

LINCOLN EDUCATIONAL SERVICES CORP  
Form DEF 14A  
March 28, 2011

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant ☒  
Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement  
☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
☒ Definitive Proxy Statement  
☐ Definitive Additional Materials  
☐ Soliciting Material Pursuant to §240.14a-12

Lincoln Educational Services Corporation  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.  
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200 Executive Drive, Suite 340  
West Orange, New Jersey 07052

March 28, 2011

Dear Shareholder:

You are invited to attend the 2011 Annual Meeting of Shareholders of Lincoln Educational Services Corporation to be held on April 29, 2011, at the Wilshire Grand Hotel, 350 Pleasant Valley Way, West Orange, New Jersey 07052, at 10:00 a.m. local time.

At this year's meeting, you will be asked to elect nine directors, to conduct an advisory vote on the Company's compensation of named executive officers, to conduct an advisory vote on the frequency of future advisory votes on executive compensation, to approve an amendment and restatement to our 2005 Long-Term Incentive Plan and to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2011. The accompanying Notice of Meeting and Proxy Statement describe these matters. We urge you to read this information carefully.

Our board of directors unanimously believes that the election of the nominees for directors and the ratification of the selection of the independent registered public accounting firm are in the best interests of the company and its shareholders and, accordingly, recommends a vote FOR the election of the nominees for directors and FOR the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm.

In addition to the formal business to be transacted, management will report on the progress of our business and respond to comments and questions of general interest to shareholders.

We sincerely hope that you will be able to attend and participate in the meeting. Whether or not you plan to come to the meeting, it is important that your shares be represented and voted. You may vote your shares by completing the accompanying proxy card or giving your proxy authorization via the Internet. Please read the instructions accompanying the proxy card for details on giving your proxy authorization via the Internet.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF  
PROXY MATERIALS FOR OUR ANNUAL MEETING**

Our proxy statement and our 2010 annual report to shareholders are available at  
<http://www.lincolnedu.com/proxy>

**YOUR VOTE IS IMPORTANT!**

Please vote as promptly as possible by using the Internet or  
by signing, dating and returning the proxy card  
mailed to those who receive paper copies of this proxy statement.

**BY COMPLETING AND RETURNING THE ACCOMPANYING PROXY CARD OR BY GIVING YOUR PROXY AUTHORIZATION VIA THE INTERNET, YOU AUTHORIZE MANAGEMENT TO REPRESENT YOU AND VOTE YOUR SHARES ACCORDING TO YOUR INSTRUCTIONS. SUBMITTING YOUR PROXY NOW WILL NOT PREVENT YOU FROM VOTING IN PERSON AT THE ANNUAL MEETING, BUT WILL ASSURE**

THAT YOUR VOTE IS COUNTED IF YOUR PLANS CHANGE AND YOU ARE UNABLE TO ATTEND. TO ENSURE THAT YOUR VOTE WILL BE COUNTED, PLEASE CAST YOUR VOTE BEFORE 7:00 P.M. (EASTERN TIME) ON APRIL 28, 2011.

Sincerely,

/s/ Shaun E. McAlmont  
Shaun E. McAlmont  
President and Chief Executive Officer

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LINCOLN EDUCATIONAL SERVICES CORPORATION

200 Executive Drive, Suite 340

West Orange, New Jersey 07052

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NOTICE OF

2011 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON APRIL 29, 2011

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To the Shareholders of Lincoln Educational Services Corporation:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Lincoln Educational Services Corporation, a New Jersey corporation (the "Company"), will be held on April 29, 2011, at the Wilshire Grand Hotel, 350 Pleasant Valley Way, West Orange, New Jersey 07052, at 10:00 a.m. local time. At the annual meeting, shareholders will be asked:

1. To elect nine directors to serve until the Company's next annual meeting of shareholders and until their successors are duly elected and qualified.
2. To conduct an advisory vote on the Company's compensation of named executive officers (a non-binding "say-on-pay" vote).
3. To conduct an advisory vote on the frequency of future advisory votes on the Company's compensation of named executive officers (a non-binding "say-on-frequency" vote).
4. To approve an amendment and restatement of the Company's 2005 Long-Term Incentive Plan, including an increase in the number of authorized shares under the plan.
5. To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for our fiscal year ending December 31, 2011.
6. To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof and may properly be voted upon.

The board of directors of the Company has fixed the close of business on March 15, 2011, as the record date for the determination of shareholders entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof.

All shareholders are cordially invited to attend the annual meeting in person. Shareholders of record as of the close of business on March 15, 2011, the record date, will be admitted to the annual meeting upon presentation of identification. Shareholders who own shares of the Company's common stock beneficially through a bank, broker or other nominee will be admitted to the annual meeting upon presentation of identification and proof of ownership or a valid proxy signed by the record holder. A recent brokerage statement or a letter from a bank or broker are examples

of proof of ownership. If you own shares of the Company's common stock beneficially and want to vote in person at the annual meeting, you should contact your broker or applicable agent in whose name the shares are registered to obtain a broker's proxy and bring it to the annual meeting in order to vote.

