Cooper-Standard Holdings Inc.
Form 8-K
February 10, 2006

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 6, 2006**

COOPER-STANDARD HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Delaware	333-123708	20-1945088
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

39550 Orchard Hill Place Drive
Novi, Michigan 48375
(Address of principal executive offices)

Registrant s telephone number, including area code: (248) 596-5900

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01: Entry into a Material Definitive Agreement.

As previously reported on a Form 8-K filed on December 8, 2005, Cooper-Standard Automotive Inc. (the Company), a wholly owned subsidiary of Cooper-Standard Holdings Inc. (Holdings), and ITT Industries, Inc. (ITT) entered into a Stock and Asset Purchase Agreement (the Agreement) on December 4, 2005, pursuant to which the Company and certain of its affiliates agreed to acquire the automotive fluid handling systems business of ITT, including the outstanding capital stock of certain of ITT s direct and indirect subsidiaries and certain assets and liabilities of ITT and its affiliates, for $205 million in cash (the Transaction). On February 6, 2006, the Company and ITT entered into the First Amendment to the Stock and Asset Purchase Agreement (the Amendment). The Amendment provided for, among other things, an increase in the net working capital target that is the basis for the net working capital adjustment described in the Agreement.

The Transaction was consummated on February 6, 2006 shortly following the execution of the Amendment.

In order to finance the Transaction and to pay related fees and expenses, on February 6, 2006, the Company also entered into an amendment to the Credit Agreement (the Amendment to the Credit Agreement), dated as of December 23, 2004, among Holdings, a Delaware corporation, the Company, Cooper-Standard Automotive Canada Limited, a corporation organized under the laws of Ontario, the lenders from time to time party thereto, Deutsche Bank Trust Company Americas, as administrative agent, Lehman Commercial Paper Inc., as syndication agent, and Goldman Sachs Credit Partners, L.P., UBS Securities LLC and The Bank of Nova Scotia, as co-documentation agents. The Amendment to the Credit Agreement provided for a $190,000,000.00 incremental term loan and a 20,725,000.00 incremental term loan.

The foregoing description of the Amendment does not purport to be complete, and is qualified in its entirety by reference to the Amendment itself, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference in its entirety.

The foregoing description of the Amendment to the Credit Agreement does not purport to be complete, and is qualified in its entirety by reference to the Amendment to the Credit Agreement itself, a copy of which is attached hereto as Exhibit 10.2 and incorporated herein by reference in its entirety.

On February 7, 2006, the Company issued a press release announcing that it had completed the Transaction. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference in its entirety.

Item 2.01: Completion of Acquisition or Disposition of Assets.

See Item 1.01.

Item 2.03: Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

See Item 1.01.

Item 9.01: Financial Statements and Exhibits

(c) Exhibits.

10.1	First Amendment to the Stock and Asset Purchase Agreement dated February 6, 2006 between Cooper-Standard Automotive Inc. and ITT Industries, Inc.
10.2	Amendment to the Credit Agreement
99.1	Press release announcing the consummation of the Transaction, dated February 7, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Cooper-Standard Holdings Inc.

Date: February 10, 2006

By: /s/ Timothy W. Hefferon

Name: Timothy W. Hefferon
Title: Vice President, General Counsel and Secretary

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td>11.97
Cancelled

(74,000) 15.81

Exercised

(22,400) 3.34 $219

Outstanding as of September 30, 2008

1,561,263 9.67
5.39 years
7,564

Exercisable as of September 30, 2008

1,146,625 8.15
4.39 years
7,242

As of September 30, 2008, the pre-tax compensation expense for all unvested stock option awards was $1.5 million. This amount will be expensed over the weighted-average period of approximately 1.0 years.

The following table presents a summary of options outstanding:

	September 30, 2008				
	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares	Contractual Weighted Average Life (years)	Weighted Average Price	Shares	Weighted Exercise Price
$ 1.55	50,898	0.72	$ 1.55	50,898	$ 1.55
3.10	630,157	3.28	3.10	630,157	3.10
4.00-13.99	333,500	8.60	11.47	78,678	9.88
14.00-19.99	429,208	6.40	15.26	299,492	15.09
20.00-25.00	117,500	5.86	22.88	87,400	23.10
	1,561,263	5.39	9.67	1,146,625	8.15

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8. SLM FINANCIAL CORPORATION LOAN AGREEMENT

The Company entered into a tiered discount loan program agreement, effective September 1, 2007, with SLM Financial Corporation ("SLM") to provide up to $16.0 million of private non-recourse loans to qualifying students. Under this agreement, the Company was required to pay SLM either 20% or 30% of all loans disbursed, depending on each student borrower's credit score. The Company was billed at the beginning of each month based on loans disbursed during the prior month. For the nine months ended September 30, 2008, $0.5 million of loans were disbursed, resulting in a $0.1 million loss on sale of receivables. Loss on sale of receivables is included in selling, general and administrative expenses in the accompanying statements of operations.

In January 2008, SLM notified the Company that it was terminating its tiered discount loan program, effective February 18, 2008. The termination of this agreement did not have a significant impact on the Company's financial condition.

9. INCOME TAXES

The effective tax rate for the three months ended September 30, 2008 and 2007 was 42.0% and 41.6%, respectively, and for the nine months ended September 30, 2008 and 2007 was 41.7% and 41.7%, respectively.

10. CONTINGENCIES

Litigation and Regulatory Matters – In the ordinary conduct of its business, the Company is subject to periodic lawsuits, investigations and claims, including, but not limited to, claims involving students or graduates and routine employment matters. Although the Company cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against it, the Company does not believe that any currently pending legal proceeding to which it is a party will have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

11. PENSION PLAN

The Company sponsors a noncontributory defined benefit pension plan covering substantially all of the Company's union employees. Benefits are provided based on employees' years of service and earnings. This plan was frozen on December 31, 1994 for non-union employees. While the Company does not expect to make any contributions to the plan in 2008, after considering the funded status of the plan, movements in the discount rate, investment performance and related tax consequences, the Company may choose to make contributions to the plan in any given year. The net periodic benefit cost was $36 thousand for the three months ended September 30, 2008. The net periodic benefit income was $11 thousand for the three months ended September 30, 2007. The net periodic benefit cost was $2 thousand for the nine months ended September 30, 2008. The net periodic benefit income was $33 thousand the nine months ended September 30, 2007.

