

---

---

**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.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
    - (1) Title of each class of securities to which transaction applies:  
\_\_\_\_\_
    - (2) Aggregate number of securities to which transaction applies:  
\_\_\_\_\_
    - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):  
\_\_\_\_\_
    - (4) Proposed maximum aggregate value of transaction:  
\_\_\_\_\_
    - (5) Total fee paid:  
\_\_\_\_\_
  - Fee paid previously with preliminary materials.
  - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
    - (1) Amount Previously Paid:  
\_\_\_\_\_
    - (2) Form, Schedule or Registration Statement No.:  
\_\_\_\_\_
    - (3) Filing Party:  
\_\_\_\_\_
    - (4) Date Filed:  
\_\_\_\_\_
- 
- 
- 
-



# LINCOLN EDUCATIONAL SERVICES

200 Executive Drive, Suite 340  
West Orange, New Jersey 07052

April 30, 2019

Dear Shareholder:

You are invited to attend the 2019 Annual Meeting of Shareholders of Lincoln Educational Services Corporation (the "Company") to be held on June 13, 2019 at the Wilshire Grand Hotel, 350 Pleasant Valley Way, West Orange, New Jersey 07052, at 9:00 a.m. local time.

At this year's meeting, you will be asked to elect seven directors, to conduct a non-binding advisory vote on the Company's compensation of named executive officers, and to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2019. 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, the non-binding advisory approval of the compensation of our named executive officers, and the ratification of the appointment 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, FOR the non-binding advisory vote on the Company's compensation of named executive officers and FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

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 by 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 2018 annual report to shareholders are available at  
[www.lincolntech.edu/proxy](http://www.lincolntech.edu/proxy)  
YOUR VOTE IS IMPORTANT!**

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

**BY COMPLETING AND RETURNING THE ACCOMPANYING PROXY CARD OR BY GIVING YOUR PROXY AUTHORIZATION VIA THE INTERNET, YOU AUTHORIZE MANAGEMENT OF THE COMPANY 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 11:59 P.M. (EASTERN TIME) ON JUNE 12, 2019.**

Sincerely,

Scott M. Shaw  
Chief Executive Officer



This page intentionally left blank

---

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

---

NOTICE OF

2019 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 13, 2019

---

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 June 13, 2019, at the Wilshire Grand Hotel, 350 Pleasant Valley Way, West Orange, New Jersey 07052, at 9:00 a.m. local time. At the Annual Meeting, shareholders will be asked:

1. to elect seven 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 its named executive officers (a non-binding "say-on-pay" vote);
3. to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for our fiscal year ending December 31, 2019; and
4. 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 April 26, 2019 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

Shareholders of record as of the close of business on April 26, 2019 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.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on June 13, 2019.** The Company's Proxy Statement for the 2019 Annual Meeting of Shareholders and the Company's Annual Report to Shareholders for the fiscal year ended December 31, 2018 are available electronically at [www.lincolntech.edu/proxy](http://www.lincolntech.edu/proxy).

