

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

ITT EDUCATIONAL SERVICES INC  
Form SC 13D/A  
February 20, 2007

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

SCHEDULE 13D  
(Amendment No. 9)

Under the Securities Exchange Act of 1934

ITT EDUCATIONAL SERVICES, INC.

-----  
(Name of Issuer)

COMMON STOCK, \$.01 par value

-----  
(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)

February 15, 2007

-----  
(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 [ ].

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Section 240.13d-7 for other parties to whom copies are to be sent.

\*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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-----  
1. NAME OF REPORTING PERSON BLUM CAPITAL PARTNERS, L.P.  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (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 2,500,000\*\*  
-----  
9. SOLE DISPOSITIVE POWER -0-  
-----  
10. SHARED DISPOSITIVE POWER 2,500,000\*\*  
-----  
11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,500,000\*\*  
-----  
12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES [ ]  
-----  
13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 6.0%\*\*  
-----  
14. TYPE OF REPORTING PERSON PN, IA  
-----

\*\* See Item 5 below

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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-----  
1. NAME OF REPORTING PERSON RICHARD C. BLUM & ASSOCIATES, INC.  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (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 2,500,000\*\*  
 -----  
 9. SOLE DISPOSITIVE POWER -0-  
 -----  
 10. SHARED DISPOSITIVE POWER 2,500,000\*\*  
 -----

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,500,000\*\*  
 -----

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

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 6.0%\*\*  
 -----

14. TYPE OF REPORTING PERSON CO  
 -----

\*\* See Item 5 below

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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-----  
 1. NAME OF REPORTING PERSON BLUM STRATEGIC GP II, L.L.C.  
 I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY) 94-3395150  
 -----  
 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

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SHARES	8. SHARED VOTING POWER	2,500,000**
BENEFICIALLY		
OWNED BY EACH		
PERSON WITH	9. SOLE DISPOSITIVE POWER	-0-
	10. SHARED DISPOSITIVE POWER	2,500,000**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,500,000\*\*

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

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 6.0%\*\*

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

\*\* See Item 5 below

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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

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

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

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	2,500,000**
BENEFICIALLY		
OWNED BY EACH		
PERSON WITH	9. SOLE DISPOSITIVE POWER	-0-

10. SHARED DISPOSITIVE POWER 2,500,000\*\*

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,500,000\*\*

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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) 6.0%\*\*

14. TYPE OF REPORTING PERSON PN

\*\* See Item 5 below

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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

I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (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) [ ]

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 2,500,000\*\*

9. SOLE DISPOSITIVE POWER -0-

10. SHARED DISPOSITIVE POWER 2,500,000\*\*

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,500,000\*\*

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

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 6.0%\*\*

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

\*\* See Item 5 below

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1. NAME OF REPORTING PERSON SADDLEPOINT PARTNERS GP, L.L.C.  
 I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY) 83-0424234

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

-----

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 2,500,000\*\*

9. SOLE DISPOSITIVE POWER -0-

10. SHARED DISPOSITIVE POWER 2,500,000\*\*

-----

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,500,000\*\*

-----

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

-----

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 6.0%\*\*

-----

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

-----

\*\* See Item 5 below

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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Item 1. Security and Issuer

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This Amendment No. 9 amends the Statement on Schedule 13D (the "Schedule 13D") filed with the Securities and Exchange Commission (the "Commission") on January 30, 2007 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 II, L.L.C., a Delaware

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limited liability company ("Blum GP II"); 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"); 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, \$.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, Indiana 46032-1404. 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.

Item 5. Interest in Securities of the Issuer

(a), (b) According to the Issuer's most recent Form 10-Q, there were 41,366,774 shares of Common Stock issued and outstanding as of September 30, 2006. 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) 709,630 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 1.7% of the outstanding shares of the Common Stock; (ii) 1,274,270 shares of the Common Stock held by Blum GP II on behalf of the limited partnership for which it serves as the general partner and on behalf of the limited partnership for which it serves as the managing limited partner, which represents 3.1% of the outstanding shares of the Common Stock; (iii) 436,900 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 Partners III, L.P. ("Blum Strategic III"), a Delaware limited partnership, which represents 1.1% of the outstanding shares of the Common Stock; (iv) 21,800 shares of the Common Stock held by Saddlepoint GP on behalf of a partnership for which it serves as the general partner, which represents 0.1% of the outstanding shares of the Common Stock; and (v) 28,700 shares of the Common Stock that are legally owned by The Nuclear Decommissioning Trust of Dominion Nuclear Connecticut, Inc. ("Dominion Connecticut"), which represents 0.1% of the outstanding shares of the Common Stock and 28,700 shares of the Common Stock that are legally owned by Virginia Electric and Power Company Qualified Nuclear Decommissioning Trust ("Virginia Electric") (collectively, the "Investment Advisory Clients"), which represents 0.1% of the outstanding shares of the Common Stock, with respect to which Blum LP has voting and investment power. Each Investment Advisory Client has entered into an investment management agreement with Blum LP, but neither Investment Advisory Client has any contract, arrangement or understanding with the other Investment Advisory Client, or any other Reporting Person, with respect to the acquisition, ownership, disposition or

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voting of any shares of the Common Stock. Each Investment Advisory Client disclaims membership in a group with any Reporting Person or with the other Investment Advisory Client, and each disclaims beneficial ownership of any shares beneficially owned by the Reporting Persons other than for their own account.