12. SUBSEQUENT EVENT

On October 14, 2008, the Company has entered into a definitive purchase agreement to acquire Briarwood College for approximately $11.4 million in cash. Briarwood is regionally accredited by the New England Association of Schools and Colleges and currently offers two Bachelor's degree programs and 31 Associate's degree programs to approximately 700 students from Connecticut and surrounding states. Briarwood is located on a 33-acre campus in Southington, Connecticut, a suburb of Hartford, and offers on-campus housing for its students. For its fiscal year ending June 30, 2008, Briarwood generated $9.2 million in revenue. The purchase agreement includes certain purchase price adjustments and is subject to regulatory approvals and customary closing conditions. The transaction

is expected to close during December 2008.

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion may contain forward-looking statements regarding us, our business, prospects and our results of operations that are subject to certain risks and uncertainties posed by many factors and events that could cause our actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those described in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the Securities and Exchange Commission ("SEC") and in our other filings with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the SEC that advise interested parties of the risks and factors that may affect our business.

The interim financial statements filed on this Form 10-Q and the discussions contained herein should be read in conjunction with the annual financial statements and notes included in our Form 10-K for the year ended December 31, 2007, as filed with the SEC, which includes audited consolidated financial statements for our three fiscal years ended December 31, 2007.

General

We are a leading and diversified for-profit provider of career-oriented post-secondary education. We offer recent high school graduates and working adults degree and diploma programs in five areas of study: automotive technology, health sciences, skilled trades, business and information technology and hospitality services. Each area of study is specifically designed to appeal to and meet the educational objectives of our student population, while also satisfying the criteria established by various industries, employers and state and federal accrediting bodies. We believe that diversification limits our dependence on any one industry for enrollment growth or placement opportunities and broadens our opportunity to introduce new programs. As of September 30, 2008, 22,404 students were enrolled at our 35 campuses across 17 states. Our campuses primarily attract students from their local communities and surrounding areas, although our destination schools attract students from across the United States, and in some cases, from other countries.

Discontinued Operations

On July 31, 2007, our Board of Directors approved a plan to cease operations at three of our campuses. As a result of that decision, we recognized a non-cash impairment charge related to goodwill at these three campuses of approximately $2.1 million as of June 30, 2007. Additionally, we determined that certain long-lived assets would not be recoverable at June 30, 2007 and recorded a non-cash charge of $0.9 million to reduce the carrying value of these assets to their estimated fair value.

As of September 30, 2007, all operations had ceased at these campuses, and accordingly, the results of operations of these campuses have been reflected in the accompanying statements of operations as "Discontinued Operations" for all periods presented.

The following amounts relate to discontinued operations at these three campuses:

	Three Months Ended	Nine Months Ended

	September 30, 2007	September 30, 2007
Revenues	$ 727	$ 4,230
Operating expenses	(4,775)	(13,760)
	(4,048)	(9,530)
Benefit for income taxes	(1,717)	(4,043)
Loss from discontinued operations	$ (2,331)	$ (5,487)

Critical Accounting Policies and Estimates

Our discussions of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. On an ongoing basis, we evaluate our estimates and assumptions, including those related to revenue recognition, bad debts, fixed assets, goodwill and other intangible assets, income taxes and certain accruals. Actual results could differ from those estimates. The critical accounting policies discussed herein are not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not result in significant management judgment in the application of such principles. We believe that the following accounting policies are most critical to us in that they represent the primary areas where financial information is subject to the application of management's estimates, assumptions and judgment in the preparation of our consolidated financial statements.

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Revenue recognition. Revenues are derived primarily from programs taught at our schools. Tuition revenues, textbook sales and one-time fees, such as nonrefundable application fees and course material fees, are recognized on a straight-line basis over the length of the applicable program, which is the period of time from a student's start date through his or her graduation date, including internships or externships that take place prior to graduation. If a student withdraws from a program prior to a specified date, any paid but unearned tuition is refunded. Refunds are calculated and paid in accordance with federal, state and accrediting agency standards. Other revenues, such as tool sales and contract training revenues are recognized as goods are delivered or services are performed. On an individual student basis, tuition earned in excess of cash received is recorded as accounts receivable, and cash received in excess of tuition earned is recorded as unearned tuition.

Allowance for uncollectible accounts. Based upon our experience and judgment, we establish an allowance for uncollectible accounts with respect to tuition receivables. We use an internal group of collectors, augmented by third-party collectors as deemed appropriate, in our collection efforts. In establishing our allowance for uncollectible accounts, we consider, among other things, a student's status (in-school or out-of-school), whether or not additional financial aid funding will be collected from Title IV Programs or other sources, whether or not a student is currently making payments and overall collection history. Changes in trends in any of these areas may impact the allowance for uncollectible accounts. The receivables balances of withdrawn students with delinquent obligations are reserved based on our collection history. Although we believe that our reserves are adequate, if the financial condition of our students deteriorates, resulting in an impairment of their ability to make payments, additional allowances may be necessary, which will result in increased selling, general and administrative expenses in the period such determination is made.

Our bad debt expense as a percentage of revenues for the three months ended September 30, 2008 and 2007 was 6.3% and 5.3%, respectively, and for the nine months ended September 30, 2008 and 2007 was 5.9% and 5.2%, respectively. Our exposure to changes in our bad debt expense could impact our operations. A 1% increase in our bad debt expense as a percentage of revenues for the three months ended September 30, 2008 and 2007 would have resulted in an increase in bad debt expense of $1.0 million and $0.9 million, respectively, and for the nine months ended September 30, 2008 and 2007 would have resulted in an increase in bad debt expense of $2.7 million and $2.4 million, respectively.