**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 11:59 P.M. (EASTERN TIME) ON JUNE 12, 2019.**

By Order of the Board of Directors



Alexandra M. Luster  
Corporate Secretary

West Orange, New Jersey  
April 30, 2019

---

## Table of Contents

<a href="#">GENERAL</a>	1
<a href="#">PROPOSAL 1: ELECTION OF DIRECTORS</a>	2
<a href="#">BOARD OF DIRECTORS AND EXECUTIVE OFFICERS</a>	3
<a href="#">Information on the Board of Directors</a>	5
<a href="#">Committees of the Board of Directors</a>	6
<a href="#">Director Independence</a>	7
<a href="#">Board Leadership Structure</a>	8
<a href="#">Board of Directors' Role in Risk Oversight</a>	8
<a href="#">SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</a>	9
<a href="#">Section 16(a) Beneficial Ownership Reporting Compliance</a>	11
<a href="#">EQUITY COMPENSATION PLAN INFORMATION</a>	11
<a href="#">COMPENSATION DISCUSSION AND ANALYSIS</a>	11
<a href="#">Compensation Committee Report</a>	17
<a href="#">Executive Compensation</a>	18
<a href="#">Director Compensation</a>	23
<a href="#">AUDIT COMMITTEE REPORT</a>	23
<a href="#">PROPOSAL 2: NON-BINDING ADVISORY VOTE ON THE COMPANY'S COMPENSATION OF NAMED EXECUTIVE OFFICERS</a>	24
<a href="#">PROPOSAL 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</a>	25
<a href="#">Fees Billed by Independent Registered Public Accounting Firm</a>	25
<a href="#">Audit Committee Pre-Approval Policy</a>	25
<a href="#">ANNUAL REPORT AND FINANCIAL STATEMENTS AND COMMITTEE AND CORPORATE GOVERNANCE MATERIALS OF THE COMPANY</a>	26
<a href="#">CORPORATE GOVERNANCE GUIDELINES AND CODE OF ETHICS</a>	26
<a href="#">TRANSACTIONS WITH RELATED PERSONS</a>	26
<a href="#">SHAREHOLDER PROPOSALS FOR THE 2020 ANNUAL MEETING OF SHAREHOLDERS</a>	27
<a href="#">COMMUNICATING WITH THE BOARD OF DIRECTORS</a>	27
<a href="#">HOUSEHOLDING OF ANNUAL MEETING MATERIALS</a>	27

---

LINCOLN EDUCATIONAL SERVICES CORPORATION

200 Executive Drive, Suite 340  
West Orange, New Jersey 07052

---

PROXY STATEMENT  
FOR  
2019 ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 13, 2019

---

**GENERAL**

This proxy statement is provided to the shareholders of Lincoln Educational Services Corporation, a New Jersey corporation (the “Company” or “Lincoln”), to solicit proxies, in the form enclosed, for use at the Annual Meeting of Shareholders of the Company to be held on June 13, 2019, at the Wilshire Grand Hotel, 350 Pleasant Valley Way, West Orange, New Jersey 07052, at 9:00 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 April 30, 2019.

**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**

*Who May Vote at the Annual Meeting?* Only those holders of our common stock of record as of the close of business on April 26, 2019 (the “Record Date”) will be entitled to notice of and to vote at the Annual Meeting. A total of 25,115,127 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.

*What is the Difference Between Holding Shares as a Shareholder of Record and as a Beneficial Owner?* If your shares are registered directly in your name with the Company’s registrar and transfer agent, Continental Stock Transfer & Trust Company, Inc., you are a shareholder of record with respect to those shares and, in such case, this proxy statement and the accompanying proxy materials have been provided directly to you by the Company. If your shares are held in a stock brokerage account or by a bank or nominee, your shares are held in “street name” and you are considered the “beneficial owner” of those shares and, in such case, this proxy statement and the accompanying proxy materials have been provided to you by your broker, bank or other nominee. As the beneficial owner, you have the right to direct your broker, bank or other nominee how to vote your shares held in “street name.”

*What is Considered a Quorum to Conduct the Annual Meeting?* 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.

*What is a Broker Non-Vote?*

A broker “non-vote” occurs when a nominee, such as a bank or broker, holding shares in “street name” for a beneficial owner, abstains from voting on a particular proposal because, under most circumstances, the nominee does not have discretionary authority to vote on proposals unless it has received instructions from the beneficial owner of the securities on how to vote those securities. Under applicable law, nominees are prevented from casting votes on non-routine matters without instructions from the beneficial owner of the securities. Due to changes in law, Proposal 1 (the proposal concerning the election of directors) and Proposal 2 (the advisory vote on executive compensation) are considered “non-routine” matters, which means that your broker, bank or other nominee does not have discretion to vote your shares in regard to Proposals 1 and 2 in the absence of specific instructions from you as to how you would like your shares to be voted. Proposal 3 (the ratification of auditors) is considered a “routine” matter, which means that your broker, bank or other nominee may vote your shares in regard to Proposal 3 without instructions from you as to how you would like your shares to be voted. If you hold shares in “street name,” we strongly encourage you to provide your broker, bank or other nominee with instructions regarding the voting of your shares as your broker, bank or other nominee cannot vote your shares with respect to Proposals 1 and 2 without voting instructions from you.

*How Many Votes are Required to Approve Each Proposal?*

*Proposal 1 (Election of Directors):* At the Annual Meeting, directors will be elected by the affirmative vote of a plurality of the votes cast. This means that the director nominees who receive the greatest number of affirmative votes cast are elected as directors.