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE RETURN YOUR PROXY (BY COMPLETING AND RETURNING THE ACCOMPANYING PROXY CARD OR BY GIVING PROXY AUTHORIZATION VIA THE INTERNET) AS PROMPTLY AS POSSIBLE TO ENSURE YOUR REPRESENTATION AT THE MEETING. EVEN IF YOU HAVE GIVEN YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE ANNUAL MEETING. TO ENSURE THAT YOUR VOTE WILL BE COUNTED, PLEASE CAST YOUR VOTE BEFORE 7:00 P.M. (EASTERN TIME) ON APRIL 28, 2011.

By Order of the Board of Directors

/s/ Kenneth M. Swisstack  
Kenneth M. Swisstack  
Corporate Secretary

West Orange, New Jersey  
March 28, 2011

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LINCOLN EDUCATIONAL SERVICES CORPORATION  
200 Executive Drive, Suite 340  
West Orange, New Jersey 07052

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PROXY STATEMENT  
FOR  
2011 ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON APRIL 29, 2011

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GENERAL

This proxy statement is provided to the shareholders of Lincoln Educational Services Corporation, a New Jersey corporation (the “Company”), to solicit proxies, in the form enclosed, for use at the Annual Meeting of Shareholders of the Company to be held on April 29, 2011, at the Wilshire Grand Hotel, 350 Pleasant Valley Way, West Orange, New Jersey 07052, at 10:00 a.m. local time, and any and all adjournments or postponements thereof. The board of directors knows of no matters to come before the annual meeting other than those described in this proxy statement. This proxy statement and the enclosed form of proxy are first being mailed to shareholders on or about March 28, 2011.

Solicitation

This solicitation is made by mail on behalf of the board of directors of the Company. The Company will pay for the costs of the solicitation. Further solicitation of proxies may be made, including by mail, telephone, fax, in person or other means, by the directors, officers or employees of the Company or its affiliates, none of whom will receive additional compensation for such solicitation. The Company will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to their customers or principals who are the beneficial owners of shares of the Company’s common stock, no par value per share.

Voting Procedures

Only those holders of our common stock of record as of the close of business on March 15, 2011, the record date, will be entitled to notice of and to vote at the annual meeting. A total of 22,417,758 shares of the common stock were issued and outstanding as of the record date. Each share of common stock entitles its holder to one vote. Cumulative voting of shares of common stock is not permitted.

Shareholders of record can vote either in person at the annual meeting or by proxy whether or not they attend the meeting. To vote by proxy, a shareholder must either: (a) fill out the enclosed proxy card, date and sign it, and return it in the enclosed postage-paid envelope, or (b) vote by Internet (instructions on Internet voting accompany the proxy card).

The presence in person or by proxy of holders of a majority of the outstanding shares of the common stock entitled to vote will be necessary to constitute a quorum to transact business at the annual meeting. Abstentions and broker non-votes will be treated as present for purposes of determining the existence of a quorum. At the annual meeting, directors will be elected by a plurality of the votes cast and a majority of the votes cast will be required to approve any of the other proposals, except that proposals 2 and 3 are advisory and non-binding. Abstentions, however, will not be counted as votes “for” or “against” the election of directors or “for” or “against” any of the other proposals. It is expected that brokers will not have discretionary power to vote on any of the proposals other than the ratification of the appointment



of Deloitte and Touche, LLP.

Proposals 1, 2, 3 and 4 are not considered to be routine matters, and your broker will not have discretion to vote with respect to these matters unless you specifically instruct your broker to do so by returning your signed voting instruction card. If you do not provide voting instructions to your broker, your shares will not be voted for any proposal on which your broker does not have discretionary authority (resulting in a broker non-vote). Broker non-votes will have the same effect as a vote against a proposal, but will have no effect on the election of directors.

Shares of the common stock represented by properly executed proxies in the form enclosed that are timely received by the Secretary of the Company and not validly revoked will be voted as specified on the proxy. If no specification is made on a properly executed and returned proxy, the shares represented thereby will be voted FOR the election of each of the nine nominees for director named in this proxy statement, FOR the approval of compensation of our named executive officers, FOR having an advisory vote on the compensation of our named executive officers every one year, FOR approving the Amended and Restated 2005 Long-Term Incentive Plan and FOR the ratification of the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company. If any other matters properly come before the annual meeting, it is the intention of the persons named in the accompanying proxy to vote such proxies in their discretion. In order to be voted, each proxy must be filed with the Secretary of the Company prior to exercise.

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## Revocability of Proxies

Shareholders may revoke a proxy at any time before the proxy is exercised. This may be done by filing a notice of revocation of the proxy with the Secretary of the Company, by filing a later-dated proxy with the Secretary of the Company or by voting in person at the annual meeting.