Because a substantial portion of our revenues is derived from Title IV programs, any legislative or regulatory action that significantly reduces the funding available under Title IV programs or the ability of our students or schools to participate in Title IV programs could have a material effect on our ability to realize our receivables.

Goodwill. We test our goodwill for impairment annually, or whenever events or changes in circumstances indicate impairment may have occurred, by comparing its fair value to its carrying value. Impairment may result from, among other things, deterioration in the performance of the acquired business, adverse market conditions, adverse changes in applicable laws or regulations, including changes that restrict the activities of the acquired business, and a variety of other circumstances. If we determine that impairment has occurred, we are required to record a write-down of the carrying value and charge the impairment as an operating expense in the period the determination is made. In evaluating the recoverability of the carrying value of goodwill and other indefinite-lived intangible assets, we must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the acquired assets. Changes in strategy or market conditions could significantly impact these judgments in the future and require an adjustment to the recorded balances.

Goodwill represents a significant portion of our total assets. As of September 30, 2008, goodwill represented approximately $83.0 million, or 33.3%, of our total assets. At December 31, 2007, we tested our goodwill for impairment utilizing a market capitalization approach and determined that there was no impairment of our goodwill. No events have occurred subsequently that would have required retesting.

Stock-based compensation. We currently account for stock-based employee compensation arrangements in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123R, "Share Based Payment." We use a fair value-based method of accounting for options as prescribed by SFAS No. 123 "Accounting for Stock-Based Compensation."

Bonus costs. We accrue the estimated cost of our bonus programs using current financial and statistical information as compared to targeted financial achievements and key performance objectives. Although we believe our estimated liability recorded for bonuses is reasonable, actual results could differ and require adjustment of the recorded balance.

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Effect of Inflation

Inflation has not had a material effect on our operations.

Recent Accounting Pronouncements

In May 2008, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 163, "Accounting for Financial Guarantee Insurance Contracts – an interpretation of FASB Statement No. 60," ("SFAS No. 163"). SFAS No. 163 requires that an insurance enterprise recognize a claim liability prior to an event of default when there is evidence that credit deterioration has occurred in an insured financial obligation. SFAS No. 163 will be effective for us as of January 1, 2009. The implementation of this standard is not expected to have a material impact on our consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles," ("SFAS No. 162"). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. SFAS No. 162 will be effective for us as of November 15, 2008. The implementation of this standard is not expected to have a material impact on our consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities," ("SFAS No. 161") – an amendment to FASB Statement No. 133. SFAS No. 161 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. Entities are required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. The Statement will be effective for us as of January 1, 2009. The adoption of the provision of SFAS No. 161 is not expected to have a material effect on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141R, "Business Combinations". The Statement establishes revised principles and requirements for how we will recognize and measure assets and liabilities acquired in a business combination. The new standard requires, among other things, transaction costs incurred in a business combination to be expensed, establishes a new measurement date for valuing acquirer shares issued in consideration for a business combination, and requires the recognition of contingent consideration and pre-acquisition gain and loss contingencies. SFAS No. 141R will be effective for our business combinations completed on or after January 1, 2009. We expect that the adoption of SFAS No. 141R could have a material impact on our financial statements when accounting for future material acquisitions.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, ("SFAS No. 160"), an amendment of Accounting Research Bulletin ("ARB") No. 51". SFAS No. 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 will be effective for us as of January 1, 2009. The adoption of the provision of SFAS No. 160 is not expected to have a material effect on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities", ("SFAS No. 159"), providing companies with an option to report selected financial assets and liabilities at fair value. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 requires companies to provide additional information that will help investors and other users of financial statements to more easily understand the effect of our choice to use fair value on its earnings. It also requires entities

to display the fair value of those assets and liabilities for which the entity has chosen to use fair value on the face of the balance sheet. SFAS No. 159 became effective for us as of January 1, 2008; however, we did not elect to utilize the option to report selected assets and liabilities at fair value.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements", ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements. The provisions of SFAS No. 157 became effective for us as of January 1, 2008. The adoption of the provision of SFAS No. 157 had no effect on our consolidated financial statements.

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Results of Operations

Certain reported amounts in our analysis have been rounded for presentation purposes.

The following table sets forth selected consolidated statements of operations data as a percentage of revenues for each of the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenues	100.0%	100.0%	100.0%	100.0%
Costs and expenses:				
Educational services and facilities	41.4%	42.8%	42.3%	44.0%
Selling, general and administrative	48.3%	47.9%	52.3%	52.2%
Total costs and expenses	89.7%	90.7%	94.6%	96.2%
Operating income	10.3%	9.3%	5.4%	3.8%
Interest expense, net	(0.5%)	(0.7%)	(0.6%)	(0.7%)
Income from continuing operations before income taxes	9.8%	8.6%	4.8%	3.1%
Provision (benefit) for income taxes	4.1%	3.6%	2.0%	1.3%
Income from continuing operations	5.7%	5.0%	2.8%	1.8%

Three Months Ended September 30, 2008 Compared to Three Months Ended September 30, 2007

Revenues. Revenues increased by $13.9 million, or 16.1%, to $100.5 million for the quarter ended September 30, 2008 from $86.6 million for the quarter ended September 30, 2007. The increase in revenues for the quarter was primarily attributable to a 13.6% increase in average student population, which increased to 20,665 for the quarter ended September 30, 2008, from 18,185 for the quarter ended September 30, 2007. Revenues were also favorably impacted by tuition increases, which averaged from 3.0% to 3.5% during the quarter and increases in tool sales and interest income collected on student loans, which increased by $0.2 million and $0.2 million, respectively, as compared to the third quarter of 2007. For the quarter ended September 30, 2008, average revenue per student increased 2.1% as compared to the third quarter of 2007, primarily due to tuition increases during the quarter, offset by a shift in student population to students enrolled in lower tuition programs. For a general discussion of trends in our student enrollment, see “Seasonality and Trends” below.