*Proposal 2 (Non-Binding Advisory Vote on Executive Compensation):* The affirmative vote of a majority of the votes cast will be required to approve, on a non-binding advisory basis, the compensation of the Company's named executive officers as described in this proxy statement.

*Proposal 3 (Ratification of Appointment of Deloitte & Touche LLP):* The affirmative vote of a majority of the votes cast will be required to approve the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019.

As Proposal 3 is a routine matter, there can be no broker "non-votes" as to this proposal; abstentions have no effect on the outcome of the vote on Proposal 3. As to Proposal 1 and Proposal 2, abstentions and broker non-votes have no effect on the outcome of the vote.

*How Can I Vote My Shares?* Shareholders of record can vote either in person at the Annual Meeting or by proxy whether or not they attend the Annual 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). If you hold your shares beneficially in "street name" through a broker, bank or other nominee, you may be able to authorize your proxy on the Internet as well as by mail, but you will need to obtain and follow instructions from your broker, bank or other nominee to vote these shares.

**Proposals 1 and 2 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).**

Shares of the Company's 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 seven nominees for director named in this proxy statement, FOR the advisory approval of compensation of our named executive officers and FOR the ratification of the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2019. 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.

**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 seven directors. Our bylaws allow for a minimum of three directors and a maximum of 11 directors. The Board of Directors has fixed the number of directors comprising the Board of Directors at seven members. 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.

[Table of Contents](#)

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 seven persons have been selected by the Board of Directors as nominees for election to the Board of Directors: J. Barry Morrow, Scott M. Shaw, James J. Burke, Jr., Peter S. Burgess, Celia H. Currin, Alvin O. Austin and Ronald E. Harbour. 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. Proxies that are executed and returned will be voted FOR each nominee, except to the extent that particular proxies contain instructions to withhold the vote for a particular nominee or nominees.**

**BOARD OF DIRECTORS AND EXECUTIVE OFFICERS**

The following sets forth certain information concerning the directors and executive officers of the Company (ages are as of April 30, 2019):

<b>Name</b>	<b>Age</b>	<b>Position Held</b>
Scott M. Shaw	56	Chief Executive Officer, Director
Brian K. Meyers	52	Executive Vice President, Chief Financial Officer and Treasurer
Stephen M. Buchenot	63	Senior Vice President of Campus Operations
J. Barry Morrow	66	Non-Executive Chairman of the Board of Directors
James J. Burke, Jr. (1) (3)	67	Director
Peter S. Burgess (2)	76	Director
Celia H. Currin (1) (2)	71	Director
Alvin O. Austin (1) (3)	77	Director
Ronald E. Harbour (2) (3)	62	Director

(1)Member of the Compensation Committee.

(2)Member of the Audit Committee.

(3)Member of the Nominating and Corporate Governance Committee.

**Scott M. Shaw** joined us in 2001 and currently serves as our President and Chief Executive Officer. Mr. Shaw has served on our Board of Directors from 2001 to 2006 and since July 2015. Prior to taking the position of President and Chief Executive Officer, Mr. Shaw served in the positions of President and Chief Operating Officer, Executive Vice President and Chief Administrative Officer and Senior Vice President of Strategic Planning and Business Development of the Company. 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 of acquired companies. In addition, Mr. Shaw worked closely with senior management to develop long-term strategic plans, to evaluate acquisitions and new investment opportunities, to assist with refinancing, 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. His extensive financial and business management experience provides the board a unique perspective on the issues facing companies in our industry.

**Brian K. Meyers** joined us in 2002 and currently serves as our Executive Vice President, Chief Financial Officer and Treasurer. Mr. Meyers has more than 25 years of accounting and financial management experience. Prior to joining Lincoln, Mr. Meyers served as Vice President and Controller for Candie's Inc. and began his career in 1989 with Richard A. Eisner (currently EisnerAmper LLP), a public accounting firm. He is a Certified Public Accountant and holds a B.S. in Accounting from Wagner College.

**Stephen M. Buchenot** has held various field and corporate positions since he joined Lincoln in 1992. He currently serves as Senior Vice President of Campus Operations and oversees the operations of all campuses and Admissions. He entered the vocational training industry in 1982 and he has held various positions, including Regional Controller, Campus President and Regional Operations Manager. Over the years, he has participated in and taken a leadership role with various state educational associations, including the Missouri Association of Private Career Schools and the Maryland Association of Private Career Schools. Mr. Buchenot is a graduate of Loyola University, Chicago, Illinois.



