>(4)</sup>	D
Common Stock	10/16/2006		S <sup>(1)</sup>	D	329 <sup>(2)</sup> \$ 70.09	129,595 <sup>(4)</sup>	D

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Common Stock	10/16/2006	<u>S</u> (1)	329 <u>(2)</u>	D	\$ 70.1	129,266 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	855 <u>(2)</u>	D	\$ 70.15	128,411 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	723 <u>(2)</u>	D	\$ 70.16	127,688 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	132 <u>(2)</u>	D	\$ 70.17	127,556 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	921 <u>(2)</u>	D	\$ 70.18	126,635 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	329 <u>(2)</u>	D	\$ 70.19	126,306 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	66 <u>(2)</u>	D	\$ 70.2	126,240 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	263 <u>(2)</u>	D	\$ 70.21	125,977 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	855 <u>(2)</u>	D	\$ 70.22	125,122 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	1,907 <u>(2)</u>	D	\$ 70.23	123,215 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	197 <u>(2)</u>	D	\$ 70.24	123,018 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	658 <u>(2)</u>	D	\$ 70.25	122,360 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	592 <u>(2)</u>	D	\$ 70.26	121,768 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	1,315 <u>(2)</u>	D	\$ 70.27	120,453 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	197 <u>(2)</u>	D	\$ 70.29	120,256 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	197 <u>(2)</u>	D	\$ 70.3	120,059 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	132 <u>(2)</u>	D	\$ 70.32	119,927 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	460 <u>(2)</u>	D	\$ 70.34	119,467 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	1,315 <u>(2)</u>	D	\$ 70.35	118,152 <u>(4)</u>	D
Common Stock	10/16/2006	<u>S</u> (1)	658 <u>(2)</u>	D	\$ 70.36	117,494 <u>(4)</u>	D
	10/16/2006	<u>S</u> (1)	66 <u>(2)</u>	D		117,428 <u>(4)</u>	D

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Common Stock						\$ 70.37		
Common Stock	10/16/2006	S <sup>(1)</sup>	132 <sup>(2)</sup>	D		\$ 70.38	117,296 <sup>(4)</sup>	D
Common Stock	10/16/2006	S <sup>(1)</sup>	657 <sup>(2)</sup>	D		\$ 70.39	116,639 <sup>(4)</sup>	D
Common Stock	10/16/2006	S <sup>(1)</sup>	196 <sup>(2)</sup>	D		\$ 70.4	116,443 <sup>(4)</sup>	D
Common Stock	10/16/2006	S <sup>(1)</sup>	132 <sup>(2)</sup>	D		\$ 70.41	116,311 <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	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy)	\$ 6.75	10/16/2006		M <sup>(1)</sup>	29,065	<sup>(5)</sup>	01/09/2010	Common Stock	29,065

## Reporting Owners

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

## Signatures

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

10/16/2006

\_\_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
- (2) (b) 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 October 12, 2006.
- (5) The option vested in three equal installments on January 7, 2001, 2002 and 2003.

### Remarks:

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

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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