Educational services and facilities expenses. Our educational services and facilities expenses for the quarter ended September 30, 2008 were $41.6 million, representing an increase of $4.5 million, or 12.1%, as compared to $37.1 million for the quarter ended September 30, 2007. The increase in educational services and facilities expenses was due to instructional expenses and books and tool expenses, which increased by $1.8 million, or 9.8%, and $1.2 million, or 18.8%, respectively, over the same quarter in 2007, resulting from an 8.6% increase in student starts during the third quarter of 2008 as compared to the third quarter of 2007 and as a result of the overall increase in student population and higher tool sales as compared to the third quarter of 2007. We began the third quarter of 2008 with approximately 2,400 more students than we had on July 1, 2007. The remainder of the increase in educational services and facilities expenses was due to facilities expenses, which increased by approximately $1.5 million over the same quarter in 2007. This increase in facilities expense was primarily due to a $0.6 million increase in depreciation expense resulting from capital expenditures during 2007 and the first nine months of 2008. Capital expenditures during these periods included the renovation and conversion of our former auto school in Grand Prairie, Texas to a skilled trades school, the opening of a culinary school at our Columbia, Maryland campus and the opening of our new campus, Aliante, in North Las Vegas, Nevada. The remainder of the increase in facilities expenses was primarily due to a $0.5 increase in repairs and maintenance at our campuses, and higher utility and property taxes at our campuses. As a

percentage of revenues, educational services and facilities expenses for the third quarter of 2008 decreased to 41.4% from 42.8% for the third quarter of 2007.

Selling, general and administrative expenses. Our selling, general and administrative expenses for the quarter ended September 30, 2008 were $48.5 million, representing an increase of $7.1 million, or 17.0%, as compared to $41.4 million for the quarter ended September 30, 2007. The increase in our selling, general and administrative expenses during the period was primarily due to a $0.5 million, or 14.0%, increase in student services, a $1.5 million, or 9.0%, increase in sales and marketing expenses and a $5.0 million, or 24.0%, increase in administrative expenses for the quarter ended September 30, 2008 as compared to the quarter ended September 30, 2007. The increase in student services was primarily due to increases in compensation and benefit expenses, additional financial aid personnel attributed to a larger student population during the third quarter of 2008 as compared to the third quarter of 2007 as well as the incremental costs associated with our efforts to centralize the back office process with respect to financial aid. During 2008, we began a pilot program to centralize the back office administration of our financial aid department in an effort to improve the effectiveness and timeliness of our financial aid processing. The increase in sales and marketing expenses was due to annual compensation increases to sales representatives, the hiring of additional sales representatives and increased call center support as compared to the third quarter of 2007, coupled with increased investments in marketing to continue to grow our student population. The increase in administrative expenses was primarily due to (a) a $2.4 million increase in compensation and benefits, resulting from annual compensation increases, including increases in employee bonuses and stock compensation expense and the increased cost of benefits provided to employees; (b) a $1.7 million increase in bad debt expense; (c) $0.4 million of expenses incurred in connection with two registrations statements on Form S-3, filed with the SEC during 2008 and certain other related expenses; and (d) a $0.2 million increase in software maintenance expenses resulting from increased software licenses for our student management system. As a percentage of revenues, selling, general and administrative expenses for the third quarter of 2008 increased to 48.3% from 47.9% for the third quarter of 2007.

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For the quarter ended September 30, 2008, our bad debt expense as a percentage of revenue was 6.3% as compared to 5.3% for the same quarter in 2007. This increase was primarily attributable to higher accounts receivable due to a 16.1% increase in revenues during the third quarter of 2008 as compared to the third quarter of 2007. The number of days sales outstanding at September 30, 2008 increased to 26.3 days compared to 22.8 days at September 30, 2007. The increase in days sales outstanding is primarily attributable to our decision to internally finance the gap in student tuition for which students are unable to obtain third-party financing. As of September 30, 2008, we had made loan commitments to our students of $22.3 million as compared to $20.1 million and $15.7 million at June 30, 2008 and December 31, 2007, respectively. Loan commitments, net of interest that would be due on the loans through maturity, were $15.4 million at September 30, 2008 as compared to $13.7 million and $10.8 million at June 30, 2008 and December 31, 2007, respectively.

Net interest expense. Our net interest expense for the quarter ended September 30, 2008 was $0.5 million, representing a decrease of $0.1 million, as compared to $0.6 million for the quarter ended September 30, 2007. This was primarily due to a decrease in our average outstanding borrowings under our credit agreement. As of September 30, 2008, we had no outstanding borrowings under our credit agreement compared to $5.0 million outstanding under our credit agreement as of September 30, 2007.

Income taxes. Our provision for income taxes for the quarter ended September 30, 2008 was $4.1 million, or 42.0% of pretax income, as compared to $3.1 million, or 41.6% of pretax income, for the quarter ended September 30, 2007. The increase in our effective tax rate for the quarter ended September 30, 2008 was primarily attributable to shifts in state taxable income among various states.

Nine Months Ended September 30, 2008 Compared to Nine Months Ended September 30, 2007

Revenues. Revenues increased by $32.1 million, or 13.5%, to $269.6 million for the nine months ended September 30, 2008 from $237.5 million for the nine months ended September 30, 2007. The increase in revenues for the period was primarily attributable to an 11.8% increase in average student population, which increased to 19,221 for the nine months ended September 30, 2008, from 17,192 for the nine months ended September 30, 2007. Revenues were also favorably impacted during the period by tuition increases, which averaged from 3.0% to 3.5% during the quarter and increases in tool sales and interest income collected on student loans, which increased by $0.7 million and $0.7 million, respectively, from the nine months ended September 2007. For the nine months ended September 30, 2008, average revenue per student increased 1.5% from nine months ended September 2007, primarily due to tuition increases during the quarter, offset by a shift in our student population to students enrolled in lower tuition programs. For a general discussion of trends in our student enrollment, see “Seasonality and Trends” below.