**J. Barry Morrow** has served on our Board of Directors since 2006 and currently serves as our Non-Executive Chairman. He also serves as an advisor to Next Generation Insurance. He is the CEO and founder of BK Capital Group. 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 an M.A. in public administration from George Washington University. Mr. Morrow has over 30 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.

**James J. Burke, Jr.** has served on our Board of Directors since 1999. He is the founder and managing member of J Burke Capital Partners LLC, a private investment firm, since 2007. He was also the co-founder, partner and director of Stonington Partners, Inc. since 1994 and co-founder of Merrill Lynch Capital Partners, Inc., a private equity fund for which he was the President and CEO from 1987 to 1999. 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 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. 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.

**Peter S. Burgess** 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 trustee and chair of the audit committee of John Hancock Funds. Mr. Burgess, a licensed CPA, earned a B.S. in Business Administration from Lehigh University. He previously served on the board of directors of PMA Capital Corporation and Symetra Financial 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.

**Celia H. Currin** has served on our Board of Directors since 2006. She started her career as a staff writer for Forbes Magazine followed by a foray into product management at the International Paper Company. She then spent 25 years at Dow Jones/The Wall Street Journal where she held senior management roles in Marketing, Sales, HR and Operations. Ms. Currin has served on the board of Poets & Writers, the nation's largest non-profit organization serving creative writers, for over 20 years including 12 as Board President. She has a boutique private practice providing executive and career coaching. Ms. Currin received her M.B.A. from Harvard Business School and her B.S. from the University of Oregon.

**Alvin O. Austin** has served on our Board of Directors since 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. Mr. Austin has also served on the board of a major bank and on the advisory board of Texas Eastman Chemical Company. 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, an M.A. in Education at the California State University, and Master Studies and Secondary Teaching Credential at the University of California at Santa Barbara. He continues to consult with colleges and universities particularly as to board development and executive evaluation. 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.

**Ronald E. Harbour** was appointed to our Board of Directors on December 4, 2014. Mr. Harbour is Senior Partner overseeing Global Automotive Manufacturing for Oliver Wyman, a global management consulting firm and a division of Marsh & McLennan Corporation. Mr. Harbour co-authored and developed "The Harbour Report" in 1989, a publication that has grown to be the preeminent annual assessment of automotive manufacturing performance around the globe. Mr. Harbour currently serves as a director, the chair of the compensation committee and as a member of the corporate governance and nominating committee of Spartan Motors, Inc., a public company engaged in specialty vehicle manufacturing and assembly. He previously served on the board of directors of Techform Products from 1996 until its sale in October 2014 and the board of directors of U.S. Manufacturing Corporation from 2009 until its sale in June 2014. Mr. Harbour received a B.S. from Haworth College of Business of Western Michigan University. Mr. Harbour's extensive experience and knowledge of the automotive manufacturing industry provides an invaluable perspective on matters impacting our Company.

## Information on the Board of Directors

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 2018, there were nine meetings of the Board of Directors, and each of the directors attended all of the meetings of the Board of Directors and its committees on which he or she served. In addition, all of our directors attended our 2018 Annual Meeting of Shareholders.

## Director Qualifications

The Board of Directors believes that its members possess a variety of skills, qualifications, experience and attributes 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, qualifications, experience and attributes of our directors. For additional information regarding each of our directors, see "Board of Directors and Executive Officers" above.

**Board of Directors Skills Matrix**

Director	CEO/ Senior Officer <sup>(1)</sup>	Industry Experience (2)	Governance/ Board Experience <sup>(3)</sup>	Financial Acumen <sup>(4)</sup>	Business Development/ M&A Experience <sup>(5)</sup>	Independent <sup>(6)</sup>
Scott M. Shaw	✓	✓	✓	✓	✓	
J. Barry Morrow	✓	✓	✓		✓	✓
James J. Burke, Jr.	✓	✓	✓	✓	✓	✓
Peter S. Burgess			✓	✓	✓	✓
Celia H. Currin			✓			✓
Alvin O. Austin	✓	✓	✓			✓
Ronald E. Harbour	✓	✓	✓		✓	✓

- (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".

