

Edgar Filing: ITT EDUCATIONAL SERVICES INC - Form SC 13D/A

ITT EDUCATIONAL SERVICES INC  
Form SC 13D/A  
October 18, 2010

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934  
Amendment No. 3

ITT EDUCATIONAL SERVICES, INC.

-----  
(Name of Issuer)

Common Stock, Par Value \$0.01 Per Share

-----  
(Title of Class of Securities)

4506B109

-----  
(CUSIP Number)

Gregory D. Hitchan  
Blum Capital Partners, L.P.  
909 Montgomery Street, Suite 400  
San Francisco, CA 94133  
(415) 434-1111

-----  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

October 14, 2010

-----  
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Section 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box [ ] .

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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\* \* \* \* \*

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1. NAME OF REPORTING PERSON BLUM CAPITAL PARTNERS, L.P.  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) 94-3205364

---

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
(b) [x]

---

3. SEC USE ONLY

---

4. SOURCE OF FUNDS\* See Item 3

---

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e) [ ]

---

6. CITIZENSHIP OR PLACE OF ORGANIZATION California

---

7. SOLE VOTING POWER -0-

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY EACH  
PERSON WITH

8. SHARED VOTING POWER 4,076,705\*\*

9. SOLE DISPOSITIVE POWER -0-

10. SHARED DISPOSITIVE POWER 4,076,705\*\*

---

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 4,076,705\*\*

---

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES [ ]

---

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 12.1%\*\*

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14. TYPE OF REPORTING PERSON PN, IA

\*\* See Item 5

\* \* \* \* \*

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1. NAME OF REPORTING PERSON RICHARD C. BLUM & ASSOCIATES, INC.  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) 94-2967812

---

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
(b) [x]

---

3. SEC USE ONLY

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-----  
4. SOURCE OF FUNDS\* See Item 3  
-----  
5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e) [ ]  
-----  
6. CITIZENSHIP OR PLACE OF ORGANIZATION California  
-----  
7. SOLE VOTING POWER -0-  
-----  
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH PERSON WITH  
8. SHARED VOTING POWER 4,076,705\*\*  
-----  
9. SOLE DISPOSITIVE POWER -0-  
-----  
10. SHARED DISPOSITIVE POWER 4,076,705\*\*  
-----  
11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 4,076,705\*\*  
-----  
12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES [ ]  
-----  
13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 12.1%\*\*  
-----  
14. TYPE OF REPORTING PERSON CO  
-----

\*\* See Item 5

\* \* \* \* \*

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-----  
1. NAME OF REPORTING PERSON BLUM STRATEGIC GP III, L.L.C.  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) 04-3809436  
-----  
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
(b) [x]  
-----  
3. SEC USE ONLY  
-----  
4. SOURCE OF FUNDS\* See Item 3  
-----  
5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e) [ ]  
-----

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6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

7. SOLE VOTING POWER -0-

|  |                           |             |
|--|---------------------------|-------------|
| NUMBER OF<br>SHARES                          | 8. SHARED VOTING POWER    | 4,076,705** |
| BENEFICIALLY<br>OWNED BY EACH<br>PERSON WITH | 9. SOLE DISPOSITIVE POWER | -0-         |

10. SHARED DISPOSITIVE POWER 4,076,705\*\*

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 4,076,705\*\*

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES [ ]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 12.1%\*\*

14. TYPE OF REPORTING PERSON OO (Limited Liability Company)

\*\* See Item 5

\* \* \* \* \*

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1. NAME OF REPORTING PERSON BLUM STRATEGIC GP III, L.P.