Educational services and facilities expenses. Our educational services and facilities expenses for the nine months ended September 30, 2008 were $114.1 million, representing an increase of $9.6 million, or 9.2%, as compared to $104.5 million for the nine months ended September 30, 2007. The increase in educational services and facilities expenses was due to instructional expenses and books and tools expenses, which increased by $4.4 million, or 8.0%, and $2.4 million, or 17.8%, respectively, over the same period in 2007, reflecting a 11.3% increase in student starts during the nine months ended September 30, 2008 as compared to the same period in 2007 and as a result of the overall increase in student population and higher tool sales as compared to the nine months ended September 30, 2007. We began 2008 with approximately 1,400 more students than we had on January 1, 2007 and as of September 30, 2008 our population was approximately 2,941 higher than as of September 30, 2007. The remainder of the increase in educational services and facilities expenses was due to facilities expenses, which increased by approximately $2.8 million over the same period in 2007. This increase was primarily due to an increase in depreciation expense of $2.2 million resulting from increased levels of capital expenditures during 2007 and the first nine months of 2008 versus the comparable periods in prior years. The remainder of the increase was due to higher utility, rent and repairs and maintenance expenses at our campuses. These expenditures included the renovation and

conversion of our former auto school in Grand Prairie, Texas to a skilled trades school, the opening of a culinary school at our Columbia, Maryland campus as well as the opening of our new campus, Aliante, in North Las Vegas, Nevada. As a percentage of revenues, educational services and facilities expenses for the nine months ended September 30, 2008 decreased to 42.3% from 44.0% for the same period in 2007.

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Selling, general and administrative expenses. Our selling, general and administrative expenses for the nine months ended September 30, 2008 were $141.1 million, representing an increase of $17.0 million, or 13.7%, as compared to $124.1 million for the nine months ended September 30, 2007. The increase in our selling, general and administrative expenses during the period was primarily due to a $1.3 million, or 11.9%, increase in student services, a $3.0 million, or 5.9%, increase in sales and marketing and a $12.7 million, or 20.3%, increase in administrative expenses for the nine months ended September 30, 2008 as compared to the same period in 2007. The increase in student services was primarily due to increases in compensation and benefit expenses attributed to additional financial aid and career services personnel as a result of a larger student population during the nine months ended September 30, 2008 as compared to the same period in 2007. In addition, we began a pilot program to centralize the back office administration of our financial aid department in an effort to improve the effectiveness of our financial aid processing. This resulted in the hiring of additional financial aid representatives during the first nine months of 2008. The increase in sales and marketing expense was due to annual compensation increases to sales representatives, the hiring of additional sales representatives and increased call center support for the nine months ended September 30, 2008 as compared to the prior year period coupled with increased investments in marketing to continue to grow our student population. The increase in administrative expenses was primarily due to (a) a $6.5 million increase in compensation and benefits, resulting from annual compensation increases, including increases in employee bonuses and stock compensation expense and the increased cost of benefits provided to employees; (b) a $3.6 million increase in bad debt expense; (c) $0.2 million refunded to the U.S. Department of Education resulting from a program review at Southwestern College; (d) a $0.7 million increase in software maintenance expenses resulting from increased software licenses for our student management system; and (e) $0.7 million of expenses incurred in connection with two registration statements on Form S-3, filed with the SEC during 2008 and certain other related expenses. As a percentage of revenues, selling, general and administrative expenses for the nine months ended September 30, 2008 was 52.3%, essentially unchanged from the same period in 2007.

For the nine months ended September 30, 2008, our bad debt expense as a percentage of revenue was 5.9% as compared to 5.2% for the same period in 2007. This increase was primarily attributable to higher accounts receivable due to an increase in average student population during the nine months ended September 30, 2008 as compared to the same period in 2007 of 11.8%. The number of days sales outstanding for the nine months ended September 30, 2008 increased to 29.2 days compared to 24.7 days for the same period in 2007 primarily due to our decision to internally finance the gap in student tuition for which students are unable to obtain third-party financing.

Net interest expense. Our net interest expense for the nine months ended September 30, 2008 decreased slightly to $1.6 million from $1.7 million for the same period in 2007 due to lower average borrowings outstanding during the period.

Income taxes. Our provision for income taxes for the nine months ended September 30, 2008 was $5.3 million, or 41.7% of pretax income, as compared to $3.0 million, or 41.7% of pretax income, for the same period in 2007.

Liquidity and Capital Resources

Our primary capital requirements are for facility expansion and maintenance, acquisitions and the development of new programs. Our principal sources of liquidity have been cash provided by operating activities and borrowings under our credit agreement.

The following chart summarizes the principal elements of our cash flows (in thousands):

	Nine Months Ended September 30,	
	2008	2007

Net cash provided by operating activities	$	30,003	$	8,950
Net cash used in investing activities	$	(15,919)	$	(17,003)
Net cash (used in) provided by financing activities	$	(11,441)	$	5,129

At September 30, 2008, we had cash of $6.1 million, representing an increase of approximately $2.6 million as compared to $3.5 million as of December 31, 2007. Historically, we have financed our operating activities and organic growth primarily through cash generated from operations. We have financed acquisitions primarily through borrowings under our credit facility and cash generated from operations. During the first nine months of 2008, we borrowed $23.0 million and repaid $28.0 million under our credit facility. We currently anticipate that we will be able to meet both our short-term cash needs, as well as our need to fund operations and meet our obligations beyond the next twelve months with cash generated by operations, existing cash balances and, if necessary, borrowings under our credit agreement. In addition, in the future, we may also consider accessing financial markets as a source of liquidity for capital requirements, acquisitions and general corporate purposes to the extent such requirements are not satisfied by cash on hand or operating cash flows. However, we cannot assure you that we will be able to raise additional capital on favorable terms, if at all. At September 30, 2008, we had net borrowings available under our $100 million credit agreement of approximately $95.9 million, including a $15.9 million sub-limit on letters of credit.