## 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.

## **Committees of the Board of Directors**

The Board of Directors has an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee.

### ***Audit Committee***

The Audit Committee consists of directors Burgess (Chairman), Currin and Harbour. The Audit Committee held four meetings in 2018. The Board of Directors has adopted a written charter for the Audit Committee, which is available on our website at [www.lincolntech.edu](http://www.lincolntech.edu). 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. Burgess, Harbour and Ms. Currin are independent directors under the Sarbanes Oxley Act of 2002 and the NASDAQ listing standards.

### ***Nominating and Corporate Governance Committee***

The Nominating and Corporate Governance Committee consists of directors Austin (Chair), Burke and Harbour. The Nominating and Corporate Governance Committee held three meetings in 2018. The charter for the Nominating and Corporate Governance Committee is published on our website at [www.lincolntech.edu](http://www.lincolntech.edu). 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.

*Nomination Process.* 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 Chair 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, skills such as financial literacy and knowledge of directorial duties, diversity, integrity and professionalism.

[Table of Contents](#)

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 Currin (Chairwoman), Burke and Austin. The Compensation Committee held two meetings in 2018. Each member of the Compensation Committee meets the independence requirements under the NASDAQ listing standards. The charter for the Compensation Committee is published on our website at [www.lincolntech.edu](http://www.lincolntech.edu). 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. The Compensation Committee did not retain a compensation consultant in 2018. 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.

**Committee Membership**

The table below lists the current membership of each committee and the number of committee meetings held in 2018:

Name	Audit	Nominating and Corporate Governance	Compensation
Scott M. Shaw			
J. Barry Morrow			
James J. Burke, Jr.		✓	✓
Peter S. Burgess	Chair		
Celia H. Currin	✓		Chair
Alvin O. Austin		Chair	✓
Ronald E. Harbour	✓	✓	
2018 Meetings	4	3	2

**Director Independence**

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 our director nominees other than Scott M. Shaw, our Chief Executive Officer, is an "independent director" as such term is defined under the NASDAQ listing rules. 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 roles of Chief Executive Officer and Chairman of the Board of Directors are held by different individuals. 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, J. Barry Morrow 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, Mr. Morrow 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.

## **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.

The Company has reviewed its compensation programs and considered the extent to which its compensation policies and practices influence the behaviors of our executives and other employees with respect to taking business risks that could affect the Company. We believe that our compensation policies and practices are not reasonably likely to have a material adverse effect on the Company, either individually or in the aggregate.

## Compensation Committee Interlocks and Insider Participation

Ms. Currin and Messrs. Burke and Austin served on the Compensation Committee during the entire 2018 fiscal year. During the 2018 fiscal year:

- none of the members of the Compensation Committee was an officer (or former officer) or employee of the Company or any of its subsidiaries;
- none of the members of the Compensation Committee had a direct or indirect material interest in any transaction in which the Company was a participant and the amount involved exceeded \$120,000;
- none of the Company's executive officers served on the compensation committee (or another board committee with similar functions or, if none, the entire board of directors) of another entity where one of that entity's executive officers served on the Company's Compensation Committee;
- none of the Company's executive officers was a director of another entity where one of that entity's executive officers served on the Company's Compensation Committee; and
- none of the Company's executive officers served on the compensation committee (or another board committee with similar functions or, if none, the entire board of directors) of another entity where one of that entity's executive officers served as a director on the Company's board of directors.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables provide information regarding the beneficial ownership of our common stock as of the Record Date 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 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.

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

As of the Record Date, the only persons or groups that are known to us to be the beneficial owners of more than 5% of the outstanding shares of our common stock are:

<b>Name and Address of Beneficial Owner</b>	<b>Number of Shares of Common Stock Beneficially Owned</b>	<b>Percent of Common Stock Beneficially Owned</b>
Heartland Advisors, Inc. (1)	3,423,110	13.6%
Paradice Investment Management, LLC. (2)	2,614,753	10.4%
Nantahala Capital Management, LLC (3)	2,436,805	9.7%
Alyeska Investment Group, L.P. (4)	1,936,539	7.7%
Talanta Investment Group, LLC (5)	1,650,732	6.6%
22NW, LP (6)	1,453,783	5.8%

(1) Based on the information reported in a statement on Schedule 13G/A filed with the SEC on February 5, 2019 by Heartland Advisors, Inc. ("Heartland") and William J. Nasgovitz. The amendment states that Heartland, a registered investment advisor, and William J. Nasgovitz have shared voting power as to 3,098,310 of these shares and shared dispositive power as to all of these shares. The principal business office address of Heartland and Mr. Nasgovitz is 789 North Water Street, Milwaukee, WI 53202. We have not attempted to independently verify any of the foregoing information, which is based solely upon the information contained in the Schedule 13G/A.