## PROPOSAL 1: ELECTION OF DIRECTORS

Shareholders will be asked at the annual meeting to elect nine directors. Our bylaws allow for a minimum of three directors and a maximum of 11 directors. Each elected director will hold office until the next annual meeting of shareholders and until the director's successor is duly elected and qualified. The board of directors knows of no reason why any of the nominees would be unable or unwilling to serve, if elected, but if any nominee should for any reason be unable or unwilling to serve, if so elected, the proxies received by the Company will be voted for the election of such other person for the office of director as the board of directors may recommend in the place of such nominee.

Shareholders may withhold authority to vote their proxies for either (i) the entire slate of nominated directors by checking the box marked WITHHOLD AUTHORITY on the proxy card, or (ii) any one or more of the individual nominees, by following the instructions on the proxy card. Instructions on the accompanying proxy card that withhold authority to vote for one or more of the nominees will cause any such nominee to receive fewer votes.

Upon recommendation of the Nominating and Corporate Governance Committee, the following nine persons have been selected by the board of directors as nominees for election to the board of directors: Alexis P. Michas, Shaun E. McAlmont, James J. Burke, Jr., Paul E. Glaske, Peter S. Burgess, J. Barry Morrow, Celia H. Currin, Charles F. Kalmbach and Alvin O. Austin. All of the nominees are incumbent directors. Additional information about these nominees is provided in the table and biographical information that follow.

## Required Vote

A plurality of the votes cast at the annual meeting is required for the election of directors.

The board of directors unanimously recommends a vote FOR each of the named nominees.

## BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The following sets forth certain information concerning the directors and executive officers of the Company as of the record date for the annual meeting:

Name	Age	Position Held
Shaun E. McAlmont	45	President and Chief Executive Officer, Director
Scott M. Shaw	48	Executive Vice President and Chief Administrative Officer
Cesar Ribeiro	46	Senior Vice President, Chief Financial Officer and Treasurer
Alexis P. Michas	53	Non-Executive Chairman of the Board of Directors
James J. Burke, Jr.	59	Director
Paul E. Glaske (2) (3) (4)	77	Director
Peter S. Burgess (1) (4)	68	Director
J. Barry Morrow (2) (3) (4)	58	Director
Celia H. Currin (1) (3) (4)	62	Director
Charles F. Kalmbach (1) (2) (4)	64	Director
Alvin O. Austin (1) (4)	69	Director

- 
- (1) Member of the Audit Committee.
  - (2) Member of the Compensation Committee.
  - (3) Member of the Nominating and Corporate Governance Committee.
  - (4) Independent Director.

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Shaun E. McAlmont joined us in 2005 and currently serves as our President and Chief Executive Officer. Prior to taking this position, Mr. McAlmont served as Chief Operating Officer, Executive Vice President and Group Vice President of the Company. Prior to joining Lincoln, Mr. McAlmont spent six years as an executive with the Alta Colleges Corporation serving as President of Westwood College Online and prior to that as a Regional Vice President for Alta. Mr. McAlmont earned his B.S. from Brigham Young University and his M.A. in Education from the University of San Francisco. Mr. McAlmont has held several key positions at Lincoln and his knowledge of our business provides our board of directors with valuable perspectives that are necessary to advance our business and the interests of our shareholders.

Scott M. Shaw joined us in 2001 and currently serves as our Executive Vice President and Chief Administrative Officer. Prior to taking this position, Mr. Shaw served as Executive Vice President and Senior Vice President of Strategic Planning and Business Development. Prior to joining Lincoln, Mr. Shaw was a partner at Stonington Partners, Inc., where he had been since 1994. As a partner at Stonington, Mr. Shaw was responsible for identifying, evaluating and acquiring companies and then assisting in the oversight of these companies through participation on the board of directors. In addition, Mr. Shaw worked closely with senior management to develop long-term strategic plans, to evaluate acquisition and new investment opportunities, to assist with refinancings, and to execute on the final sale of the company either to the public or to another company. Mr. Shaw also served as a consultant to Merrill Lynch Capital Partners Inc., a private investment firm associated with Merrill Lynch & Co., Inc. from 1994 through 2000. Mr. Shaw holds an M.B.A. from the Wharton School of Business and a B.A. from Duke University.

Cesar Ribeiro joined us in 2004 and currently serves as our Senior Vice President, Chief Financial Officer and Treasurer. From September 2002 through June 2004, Mr. Ribeiro was self-employed providing both consulting services and private money management services. Prior to that, he was an audit partner with Arthur Andersen LLP, where he had been since 1987. Mr. Ribeiro holds a B.S. from Rutgers University.

Alexis P. Michas has served on our board of directors since 1999 and currently serves as our Non-Executive Chairman. Mr. Michas is the founder and Managing Partner of Juniper Investment Company, LLC since 2008. He has also been the Managing Partner and a director of Stonington Partners, Inc., an investment management firm since 1994. Mr. Michas received an A.B. from Harvard University and an M.B.A. from Harvard University Graduate School of Business Administration. Mr. Michas also is a director of BorgWarner Inc., PerkinElmer, Inc. and Air Tran Airways, Inc. Mr. Michas' knowledge of complex financial and operational issues and his hands-on knowledge of our Company's history make him a valued member of the board. Mr. Michas brings 25 years of private equity experience across a wide range of industries and a successful record of managing investments in public companies. He also brings extensive transactional expertise including mergers and acquisitions, initial public offerings, debt and equity offerings and bank financings.