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Our primary source of cash is tuition collected from the students. The majority of students enrolled at our schools rely on funds received under various government-sponsored student financial aid programs to pay a substantial portion of their tuition and other education-related expenses. The largest of these programs are Title IV Programs which represented approximately 80% of our cash receipts relating to revenues in 2007. Students must apply for a new loan for each academic period. Federal regulations dictate the timing of disbursements of funds under Title IV Programs and loan funds are generally provided by lenders in two disbursements for each academic year. The first disbursement is usually received approximately 31 days after the start of a student's academic year and the second disbursement is typically received at the beginning of the sixteenth week from the start of the student's academic year. Certain types of grants and other funding are not subject to a 30-day delay. Our programs range from 14 to 105 weeks. In certain instances, if a student withdraws from a program prior to a specified date, any paid but unearned tuition or prorated Title IV financial aid is refunded according to state and federal regulations.

As a result of the significance of the Title IV funds received by our students, we are highly dependent on these funds to operate our business. Any reduction in the level of Title IV funds that our students are eligible to receive or any impact on our ability to be able to receive Title IV funds would have a significant impact on our operations and our financial condition. See “Risk Factors” in Item 1A, included in our Annual Report on Form 10-K for the year ended December 31, 2007.

On October 14, 2008, we have entered into a definitive purchase agreement to acquire Briarwood College for approximately $11.4 million in cash. Briarwood is regionally accredited by the New England Association of Schools and Colleges and currently offers two Bachelor's degree programs and 31 Associate's degree programs to approximately 700 students from Connecticut and surrounding states. Briarwood is located on a 33-acre campus in Southington, Connecticut, a suburb of Hartford, and offers on-campus housing for its students. For its fiscal year ending June 30, 2008, Briarwood generated $9.2 million in revenue. The purchase agreement includes certain purchase price adjustments and is subject to regulatory approvals and customary closing conditions. The transaction is expected to close during December 2008.

Cash Flow Operating Activities

Net cash provided by operating activities was $30.0 million for the nine months ended September 30, 2008 compared to $9.0 million for the nine months ended September 30, 2007. The $21.0 million increase in cash provided by operating activities was primarily due to an increase in net income of approximately $8.7 million for the nine months ended September 30, 2008 from the nine months ended September 30, 2007; approximately $5.9 million increase in cash received from federal fund programs and a reduction of approximately $2.1 million in cash paid for income taxes for the nine months ended September 30, 2008 as compared to the nine months ended September 30, 2007. The remainder of the increase was primarily due to increases in cash provided by other working capital items.

Cash Flow Investing Activities

Net cash used in investing activities decreased by $1.1 million to $15.9 million for the nine months ended September 30, 2008 from $17.0 million for the nine months ended September 30, 2007. Our cash used in investing activities was primarily related to purchases of property and equipment. Our capital expenditures primarily resulted from facility expansion, leasehold improvements, and investments in classroom and shop technology.

Capital expenditures are expected to continue to increase in the remainder of 2008 as we upgrade and expand current equipment and facilities or open new facilities to meet increased student enrollments. We anticipate capital expenditures to range between 6% and 7% of revenues in 2008 and expect to fund these capital expenditures with cash generated from operating activities and, if necessary, with borrowings under our credit agreement.

Cash Flow Financing Activities

Net cash used in financing activities was $11.4 million for the nine months ended September 30, 2008, as compared to net cash provided by financing activities of $5.1 million for the nine months ended September 30, 2007. This decrease of $16.6 million was attributable to an increase in repayments of borrowings of $11.5 million and repurchases of our common stock for $6.4 million partially offset by an increase in our borrowings under our credit agreement of $1.5 million for the nine months ended September 30, 2008, as compared to the nine months ended September 30, 2007. Due to normal seasonal patterns, our student population is generally at the lowest level during the first half of the year and increases during the second half of the year. As a result, during the first half of the year, we typically borrow funds to finance our operations and repay those funds in the second half of the year.

On April 1, 2008, our Board of Directors approved the repurchase of up to 1,000,000 shares of our common stock over the period of one year. During the quarter ended June 30, 2008, we repurchased 600,000 shares of our common stock for approximately $6.4 million. We did not repurchase any shares of our common stock during the three months ended September 30, 2008.

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Under the terms of our credit agreement, the lending syndicate provided us with a $100 million credit facility with a term of five years. The credit agreement permits the issuance of letters of credit of up to $20 million, the amount of which reduces the availability of permitted borrowings under the agreement.

The following table sets forth our long-term debt (in thousands):

	At September 30, 2008	At December 31, 2007
Credit agreement	$ -	$ 5,000
Finance obligation	9,672	9,672
Automobile loans	-	16
Capital leases (with rates ranging from 2.9% to 8.5%)	550	690
Subtotal	10,222	15,378
Less current maturities	(147)	(204)
Total long-term debt	$ 10,075	$ 15,174

Contractual Obligations

Long-term Debt. As of September 30, 2008, our long term debt consisted of the finance obligation in connection with our sale-leaseback transaction in 2001 and amounts due under capital lease obligations.

Lease Commitments. We lease offices, educational facilities and equipment for varying periods through the year 2023 at basic annual rentals (excluding taxes, insurance, and other expenses under certain leases).