(2) Based on the information reported in a statement on Schedule 13G/A filed with the SEC on February 13, 2018 by Paradice Investment Management LLC ("Paradice LLC") and Paradice Investment Management Pty Ltd ("Paradice Ltd"). The amendment states that Paradice LLC and Paradice Ltd have shared voting power as to 2,132,290 of these shares and shared dispositive power as to all of these shares. The principal business office address of Paradice LLC is 257 Fillmore Street, Suite 200, Denver, CO 80206. The principal business office address of Paradice Ltd is The Chifley Tower, Level 27, 2 Chifley Square, Sydney, NSW 2000, Australia. We have not attempted to independently verify any of the foregoing information, which is based solely upon the information contained in the Schedule 13G/A.

[Table of Contents](#)

- (3) Based on the information reported in a statement on Schedule 13G/A filed with the SEC on February 13, 2019 by Nantahala Capital Management, LLC (“Nantahala”), Wilmot B. Harkey and Daniel Mack. The amendment states that Nantahala and Messrs. Harkey and Mack have shared voting and dispositive power as to all of these shares. The principal business office address of Nantahala and Messrs. Harkey and Mack is 19 Old Kings Highway S, Suite 200, Darien, CT 06820. We have not attempted to independently verify any of the foregoing information, which is based solely upon the information contained in the Schedule 13G/A.
- (4) Based on the information reported in a statement on Schedule 13G filed with the SEC on February 14, 2019 by Alyeska Investment Group, L.P., Alyeska Fund GP, LLC, Alyeska Fund Group 2 GP, LLC (collectively, “Alyeska”) and Anand Parekh. The amendment states that Alyeska and Anand Parekh have shared voting and dispositive power as to all of these shares. The principal business office address of Alyeska and Mr. Parekh is 77 West Wacker Drive, 7<sup>th</sup> floor, Chicago, IL 60601. We have not attempted to independently verify any of the foregoing information, which is based solely upon the information contained in the Schedule 13G.
- (5) Based on the information in a statement on Schedule 13D/A filed with the SEC on December 12, 2017 by Talanta Investment Group, LLC, Talanta Fund, L.P. (collectively, “Talanta”) and Justyn R. Putnam. The amendment states that Talanta and Justyn R. Putnam have shared voting and dispositive power as to all of these shares. The principal business office address of Talanta and Mr. Putnam is 401 N. Tryon Street, 10<sup>th</sup> Floor, Charlotte, NC 28202. We have not attempted to independently verify any of the foregoing information, which is based solely upon the information contained in the Schedule 13D/A.
- (6) Based on the information in a statement on Schedule 13G filed with the SEC on February 8, 2019 by 22NW, LP (“22NW”). The Schedule 13G indicates that 22NW has sole voting and sole dispositive power as to all of these shares. The principal business office address of 22NW is 1455 NW Leary Way, Suite 400, Seattle, WA 98107. We have not attempted to independently verify any of the foregoing information, which is based solely upon the information contained in the Schedule 13G.

### SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information as to the beneficial ownership of shares of our common stock as of the Record Date 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 Owner (1)	Number of Shares of Common Stock Beneficially Owned (1)	Percent of Common Stock Beneficially Owned (1)
Scott M. Shaw (2)	604,418	2.4%
Brian K. Meyers (3)	130,992	*
Stephen M. Buchenot (4)	84,214	*
J. Barry Morrow (5)	176,994	*
James J. Burke, Jr. (6)	198,262	*
Peter S. Burgess (7)	123,119	*
Celia H. Currin (8)	121,675	*
Alvin O. Austin (9)	107,678	*
Ronald E. Harbour (10)	35,228	*
All executive officers and directors as a group (9)	1,582,580	6.3%

\* Less than 1%.