James J. Burke, Jr. has served on our board of directors since 1999. He has been a partner and director of Stonington Partners, Inc. since 1994 and Managing Member of J. Burke Capital Partners LLC since 2007. He received a B.A. from Brown University and an M.B.A. with Distinction from Harvard University Graduate School of Business Administration. Mr. Burke also serves on the board of directors of Ann Taylor Stores Corporation, a number of privately owned companies and several non-profit organizations. Mr. Burke brings extensive financial and business knowledge to the board through his engagement in private equity investing since 1981. For 19 years, he was also a director of Educational Management Corporation, a publicly-traded provider of career education. Throughout his career, he has been responsible for sourcing and analyzing investment opportunities, where he has developed both expertise and significant knowledge regarding the managerial, operational and financial aspects of a business.

Paul E. Glaske has served on our board of directors since 2004. Mr. Glaske was Chairman and Chief Executive Officer from April 1992 until his retirement in 1999 of Blue Bird Corporation, a leading manufacturer of school buses, motorhomes and a variety of other vehicles. He currently serves on the board of directors of Camcraft, Inc.,

Energy Transfer Partners and Energy Transfer Equities. He is also on the Senior Council of the Texas Association of Business. Mr. Glaske earned his B.S. in Business Administration from Bob Jones University and his M.B.A. from Pepperdine University. In the past five years, Mr. Glaske also served as a director of BorgWarner Inc. As a former Chief Executive Officer with extensive experience as a board member on numerous public and private companies, Mr. Glaske has a comprehensive understanding of the role of an effective board of directors.

Peter S. Burgess, CPA has served on our board of directors since 2004. In 1999, Mr. Burgess retired from Arthur Andersen LLP where he was an accounting and business advisory partner serving numerous manufacturing, insurance and financial services enterprises. Following his retirement, he has provided consulting services specializing in litigation support, mergers and acquisitions and Audit Committee responsibilities under securities exchange requirements and the Sarbanes-Oxley Act. Mr. Burgess is also a director of Symetra Financial Corporation and a trustee and chair of the audit committee of John Hancock Trust and Funds II. Mr. Burgess earned a B.S. in Business Administration from Lehigh University. He previously served on the board of directors of PMA Capital Corporation. Mr. Burgess' prior employment at Arthur Andersen, as well as his experience dealing with accounting principles, financial reporting rules and regulations and evaluating financial results, makes him a skilled advisor and a valuable asset, both on our board of directors and on our Audit Committee.

J. Barry Morrow has served on our board of directors since 2006. He served as the Chief Executive Officer and Director of Collegiate Funding Services from 2002 until 2006 when the company was acquired by JPMorgan Chase. Mr. Morrow held the position of President and Chief Operating Officer of Collegiate Funding from 2000 to 2002. Prior to joining Collegiate Funding Services, Mr. Morrow served with the U.S. Department of Education as the General Manager of Financial Services for the Office of Student Financial Assistance and with SallieMae as Vice President of Regional Operations. Mr. Morrow holds a B.A. from Virginia Tech and a M.A. in public administration from George Washington University. Mr. Morrow has over 25 years experience in the education credit industry. His extensive management experience at the U.S. Department of Education, SallieMae and Collegiate Funding Services provides the board with a unique perspective on the issues facing companies in our industry.

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Celia H. Currin has served on our board of directors since 2006. Ms. Currin is the founder and CEO of BenchStrength Marketing, a marketing consultancy group working with solo professionals and small businesses. Prior to founding BenchStrength in 2003, Ms. Currin spent 25 years in a variety of senior management roles with Dow Jones & Company. She is the President of the board of directors of Poets & Writers, the nation's largest non-profit organization serving creative writers. Ms. Currin received her M.B.A. from Harvard University Graduate School of Business Administration and her B.S. from the University of Oregon. Ms. Currin's business leadership skills and marketing knowledge makes her a key contributor to our board and provides the board with valuable insight and expertise.

Charles F. Kalmbach has served on our board of directors since 2008. Mr. Kalmbach has over 30 years of experience in a variety of industries including financial, professional and business services, healthcare and non-profit organizations. Since retiring as a Global Managing Partner of Accenture, Ltd., he has served as the CEO of DBM, Inc., the global human capital management firm, and as Princeton University's Chief Administrative Officer. He is currently Vice President for Strategy for the Princeton Theological Seminary. He has served as the Vice Chairman of the Board of the University Medical System at Princeton, Chair of the Audit Committee of the Board of Resources for the Future in Washington, D.C., and as a member of the board of directors of Midwest Airlines. Mr. Kalmbach earned his B.S., MA and Ph.D. degrees from Princeton University and a J.D. in corporate and international law from the University of Pennsylvania. Mr. Kalmbach's extensive management and executive leadership experience provides the board with valuable insights and perspectives on issues facing companies in various industries.