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) 02-0742606

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
(b) [x]

3. SEC USE ONLY

4. SOURCE OF FUNDS\* See Item 3

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) [ ]

6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

7. SOLE VOTING POWER -0-

|                     |                        |             |
|---------------------|------------------------|-------------|
| NUMBER OF<br>SHARES | 8. SHARED VOTING POWER | 4,076,705** |
| BENEFICIALLY        |                        |             |

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OWNED BY EACH PERSON WITH -----  
 9. SOLE DISPOSITIVE POWER -0-  
 -----  
 10. SHARED DISPOSITIVE POWER 4,076,705\*\*  
 -----  
 11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 4,076,705\*\*  
 -----  
 12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES [ ]  
 -----  
 13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 12.1%\*\*  
 -----  
 14. TYPE OF REPORTING PERSON PN  
 -----

\*\* See Item 5

\* \* \* \* \*

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-----  
 1. NAME OF REPORTING PERSON BLUM STRATEGIC GP IV, L.L.C.  
 I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) 26-0588693  
 -----  
 2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
 (b) [x]  
 -----  
 3. SEC USE ONLY  
 -----  
 4. SOURCE OF FUNDS\* See Item 3  
 -----  
 5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) [ ]  
 -----  
 6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware  
 -----  
 7. SOLE VOTING POWER -0-  
 -----  
 NUMBER OF SHARES BENEFICIALLY OWNED BY EACH PERSON WITH -----  
 8. SHARED VOTING POWER 4,076,705\*\*  
 -----  
 9. SOLE DISPOSITIVE POWER -0-  
 -----  
 10. SHARED DISPOSITIVE POWER 4,076,705\*\*  
 -----  
 11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 4,076,705\*\*  
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-----  
 12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES [ ]  
 -----

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 12.1%\*\*  
 -----

14. TYPE OF REPORTING PERSON OO (Limited Liability Company)  
 -----

\*\* See Item 5

\* \* \* \* \*

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-----  
 1. NAME OF REPORTING PERSON BLUM STRATEGIC GP IV, L.P.  
 -----

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) 26-0588732  
 -----

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
 (b) [x]  
 -----

3. SEC USE ONLY  
 -----

4. SOURCE OF FUNDS\* See Item 3  
 -----

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) [ ]  
 -----

6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware  
 -----

7. SOLE VOTING POWER -0-  
 -----

NUMBER OF SHARES 8. SHARED VOTING POWER 4,076,705\*\*  
 -----

BENEFICIALLY OWNED BY EACH PERSON WITH 9. SOLE DISPOSITIVE POWER -0-  
 -----

10. SHARED DISPOSITIVE POWER 4,076,705\*\*  
 -----

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 4,076,705\*\*  
 -----

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES [ ]  
 -----

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 12.1%\*\*  
 -----

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14. TYPE OF REPORTING PERSON

PN

\*\* See Item 5

\* \* \* \* \*

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1. NAME OF REPORTING PERSON SADDLEPOINT PARTNERS GP, L.L.C.

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) 83-0424234

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x] (b) [x]

3. SEC USE ONLY

4. SOURCE OF FUNDS\* See Item 3

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) [ ]

6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

7. SOLE VOTING POWER -0-

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH PERSON WITH

8. SHARED VOTING POWER 4,076,705\*\*

9. SOLE DISPOSITIVE POWER -0-

10. SHARED DISPOSITIVE POWER 4,076,705\*\*

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 4,076,705\*\*

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES [ ]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 12.1%\*\*

14. TYPE OF REPORTING PERSON OO (Limited Liability Company)

\*\* See Item 5

\* \* \* \* \*

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Item 1. Security and Issuer

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This Amendment No. 3 amends the Statement on Schedule 13D (the "Schedule 13D") filed with the Securities and Exchange Commission (the "Commission") on March 15, 2010 by Blum Capital Partners, L.P., a California limited partnership, ("Blum LP"); Richard C. Blum & Associates, Inc., a California corporation ("RCBA Inc."); Blum Strategic GP III, L.L.C., a Delaware limited liability company ("Blum GP III"); Blum Strategic GP III, L.P., a Delaware limited partnership ("Blum GP III LP"); Blum Strategic GP IV, L.L.C., a Delaware limited liability company ("Blum GP IV"); Blum Strategic GP IV, L.P., a Delaware limited partnership ("Blum GP IV LP"); and Saddlepoint Partners GP, L.L.C., a Delaware limited liability company ("Saddlepoint GP") (collectively, the "Reporting Persons").