- (1) Applicable percentages are based on 25,115,127 shares of common stock outstanding as of April 26, 2019. For purposes of this table, (i) 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 and (ii) the address for each named person is 200 Executive Drive, Suite 340, West Orange, New Jersey 07052.
- (2) Includes (i) 525,554 shares of common stock held by Mr. Shaw and (ii) 78,864 shares of restricted common stock.
- (3) Includes (i) 90,771 shares of common stock held by Mr. Meyers and (ii) 40,221 shares of restricted common stock.
- (4) Includes (i) 62,018 shares of common stock held by Mr. Buchenot and (ii) 22,196 shares of restricted common stock.
- (5) Includes (i) 155,372 shares of common stock held by Mr. Morrow and (ii) 21,622 shares of restricted common stock.
- (6) Consists of 198,262 shares of common stock held by Mr. Burke.
- (7) Consists of 123,119 shares of common stock held by Mr. Burgess.
- (8) Consists of 121,675 shares of common stock held by Ms. Currin.
- (9) Consists of 107,678 shares of common stock held by Mr. Austin.
- (10) Consists of 35,228 shares of common stock held by Mr. Harbour.

## Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires that the Company's directors and officers, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, file with the SEC reports of initial ownership of the Company's common stock and subsequent changes in that ownership and furnish the Company with copies of all forms they file with the SEC pursuant to Section 16(a) of the Exchange Act. A late report was filed on April 16, 2019 to report a transfer of 35,228 shares of the Company's common stock by Ronald E. Harbour to his spouse as a division of assets pursuant to a settlement of divorce agreement dated as of December 17, 2018. Subject to the foregoing, to the Company's knowledge based solely on a review of the copies of the reports furnished to the Company and/or written representations received from the Company's directors, officers and greater than 10% beneficial owners that no other reports were required, all Section 16(a) filing requirements applicable to its officers, directors and greater than 10% beneficial owners were complied with during, or in respect of, the Company's 2018 fiscal year.

## EQUITY COMPENSATION PLAN INFORMATION

We have various equity compensation plans under which equity securities are authorized for issuance. Information regarding these securities as of December 31, 2018 is as follows:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)		
Equity compensation plans approved by security holders	139,000	\$ 12.14	2,050,638
Equity compensation plans not approved by security holders	-	-	-
Total	<u>139,000</u>	<u>\$ 12.14</u>	<u>2,050,638</u>

## COMPENSATION DISCUSSION AND ANALYSIS

This section provides an overview and analysis of our executive officer compensation program and policies, the material compensation decisions we have made under those programs and policies, and the material factors that we considered in making those decisions. Later in this proxy statement under the heading "Executive Compensation," are a series of tables containing specific information about the compensation earned or paid in 2018 to the following individuals, whom we refer to as our "named executive officers" or "NEOs."

In 2018, the Company had four named executive officers:

- Scott M. Shaw, our President and Chief Executive Officer;
- Brian K. Meyers, our Executive Vice President, Chief Financial Officer and Treasurer;
- Stephen M. Buchenot, our Senior Vice President of Campus Operations; and
- Deborah M. Ramentol, our former Senior Group President.

The discussion below is intended to aid in understanding the information provided in the tables that follow and put that information into context within our overall compensation program.

### Executive Summary

#### *2018 Advisory Vote on Executive Compensation*

At the 2018 Annual Meeting of the Company's shareholders, we held a non-binding advisory "say-on-pay" vote on our executive compensation program as set forth in our proxy statement dated March 23, 2018, which was filed with the SEC on that date. Approximately 99% of the votes cast on the say-on-pay proposal voted in favor of the program.