Alvin O. Austin was appointed to our board of directors on February 25, 2010. Mr. Austin has over 40 years of experience in higher education, which includes his tenure as President and Chancellor of LeTourneau University in Longview, Texas, where the institution grew its academic programs, funding levels, and campus footprint under his leadership. Prior to that role, he served as Vice President at North Park College and Seminary, Chicago, Illinois, and at Seattle Pacific University. In addition, he was the Dean of Student Programs at California State University, Northridge, California. He was a member of the Commission on Colleges of the Southern Association of Colleges and Schools and a member of the Executive Committee of the Commission. He is also involved in numerous non-profit and community organizations. Mr. Austin earned his Ph.D in Higher Education Administration at the University of Mississippi, Master of Arts in Education at the California State University, and Master Studies and Secondary Teaching Credential at the University of California at Santa Barbara. Mr. Austin's distinguished career in higher education and his involvement in a number of educational organizations position him well to serve as a board member.

## Information on Board of Directors and its Committees

Directors are expected to attend our annual meetings of shareholders, board meetings and meetings of the committees on which they serve. They are also expected to prepare for meetings in advance and to dedicate the time at each meeting as necessary to properly discharge their responsibilities. Informational materials, useful in preparing for meetings, are distributed in advance of each meeting. In 2010, there were six meetings of the board, and each of the directors attended at least 83% of the meetings of the board and committees on which he or she served. In addition, all of our directors attended our 2010 Annual Meeting of Shareholders.

The board of directors has an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee.

## Director Qualifications

The board of directors believes that its members possess a variety of skills, qualifications and experience that contribute to the board of directors' ability to oversee our operations and the growth of our business. The following

chart sets forth the various skills and attributes that our board of directors has identified with respect to each of our directors that led the board of directors to conclude that the person should serve on the board of directors. For additional information regarding each of our directors, see “Board of Directors and Executive Officers.”

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## Board of Directors Skills Matrix

Director	CEO/Senior Officer(1)	Industry Experience(2)	Governance/ Board Experience(3)	Financial Acumen(4)	Business Development/ M&A Experience(5)	Independent(6)
Shaun E. McAlmont	P	P				
Alexis P. Michas	P	P	P	P	P	
James J. Burke, Jr.	P	P	P	P	P	
Paul E. Glaske	P	P	P	P	P	P
Peter S. Burgess			P	P	P	P
J. Barry Morrow	P	P	P		P	P
Celia H. Currin			P			P
Charles F. Kalmbach	P	P	P	P	P	P
Alvin O. Austin	P	P	P			P

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- (1) CEO/Senior Officer – Experience working as a CEO or senior officer of an organization.
- (2) Industry Experience – Senior executive experience in one or more of the Company’s primary or related industries.
- (3) Governance/Board Experience – Prior or current experience as a board member of an organization (public, private, or non-profit sectors).
- (4) Financial Acumen – Experience in financial accounting and reporting, including persons designated by the board of directors as audit committee financial experts. Familiarity with internal financial controls. Also includes professional experience in corporate finance, especially with respect to debt and equity markets.
- (5) Business Development/ M&A Experience – Experience with business development, mergers and acquisitions and/or divestitures.
- (6) Independent – Determined by the board of directors to be an independent director see “Director Independence”.

## Audit Committee

The Audit Committee consists of directors Burgess (Chairman), Currin, Kalmbach and Austin. The Audit Committee held four meetings in 2010. The board of directors has adopted a written charter for the Audit Committee, which is available on our website at [www.lincolnedu.com](http://www.lincolnedu.com). The Audit Committee is directly responsible for the oversight of, among other things, our accounting and financial reporting processes; the quality and integrity of our financial statements; the quality and integrity of our system of internal controls; our compliance with laws and regulations; our independent auditor's qualifications and independence; and the audit of our financial statements by a qualified independent auditor.

To fulfill these responsibilities, the Audit Committee will be aware of the current areas of greatest financial risk to us and understand management's assessment and management of the risks; consider the effectiveness of our disclosure controls and procedures to promote timely, accurate, compliant and meaningful disclosure in our periodic reports filed with the Securities and Exchange Commission (“SEC”); periodically review with the independent auditors their assessment as to the adequacy of our structure of internal controls over financial accounting and reporting, and their qualitative judgments as to the accounting principles employed and related disclosures by us and the conclusions expressed in our financial reports; review with management and the independent auditors our accounting policies and practices to ensure they meet the requirements with respect to the Financial Accounting Standards Board, the SEC, the American Institute of Certified Public Accountants and the Public Company Accounting Oversight Board; select,



evaluate and, if necessary, replace our independent auditors; actively engage in dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity or independence of the independent auditors; engage advisors, as the committee determines is necessary, to carry out its duties; meet with the independent auditors, the internal auditors and senior management to review the scope and methodology of the proposed audit; discuss with management policies and practices regarding earnings press releases, as well as financial information and earnings guidelines provided to analysts and rating agencies to the extent required by applicable law or listing standards; set clear hiring policies with respect to any current or former employees of our independent auditors; and establish procedures for the receipt, retention and treatment of complaints we receive regarding our internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of their concerns regarding our internal accounting controls and auditing matters. The Audit Committee is also charged with reviewing and approving all related person transactions.