The following table contains supplemental information regarding our total contractual obligations as of September 30, 2008, measured from the end of our fiscal year, December 31, 2007 (in thousands):

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Credit agreement	$ -	$ -	$ -	$ -	$ -
Capital leases (including interest)	720	67	322	331	-
Operating leases	125,581	16,294	27,163	24,527	57,597
Rent on finance obligation	11,511	1,381	2,763	2,763	4,604
Total contractual cash obligations	$ 137,812	$ 17,742	$ 30,248	$ 27,621	$ 62,201

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of September 30, 2008, except for our letters of credit of $4.1 million which are primarily comprised of letters of credit for the DOE and security deposits in connection with certain of our real estate leases. These off-balance sheet arrangements do not adversely impact our liquidity or capital resources.

Seasonality and Trends

Our net revenues and operating results normally fluctuate as a result of seasonal variations in our business, principally due to changes in total student population. Student population varies as a result of new student enrollments, graduations, student attrition and seasonal enrollment patterns. Historically, our schools have experienced lower student populations in our first and second quarters and larger class starts in the third and fourth quarters as well as

higher student attrition in the first half of the year. Our second half growth is largely dependent on a successful high school recruiting season. We recruit our high school students several months ahead of their scheduled start dates, and thus, while we have visibility on the number of students who have expressed interest in attending our schools, we cannot predict with certainty the actual number of new student enrollments and the related impact on revenues. Our expenses, however, do not vary significantly over the course of a year with changes in our student population and net revenues. During the first half of the year, we make significant investments in marketing, staff, programs and facilities to ensure that we meet our second half targets and, as a result, such expenses do not fluctuate significantly on a quarterly basis. To the extent new student enrollments, and related revenues, in the second half of the year fall short of our estimates, our operating results could suffer. We expect quarterly fluctuations in operating results to continue as a result of seasonal enrollment patterns. Such patterns may change, however, as a result of new school openings, new program introductions, increased enrollments of students and/or acquisitions. We have achieved positive organic growth for five consecutive quarters since the second half of 2007 and into the third quarter of 2008. We began the third quarter of 2008 with approximately 2,400 more students than we had on July 1, 2007, which we attribute primarily to improved execution resulting from the growth initiatives we introduced in the third quarter of 2006 and to some extent from the counter-cyclicality of our business. Similar to other public for-profit post secondary education companies, in the recent past, the increase in our average undergraduate enrollments had not met anticipated growth rates. As a result of the slow down in 2005 and 2006, we entered 2007 with fewer students enrolled than we had in January 2006. This trend continued through the first quarter of 2007 and resulted in a shortfall in our expected enrollments during the first quarter of 2007. The slowdown that has occurred in the for-profit post secondary education sector appears to have had a greater impact on companies, like ours, that are more dependent on their on-ground business as opposed to on-line students. We believe that the slow down can be attributed to many factors, including (a) the economy; (b) the availability of student financing; (c) the dependency on television to attract students to our school; (d) turnover of our sales representatives; and (e) increased competition in the marketplace. These trends reversed in the second quarter of 2007.

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We believe that our growth initiatives and the steps we have taken as well as our program diversification have positioned us well to produce positive growth over the long-term.

Start-ups, campus expansions and acquisitions also negatively impact operating income. We incur sales and marketing costs as well as campus personnel costs in advance of the opening of each campus. Typically we begin to incur such costs approximately 15 months in advance of the campus opening with the majority of such costs being incurred in the nine-month period prior to a campus opening.

Update Regarding Regulatory and Accreditation Matters

In a letter received from the Accrediting Commission of Career Schools and Colleges of Technology ("ACCSCT"), dated July 7, 2008, we were informed of a "show cause" action regarding our Lincoln Technical Institute institution in Philadelphia, PA. An institution under "show cause" is required to satisfy its accrediting agency within a prescribed period, typically 18 months, that it has satisfactorily resolved the deficiency. We responded to ACCSCT's "show cause" request in September 2008 and the motion to vacate the "show cause" order will be reviewed at ACCSCT's November 2008 meeting.

Recent Regulatory Developments

On August 14, 2008, the Higher Education Authority ("HEA") was reauthorized when President Bush signed into law the Higher Education Opportunity Act, Public Law 110-315, reauthorizing the Title IV HEA programs through at least June 30, 2015. The recently passed HEA reauthorization revises the 90/10 Rule, revises the calculation of an institution's cohort default rate, requires additional disclosures and certifications with respect to non-Title IV alternative loans, prohibits certain activities or relations between lenders and schools to discourage preferential treatment of lenders based on factors not in students' best interests, and makes other changes.

Under the HEA reauthorization, an institution that derives more than 90% of its total revenue from the Title IV programs for two consecutive fiscal years becomes immediately ineligible to participate in the Title IV programs and may not reapply for eligibility until the end of two fiscal years. Effective July 1, 2008, the annual Stafford loans available for undergraduate students under the Federal Family Education Loan Program ("FFEL") increased. This loan limit increase, coupled with recent increases in grants from the Pell program and other Title IV loan limits, will result in some of our schools experiencing an increase in the revenues they receive from the Title IV programs. The HEA reauthorization provides some relief from this effect by excluding portions of the loan limit increase from the Title IV component of the 90/10 rule calculation.

Under the HEA reauthorization, an institution's cohort default rate is redefined to be based on the rate at which its former students default on their FFEL loans over a period of time that is one year longer than the period of time during which rates currently are calculated. As a result, most institutions' respective cohort default rates are expected to increase on the effective date of the provision, which first would apply to cohort default rates calculated after October 1, 2011. The HEA reauthorization also redefines the cohort default three-year threshold as 30% for the year when the HEA reauthorization becomes effective, compared to the present 25% threshold.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks as part of our on-going business operations. We have a credit agreement with a syndicate of banks. Our obligations under the credit agreement are secured by a lien on substantially all of our assets and our subsidiaries and any assets that we or our subsidiaries may acquire in the future, including a pledge of substantially all of our subsidiaries' common stock. Outstanding borrowings bear interest at the rate of adjusted LIBOR plus 1.0% to 1.75%, as defined, or a base rate (as defined in the credit agreement). As of September 30, 2008, we had

no outstanding borrowings under our credit agreement.