This amendment relates to shares of common stock, \$0.01 par value per share (the "Common Stock") of ITT Educational Services, Inc., a Delaware corporation (the "Issuer"). The principal executive office and mailing address of the Issuer is 13000 North Meridian Street, Carmel, IN 46032.

The following amendments to the Schedule 13D are hereby made. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Schedule 13D as previously amended.

Item 2. Identity and Background

-----  
There have been no changes to Item 2 since the initial Schedule 13D filed on March 15, 2010.

Item 3. Source and Amount of Funds or Other Considerations

-----  
There have been no changes to Item 3 since the initial Schedule 13D filed on March 3, 2008.

Item 4. Purpose of Transaction

-----  
There have been no changes to Item 4 since the initial Schedule 13D filed on March 3, 2008.

\* \* \* \* \*

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Item 5. Interest in Securities of the Issuer

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Item 5 of the Schedule 13D is hereby amended to add the following:



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(a), (b) According to the Issuer's Form 10Q filed with the Securities and Exchange Commission on July 23, 2010, there were 33,590,086 shares of Common Stock issued and outstanding as of June 30, 2010. Based on such information, after taking into account the transactions described in Item 5(c) below, the Reporting Persons report beneficial ownership of the following shares of Common Stock: (i) 844,641 shares of Common Stock held by Blum LP and RCBA Inc. on behalf of the limited partnerships for which Blum LP serves as the general partner, which represents 2.5% of the outstanding shares of the Common Stock; (ii) 1,549,288 shares of the Common Stock held by Blum GP III which serves as general partner of Blum GP III LP which, in turn, serves as the general partner of Blum Strategic III, which represents 4.6% of the outstanding shares of the Common Stock; (iii) 1,662,125 shares of the Common Stock held by Blum GP IV, which serves as general partner of Blum GP IV LP which, in turn, serves as the general partner of Blum Strategic IV, which represents 4.9% of the outstanding shares of the Common Stock; and (iv) 20,651 shares of the Common Stock held by Saddlepoint GP on behalf of a limited liability company for which it serves as the general partner, which represents 0.1% of the outstanding shares of the Common Stock.

Voting and investment power concerning the above shares are held solely by Blum LP, Blum GP III, Blum GP IV and Saddlepoint GP. The Reporting Persons therefore may be deemed to be members in a group, in which case the group would be deemed to have beneficial ownership of an aggregate of 4,076,705 shares of the Common Stock, which is 12.1% of the outstanding Common Stock. As the sole general partner of Blum LP, RCBA Inc. is deemed the beneficial owner of the securities over which Blum LP has voting and investment power. The filing of this Schedule shall not be construed as an admission that any of the shareholders, directors or executive officers of RCBA Inc. or the managing members and members of Blum GP III, Blum GP III LP, Blum GP IV, Blum GP IV LP, and Saddlepoint GP, is, for any purpose, the beneficial owner of any of the securities that are beneficially owned by RCBA Inc., Blum GP III LP, Blum GP III, Blum GP IV, Blum GP IV LP or Saddlepoint GP.

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(c) During the last 60 days the Reporting Persons have purchased the following shares of the Issuer's Common Stock in the open market:

| Entity   | Trade Date | Shares | Price/Share |
|--|------------|--------|-------------|
| -----  | -----      | -----  | -----       |
| Investment partnerships for which Blum LP serves as the general partner. | 09-14-2010 | 10,002 | 55.7158     |
|  | 09-15-2010 | 5,000  | 55.4100     |
|  | 09-15-2010 | 9,998  | 55.7053     |
|  | 10-15-2010 | 25,000 | 55.9112     |
|  | 10-15-2010 | 800    | 55.9775     |

| Entity  | Trade Date | Shares  | Price/Share |
|---|------------|---------|-------------|
| -----   | -----      | -----   | -----       |
| For Blum Strategic III for which Blum GP III LP serves as the general partner and for Blum GP III which serves as the general partner for Blum GP III LP. | 08-31-2010 | 30,000  | 53.2227     |
|   | 09-08-2010 | 20,000  | 53.9740     |
|   | 10-11-2010 | 6,200   | 67.9146     |
|   | 10-12-2010 | 10,000  | 66.7331     |
|   | 10-12-2010 | 18,800  | 67.9981     |
|   | 10-14-2010 | 200,000 | 54.7257     |

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(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

There have been no changes to Item 6 since the initial Schedule 13D filed on March 3, 2008.