The board of directors has determined that Mr. Burgess is an “audit committee financial expert” within the meaning of the regulations of the SEC. Messrs. Austin, Burgess, Kalmbach and Mrs. Currin are independent directors under the Sarbanes Oxley Act of 2002 and the NASDAQ listing standards.

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Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee consists of directors Glaske (Chairman), Morrow and Currin. Prior to September 21, 2010, it consisted of directors Glaske (Chairman), Currin, Michas and Morrow. The Nominating and Corporate Governance Committee held two meetings in 2010. The charter for the Nominating and Corporate Governance Committee is published on our website at [www.lincolnedu.com](http://www.lincolnedu.com). The Nominating and Corporate Governance Committee is responsible for, among other things, making recommendations to the board of directors with respect to corporate governance policies and reviewing and recommending changes to the Company's corporate governance guidelines that have been adopted by the board of directors. The Nominating and Corporate Governance Committee also recommends to the board of directors candidates for nomination for election as directors of the Company and appointments of directors as members of the committees of the board of directors.

The Nominating and Corporate Governance Committee considers candidates for directors suggested by shareholders for elections to be held at an annual meeting of shareholders. Shareholders can suggest qualified candidates for directors by complying with the advance notification and other requirements of the Company's bylaws regarding director nominations. Director nomination materials submitted in accordance with the Company's bylaws will be forwarded to the Chairman of the Nominating and Corporate Governance Committee for review and consideration. Director nominees suggested by shareholders will be evaluated in the same manner, and subject to the same criteria, as other nominees evaluated by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee also considers candidates for director suggested by its members, other directors and management and may from time to time retain a third-party executive search firm to identify director candidates for the Nominating and Corporate Governance Committee.

Generally, once the Nominating and Corporate Governance Committee has identified a prospective nominee, it will make an initial determination as to whether to conduct a full evaluation of the candidate based on information provided to it with the recommendation of the candidate, as well as the Nominating and Corporate Governance Committee's own knowledge of the candidate, which may be supplemented by inquiries to the person making the recommendation or others. The initial determination is based primarily on the need for additional directors to fill vacancies or expand the size of the board of directors and the likelihood that the candidate can satisfy the evaluation factors described below. If the Nominating and Corporate Governance Committee determines, in consultation with the Chairman of the board and other directors, as appropriate, that additional consideration is warranted, it may request a third-party search firm to gather additional information about the candidate's background and experience and to report its findings to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee then evaluates the candidate against the standards and qualifications set out in guidelines for director candidates adopted by the board of directors, including, without limitation, the nominee's management, leadership and business experience, skill and diversity, such as financial literacy and knowledge of directorial duties, and integrity and professionalism.

The Nominating and Corporate Governance Committee also considers such other relevant factors as it deems appropriate, including the current composition of the board of directors, the balance of management and independent directors, the need for particular expertise (such as audit committee expertise) and the evaluations of other prospective nominees. In connection with this evaluation, the Nominating and Corporate Governance Committee determines whether to interview the prospective nominee, and, if warranted, one or more members of the Nominating and Corporate Governance Committee, and others as appropriate, interview prospective nominees in person or by telephone. After completing this evaluation and interview, the Nominating and Corporate Governance Committee makes a recommendation to the full board of directors as to the persons who should be nominated by the board of directors and the board of directors determines the nominees after considering the recommendation of the Nominating and Corporate Governance Committee.

## Compensation Committee

The Compensation Committee consists of directors Morrow (Chairman), Glaske and Kalmbach. Prior to September 21, 2010, it consisted of directors Morrow (Chairman), Burke, Glaske and Kalmbach. The Compensation Committee held five meetings in 2010. The Compensation Committee has the authority to develop and maintain a compensation policy and strategy that creates a direct relationship between pay levels and corporate performance and returns to shareholders; recommend compensation, special benefits, perquisites, and incidental benefits to our board for approval; review and approve annual corporate and personal goals and objectives to serve as the basis for the chief executive officer's compensation, evaluate the chief executive officer's performance in light of the goals and, based on such evaluation, determine the chief executive officer's compensation; determine the annual total compensation for our named executive officers; with respect to our equity-based compensation plans, approve the grants of stock options and other equity-based incentives as permitted under our compensation plans; review and recommend compensation for non-employee directors to our board; and review and recommend employment agreements, severance arrangements and change in control plans that provide for benefits upon a change in control, or other provisions for our executive officers and directors, to our board. The Compensation Committee may retain compensation consultants having special competence to assist it in evaluating director and executive compensation and may also retain counsel, accountants or other advisors, in its sole discretion. In July 2010, the Compensation Committee retained Pay Governance LLC as its independent compensation consultant. The Compensation Committee also has the power to delegate its authority and duties to subcommittees or individual members of the committee, as it deems appropriate in accordance with applicable laws and regulations. The charter for the Compensation Committee is published on our website at [www.lincolnedu.com](http://www.lincolnedu.com).