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Because we had no borrowings under our credit agreement on September 30, 2008, a change of one percent in the interest rate would not cause a change in our interest expense. Changes in interest rates could have an impact on our operations, which are greatly dependent on students' ability to obtain financing. Any increase in interest rates could greatly impact our ability to attract students and have an adverse impact on the results of our operations.

The remainder of our interest rate risk is associated with miscellaneous capital equipment leases, which are not significant.

Item 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures. Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Securities Exchange Act Rule 13a-15(e)) as of the end of the quarterly period covered by this report, have concluded that our disclosure controls and procedures are adequate and effective to reasonably ensure that material information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specific by Securities and Exchange Commissions' Rules and Forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting. There were no changes made during our most recently completed fiscal quarter in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In the ordinary conduct of our business, we are periodically subject to lawsuits, investigations and claims, including, but not limited to, claims involving students or graduates and routine employment matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, we do not believe that any currently pending legal proceeding to which we are a party will have a material adverse effect on our business or financial condition, results of operations or cash flows.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We did not repurchase any shares of our common stock during the three months ended September 30, 2008.

Item 6. EXHIBITS

EXHIBIT INDEX

The following exhibits are filed with or incorporated by reference into this Form 10-Q.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (1).

3.2	Amended and Restated By-laws of the Company (2).
4.1	Stockholders' Agreement, dated as of September 15, 1999, among Lincoln Technical Institute, Inc., Back to School Acquisition, L.L.C. and Five Mile River Capital Partners LLC (1).
4.2	Letter agreement, dated August 9, 2000, by Back to School Acquisition, L.L.C., amending the Stockholders' Agreement (1).
4.3	Letter agreement, dated August 9, 2000, by Lincoln Technical Institute, Inc., amending the Stockholders' Agreement (1).

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4.4	Management Stockholders Agreement, dated as of January 1, 2002, by and among Lincoln Technical Institute, Inc., Back to School Acquisition, L.L.C. and the Stockholders and other holders of options under the Management Stock Option Plan listed therein (1).
4.5	Assumption Agreement and First Amendment to Management Stockholders Agreement, dated as of December 20, 2007, by and among Lincoln Educational Services Corporation, Lincoln Technical Institute, Inc., Back to School Acquisition, L.L.C. and the Management Investors parties therein (6).
4.6	Registration Rights Agreement between the Company and Back to School Acquisition, L.L.C. (2).
4.7	Specimen Stock Certificate evidencing shares of common stock (1).
10.1	Credit Agreement, dated as of February 15, 2005, among the Company, the Guarantors from time to time parties thereto, the Lenders from time to time parties thereto and Harris Trust and Savings Bank, as Administrative Agent (1).
10.2	Amended and Restated Employment Agreement, dated as of February 1, 2007, between the Company and David F. Carney (3).
10.3	Separation and Release Agreement, dated as of October 15, 2007, between the Company and Lawrence E. Brown (4).
10.4	Amended and Restated Employment Agreement, dated as of February 1, 2007, between the Company and Scott M. Shaw (3).
10.5	Amended and Restated Employment Agreement, dated as of February 1, 2007, between the Company and Cesar Ribeiro (3).
10.6	Amended and Restated Employment Agreement, dated as of February 1, 2007, between the Company and Shaun E. McAlmont (3).
10.7	Lincoln Educational Services Corporation 2005 Long Term Incentive Plan (1).
10.8	Lincoln Educational Services Corporation 2005 Non Employee Directors Restricted Stock Plan (1).
10.9	Lincoln Educational Services Corporation 2005 Deferred Compensation Plan (1).
10.10	Lincoln Technical Institute Management Stock Option Plan, effective January 1, 2002 (1).
10.11	Form of Stock Option Agreement, dated January 1, 2002, between Lincoln Technical Institute, Inc. and certain participants (1).
10.12	Form of Stock Option Agreement under our 2005 Long Term Incentive Plan (7).
10.13	Form of Restricted Stock Agreement under our 2005 Long Term Incentive Plan (7).
10.14	Management Stock Subscription Agreement, dated January 1, 2002, among Lincoln Technical Institute, Inc. and certain management investors (1).

10.15	Stockholder's Agreement among Lincoln Educational Services Corporation, Back to School Acquisition L.L.C., Steven W. Hart and Steven W. Hart 2003 Grantor Retained Annuity Trust (2).
10.16	Stock Purchase Agreement, dated as of March 30, 2006, among Lincoln Technical Institute, Inc., and Richard I. Gouse, Andrew T. Gouse, individually and as Trustee of the Carolyn Beth Gouse Irrevocable Trust, Seth A. Kurn and Steven L. Meltzer (5).
31.1 *	Certification of Chairman & Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 *	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32 *	Certification of Chairman & Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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(1) Incorporated by reference to the Company's Registration Statement on Form S-1 (Registration No. 333-123664).

(2) Incorporated by reference to the Company's Form 8-K dated June 28, 2005.

(3) Incorporated by reference to the Company's Form 10-K for the year ended December 31, 2006.

(4) Incorporated by reference to the Company's Form 8-K dated October 15, 2007.

(5) Incorporated by reference to the Company's Form 10-Q for the quarterly period ended March 31, 2006.

(6) Incorporated by reference to the Company's Registration Statement on Form S-3 (Registration No. 333-148406).

(7) Incorporated by reference to the Company's Form 10-K for the year ended December 31, 2007.

* Filed herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LINCOLN EDUCATIONAL SERVICES CORPORATION

Date: November 6, 2008	By:	/s/ Cesar Ribeiro
		Cesar Ribeiro Chief Financial Officer (Principal Accounting and Financial Officer)