Item 7. Material to be Filed as Exhibits

Exhibit A - Joint Filing Undertaking

\* \* \* \* \*

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SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: October 18, 2010

RICHARD C. BLUM & ASSOCIATES, INC.

BLUM CAPITAL PARTNERS, L.P.

By: Richard C. Blum & Associates, Inc.  
its General Partner

By: /s/ Gregory D. Hitchan

By: /s/ Gregory D. Hitchan

-----  
Gregory D. Hitchan  
Partner, Chief Operating Officer,  
General Counsel and Secretary

-----  
Gregory D. Hitchan  
Partner, Chief Operating Officer,  
General Counsel and Secretary

BLUM STRATEGIC GP III, L.L.C.

BLUM STRATEGIC GP III, L.P.

By: Blum Strategic GP III, L.L.C.  
its General Partner

By: /s/ Gregory D. Hitchan

By: /s/ Gregory D. Hitchan

-----  
Gregory D. Hitchan  
Managing Member

-----  
Gregory D. Hitchan  
Managing Member

BLUM STRATEGIC GP IV, L.L.C.

BLUM STRATEGIC GP IV, L.P.

By: Blum Strategic GP IV, L.L.C.  
its General Partner

By: /s/ Gregory D. Hitchan

By: /s/ Gregory D. Hitchan

-----  
Gregory D. Hitchan

-----  
Gregory D. Hitchan

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Managing Member

Managing Member

SADDLEPOINT PARTNERS GP, L.L.C.

By: Blum Capital Partners, L.P.  
its Managing Member

By: Richard C. Blum & Associates, Inc.  
its General Partner

By: /s/ Gregory D. Hitchan

-----  
Gregory D. Hitchan  
Partner, Chief Operating Officer,  
General Counsel and Secretary

\* \* \* \* \*

CUSIP NO. 4506B109

SCHEDULE 13D

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Exhibit A  
JOINT FILING UNDERTAKING

The undersigned, being duly authorized thereunto, hereby execute this agreement as an exhibit to this Schedule 13D to evidence the agreement of the below-named parties, in accordance with the rules promulgated pursuant to the Securities Exchange Act of 1934, to file this Schedule jointly on behalf of each such party.

Dated: October 18, 2010

RICHARD C. BLUM & ASSOCIATES, INC.

BLUM CAPITAL PARTNERS, L.P.  
By: Richard C. Blum & Associates, Inc.  
its General Partner

By: /s/ Gregory D. Hitchan  
-----  
Gregory D. Hitchan  
Partner, Chief Operating Officer,  
General Counsel and Secretary

By: /s/ Gregory D. Hitchan  
-----  
Gregory D. Hitchan  
Partner, Chief Operating Officer,  
General Counsel and Secretary

BLUM STRATEGIC GP III, L.L.C.

BLUM STRATEGIC GP III, L.P.  
By: Blum Strategic GP III, L.L.C.  
its General Partner

By: /s/ Gregory D. Hitchan  
-----  
Gregory D. Hitchan  
Managing Member

By: /s/ Gregory D. Hitchan  
-----  
Gregory D. Hitchan  
Managing Member

BLUM STRATEGIC GP IV, L.L.C.

BLUM STRATEGIC GP IV, L.P.  
By: Blum Strategic GP IV, L.L.C.  
its General Partner

By: /s/ Gregory D. Hitchan  
-----  
Gregory D. Hitchan  
Managing Member

By: /s/ Gregory D. Hitchan  
-----  
Gregory D. Hitchan  
Managing Member

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SADDLEPOINT PARTNERS GP, L.L.C.

By: Blum Capital Partners, L.P.  
its Managing Member

By: Richard C. Blum & Associates, Inc.  
its General Partner

By: /s/ Gregory D. Hitchan

-----  
Gregory D. Hitchan  
Partner, Chief Operating Officer,  
General Counsel and Secretary