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The table below lists the current membership of each committee and the number of committee meetings held in 2010:

Name	Audit	Nominating and Corporate Governance	Compensation
Shaun E. McAlmont			
Alexis P. Michas			
James J. Burke, Jr.			
Paul E. Glaske		Chair	P
Peter S. Burgess	Chair		
J. Barry Morrow		P	Chair
Celia H. Currin	P	P	
Charles F. Kalmbach	P		P
Alvin O. Austin	P		
2010 Meetings	4	2	5

## Director Independence

From our initial public offering in 2005 to September 29, 2009, Lincoln Educational Services Corporation was a “controlled company” as defined in NASDAQ Marketplace Rules because more than 50% of the voting power of our common stock was held by our largest shareholder. Therefore, we were exempt from the requirements of the NASDAQ Marketplace Rules with respect to (1) having a majority of independent directors on our board of directors, (2) having the compensation of our executive officers determined by a majority of independent directors or a compensation committee composed solely of independent directors, and (3) having nominees for director selected or recommended for selection by either a majority of independent directors or a nominating committee composed solely of independent directors. As of September 30, 2009, these “controlled company” exemptions no longer applied because our largest shareholder owned less than 50% of the total voting power of our common stock. Pursuant to NASDAQ Marketplace Rules, we had a one-year transition period to comply with the requirements of the NASDAQ Marketplace Rules that ended September 30, 2010.

Currently, our board of directors has a majority of independent directors as is required by the NASDAQ Marketplace Rules. Our board of directors has determined that each of the following director nominees is an “independent director” as such term is defined under the NASDAQ Marketplace Rules: Messrs. Austin, Burgess, Glaske, Kalmbach, Morrow and Ms. Currin. As of October 2010, all of the members of the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee are independent directors.

## Board Leadership Structure

Currently, the role of Chief Executive Officer and Chairman of the board of directors is separate. Effective as of January 1, 2011, Alexis P. Michas became our Non-Executive Chairman of the board of directors, succeeding David F. Carney, our Executive Chairman. In the past, the position of Chief Executive Officer and Chairman were combined when deemed appropriate by the board of directors.

Our board of directors has adopted a flexible policy regarding the issue of whether the positions of Chairman and Chief Executive Officer should be separate or combined. Our board of directors regularly evaluates whether the interest of the company and its shareholders are best served at any particular time by having the Company’s Chief Executive Officer or another director hold the position of Chairman. Our board of directors believes that no single, one-size fits all, board-leadership model is universally or permanently appropriate. This structure has proven

especially useful to facilitate executive leadership training, succession, and orderly transitions. At present, the board of directors believes that its current structure effectively maintains independent oversight of management.

As Non-Executive Chairman of the board of directors, Mr. Michas ensures that the board of directors fulfills its oversight and governance responsibilities and directs the activities and meetings of the board of directors. In addition, the board of directors has a “Lead Director” who is responsible for coordinating the activities of the non-employee directors and leading executive sessions of the non-employee directors, which are generally held in conjunction with each regularly scheduled board of directors meeting. The Chairman of the Nominating and Corporate Governance Committee, Paul E. Glaske, serves as our Lead Director.

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### Board of Directors' Role in Risk Oversight

Our board of directors has an active role, as a whole and also at the committee level, in overseeing the risk management of the Company. This is designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational value. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the company. The involvement of the full board of directors in setting the Company's business strategy is a key part of its assessment of management's appetite for risk and also a determination of what constitutes an appropriate level of risk for the Company.

Fundamental aspects of the board of directors' risk management oversight activities include:

- understanding the key drivers of success for our business and the associated major risks inherent in our operations and corporate strategy;
- overseeing that appropriate risk management and control procedures are implemented by management and developing and maintaining an effective risk dialogue with management; and
- crafting the right board of directors for our company, including ensuring that the board of directors has the right mix of background, skills and experience and an appropriate committee structure to carry out its oversight responsibilities effectively;

While the board of directors has the ultimate oversight responsibility for the risk management process, various committees of the board of directors also have responsibility for risk management. In particular, the Audit Committee focuses on financial risk, including internal controls, and receives an annual risk assessment report from the Company's internal auditors. The Audit Committee also assists the board of directors in fulfilling its oversight responsibility with respect to legal and compliance issues. The Nominating and Corporate Governance Committee, in addition to making recommendations with respect to corporate governance matters and nominations of directors, manages risks associated with the independence of the board of directors and potential conflicts of interest. The Compensation Committee strives to create incentives that encourage a level of risk-taking behavior consistent with the Company's business which are appropriately balanced and do not motivate employees to take imprudent risks. All committees report to the full board as appropriate, including when a matter rises to the level of a material or enterprise level risk.