Voting and investment power concerning the above shares are held solely by Blum LP, Blum GP II, Blum GP III and Saddlepoint GP. The Reporting Persons therefore may be deemed to be members in a group, in which case

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the group would be deemed to have beneficial ownership of an aggregate of 2,500,000 shares of the Common Stock, which is 6.0% 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 II, Blum GP III LP, Blum GP III and Saddlepoint GP, is, for any purpose, the beneficial owner of any of the securities that are beneficially owned by RCBA Inc., Blum GP II, Blum GP III LP, Blum GP III or Saddlepoint GP.

c) Since the last filing of the Schedule 13D, the Reporting Persons effected the following transactions in the Common Stock:

The Reporting Persons sold the following shares of Common Stock in the open market:

Entity	Trade Date	Shares	Price/Share
-----	-----	-----	-----
Investment partnerships for which Blum LP serves as the general partner.	01-30-07	700	76.0228
	01-30-07	14,300	76.0501
	01-31-07	24,000	77.2164
	02-01-07	13,300	78.7120
	02-02-07	15,000	79.1556
	02-14-07	21,800	80.8162
	02-15-07	20,600	81.1681
The limited partnerships for which Blum GP II serves as the general partner and the managing limited partner.	01-30-07	1,400	76.0228
	01-30-07	25,300	76.0501
	01-31-07	43,000	77.2164
	02-01-07	24,200	78.7120
	02-02-07	26,900	79.1556
	02-14-07	39,600	80.8162
	02-15-07	37,000	81.1681
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.	01-30-07	400	76.0228
	01-30-07	8,700	76.0501
	01-31-07	14,800	77.2164
	02-01-07	8,200	78.7120
	02-02-07	9,300	79.1556
	02-14-07	13,600	80.8162
	02-15-07	12,700	81.1681

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Entity	Trade Date	Shares	Price/Share
-----	-----	-----	-----
The partnerships for which Saddlepoint GP serves as general partner.	01-30-07	500	76.0501
	01-31-07	700	77.2164
	02-01-07	400	78.7120
	02-02-07	500	79.1556
	02-14-07	700	80.8162
	02-15-07	600	81.1681

Entity	Trade Date	Shares	Price/Share
-----	-----	-----	-----



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The Investment Advisory	01-30-07	1,200	76.0501
Clients for which Blum LP	01-31-07	2,000	77.2164
serves as investment advisor.	02-01-07	1,000	78.7120
	02-02-07	1,200	79.1556
	02-14-07	1,800	80.8162
	02-15-07	1,600	81.1681

(d) and (e) Not applicable.

Item 7. Material to be Filed as Exhibits

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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: February 20, 2007

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

BLUM STRATEGIC GP II, L.L.C.      BLUM STRATEGIC GP III, L.L.C.

By: /s/ Gregory D. Hitchan      By: /s/ Gregory D. Hitchan  
-----  
Gregory D. Hitchan      Gregory D. Hitchan  
Managing Member and General Counsel      Managing Member and General Counsel

BLUM STRATEGIC GP III, L.P.      SADDLEPOINT PARTNERS GP, L.L.C.  
By: Blum Strategic GP III, L.L.C.      By: Blum Capital Partners, L.P.  
Its General Partner      Its Managing Member  
By: Richard C. Blum & Associates, Inc.      Its General Partner

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

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Exhibit A  
JOINT FILING UNDERTAKING

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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: February 20, 2007

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 II, L.L.C.

BLUM STRATEGIC GP III, L.L.C.

By: /s/ Gregory D. Hitchan

By: /s/ Gregory D. Hitchan

-----  
Gregory D. Hitchan  
Managing Member and General Counsel

-----  
Gregory D. Hitchan  
Managing Member and General Counsel

BLUM STRATEGIC GP III, L.P.

SADDLEPOINT PARTNERS GP, L.L.C.

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

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

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

By: /s/ Gregory D. Hitchan

By: /s/ Gregory D. Hitchan

-----  
Gregory D. Hitchan,  
Managing Member and General Counsel

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