### Board Diversity

The Nominating and Corporate Governance Committee, in accordance with the board's governance principles, seeks to create a board that as a whole is strong in its collective knowledge and has a diversity of skills and experience with respect to vision and strategy, management and leadership, business operations, business judgment, crisis management, risk assessment, industry knowledge, accounting and finance, corporate governance and markets in general. The Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity; however, the board of directors and the Nominating and Corporate Governance Committee believe that it is essential that the members of our board of directors represent diverse viewpoints. The Nominating and Corporate Governance Committee focuses on diversity of gender, race and national origin, education, professional experience and differences in viewpoints and skills. In considering candidates for the board of directors, the Nominating and Corporate Governance Committee considers the entirety of each candidate's credentials in the context of these standards.

### Compensation Committee Interlocks and Insider Participation

Messrs. Burke, Glaske and Kalmbach served on the Compensation Committee during the entire 2010 fiscal year. Mr. Burke served on the Compensation Committee until September 21, 2010. There were no Compensation Committee interlocks or insider (employee) participation during 2010.

Table of ContentsSECURITY OWNERSHIP OF MANAGEMENT  
AND PRINCIPAL SHAREHOLDERS

The following tables provide information regarding the beneficial ownership of our common stock as of the record date for the annual meeting by (1) each of our directors, (2) each of our named executive officers, (3) all directors and executive officers as a group, and (4) each person known to us to be the beneficial owner of more than 5% of the outstanding shares of our common stock. This table is based on information provided to us or filed with the U.S. Securities and Exchange Commission ("SEC") by our directors, executive officers and principal shareholders named below. Except as otherwise indicated, we believe, based on information furnished by such owners, that the beneficial owners of our common stock listed below have sole investment and voting power with respect to such shares, subject to community property laws where applicable.

## CERTAIN BENEFICIAL OWNERS

As of March 15, 2011, the only persons or groups that are known to us to be the beneficial owners of more than five percent of the outstanding shares of our common stock are:

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percent of Common Stock Beneficially Owned on December 31, 2010
Wellington Management Company, LLP (1)	1,289,050	5.8%

(1)Based on the information reported in a statement on Schedule 13G filed with the SEC on February 14, 2011, by Wellington Management Company, LLP ("Wellington"). The principal business office address of Wellington is 280 Congress Street, Boston, Massachusetts 02210. We have not attempted to independently verify any of the foregoing information, which is based solely upon the information contained in the Schedule 13G.



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The following table sets forth information as to the beneficial ownership of shares of our common stock as of March 15, 2010, of each director and each named executive officer and all directors and executive officers of the Company, as a group. Except as otherwise indicated in the footnotes to the table, each individual has sole investment and voting power with respect to the shares of common stock set forth.

Name of Beneficial Owners (1) (2)	Number of Shares of Common Stock Beneficially Owned	Percent of Common Stock Beneficially Owned
David F. Carney	207,252	0.9%
Shaun E. McAlmont (3)	244,495	1.1%
Scott M. Shaw (4)	442,648	2.0%
Cesar Ribeiro (5)	196,254	0.9%
Alexis P. Michas	146,791	0.7%
James J. Burke, Jr.	190,644	0.9%
Paul E. Glaske	18,144	*
Peter S. Burgess	17,644	*
J. Barry Morrow	16,200	*
Celia H. Currin	16,200	*
Charles F. Kalmbach	8,606	*
Alvin O. Austin	2,203	*
All executive officers and directors as a group	1,507,081	6.7%

\* Less than 0.5%.

(1) “Beneficial ownership” is a term broadly defined by the SEC in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and includes more than the typical forms of stock ownership, that is, stock held in the person’s name. The term also includes what is referred to as “indirect ownership,” meaning ownership of shares as to which a person has or shares investment or voting power. For purpose of this table, a person or group of persons is deemed to have “beneficial ownership” of any shares as of a given date that such person or group has the right to acquire within 60 days after such date.

(2) For purposes of the above table, the address for each named person is 200 Executive Drive, Suite 340, West Orange, New Jersey 07052.

(3) Includes 149,495 shares of common stock currently held of record. Also includes options to purchase 95,000 shares of common stock.

(4) Includes 306,601 shares of common stock currently held of record. Also includes options to purchase 136,047 shares of common stock.

(5) Includes 103,796 shares of common stock currently held of record. Also includes options to purchase 92,458 shares of common stock.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company’s directors and officers and beneficial owners of 10% or more of the Company’s common stock to file reports of ownership of, and transactions in, the Company’s securities

with the SEC, the NASDAQ Global Select Market and the Company. The Company believes that all SEC filing requirements applicable to the Company's directors and executive officers and beneficial owners of 10% or more of the Company's common stock for 2010 were timely met.

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## Equity Compensation Plan Information

The following table summarizes the Company's equity compensation plan information as of December 31, 2010:

Equity Compensation Plan Information  
as of December 31, 2010

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (\$) (2)	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by Lincoln shareholders (1)	720,940	14.59	715,184
Equity compensation plans not approved by Lincoln shareholders	-	-	