### ***Performance-Based Executive Compensation***

- For 2018, the Company did not award any performance-based or time-based restricted stock.
- For 2017, the Company did not award any performance-based or time-based restricted stock.
- For 2014, 40% of equity compensation was comprised of performance-based restricted stock, which vested annually in 25% installments over a four-year performance period (subject to possible roll forwards) based upon the attainment of both (i) a threshold operating income margin target and (ii) annual earnings before interest, taxes, depreciation and amortization (“EBITDA”) target in each year of the four-year performance period. The terms of these awards are described in more detail below under “Long-Term Stock Incentives.”
  - Performance-based shares issued in 2014 – In 2018, because we had met the EBITDA and operating income margin targets for the 2017 vesting tranche which rolled forward to 2018, 25% of the performance-based shares issued to Mr. Meyers in 2014 vested. In 2017, because we did not meet the EBITDA target for the 2017 vesting tranche, 25% of the performance-based shares issued to Mr. Meyers in 2014 did not vest but such shares rolled forward for possible vesting in 2018 if targets were met in 2018. In 2016, since we had met the EBITDA and operating income margin targets for the 2016 vesting tranche, 25% of the performance-based shares issued to Mr. Meyers in 2014 vested.
- We maintain an annual performance-based Management Incentive Compensation Plan (the “MIC Plan”). Payments under the MIC Plan are based on the attainment of predetermined net income, revenue and company-wide quality focused outcome targets. The terms of these awards are described in more detail below under “2018 Annual Performance-Based Incentive Compensation.”
  - In 2018, our NEOs received payment of 50% of their MIC Plan target award opportunity.
  - In 2017, our NEOs did not receive any portion of their MIC Plan target award opportunity. Despite achieving 17.5% of the revenue target, upon recommendation from our executive officers, the Compensation Committee did not award any payments under the MIC Plan for 2017 as a financial savings to the Company.

The Compensation Committee believes that these practices highlight the close link between pay and performance under our executive officer compensation program.

### ***Recent Changes to Compensation Program***

Over the past few years, we made key changes to our annual cash and long-term stock incentive compensation program to enhance our pay-for-performance philosophy to better align the interests of our executives with those of our shareholders. These changes reflect our continuing commitment to improving our pay-for-performance alignment, while embracing contemporary compensation and governance best practices. The changes included the following:

- eliminating the individual performance component of our annual incentive compensation plan and adding a component linked to company-wide quality focused outcomes that directly impact the Company’s overall health and viability (placement rates, graduation rates and cash collections);
- capping the maximum amount payable under the annual incentive compensation plan at 200% of target; and
- granting performance-based restricted stock that vests upon the attainment of EBITDA targets during each year.

The Compensation Committee continually reviews the executive compensation program and may, from time to time, modify certain aspects of the program to ensure that it remains aligned with the interests of the Company’s shareholders.

### ***Sound Compensation Governance Practices.***

The Company seeks to implement and maintain sound compensation governance practices to ensure adherence to our pay-for-performance philosophy while appropriately managing risk and aligning our executive compensation program with the financial interests of the Company’s shareholders. Highlights of our practices include:

- **Cap on Annual Incentive Compensation.** The aggregate maximum annual incentive award that can be earned by each of our named executive officers is capped at 200% of their target.
- **No Executive Retirement Programs.** We do not maintain enhanced retirement arrangements for our executive officers. Executive officers are eligible to participate in our 401(k) plan in the same manner as all other employees.
- **No tax gross-ups.** As discussed below under the heading “Employment Agreements and Change in Control Benefits,” we do not provide our executive officers with tax gross-ups for “excess parachute payments” upon a change in control.

### **Compensation Philosophy and Objectives**

The Company and the Compensation Committee believe that compensation paid to executive officers should be closely aligned with our performance on both a short-term and long-term basis, and that such compensation should assist us in attracting and retaining key executives that are critical to our long-term success.

Our compensation program is designed to offer executive officers competitive compensation based on our performance and the individual’s contribution, performance and leadership in the execution of our business model. Our compensation policies are intended to motivate, reward and retain highly qualified executives for long-term strategic management and enhancement of shareholder value, to support a performance-oriented environment that rewards achievement of specific internal Company goals, and to attract and retain executives whose abilities are critical to our long-term success and competitiveness. Our compensation goals are further intended to mitigate incentives for our executives who take excessive risks that may be adverse to the Company and our shareholders in the long-term.

The Compensation Committee has reviewed all components of the compensation for the named executive officers, including salary, annual incentives, equity and long-term incentive compensation, accumulated realized and unrealized stock options, the dollar value to the executive and cost to the Company of all perquisites, and the actual projected payout obligations under potential severance and change in control scenarios.

### **Setting Executive Compensation**

We intend to continue our strategy of compensating our executives through programs that emphasize performance-based incentive compensation. We have structured annual cash and long-term equity incentive compensation to both motivate executives to achieve the business goals set by the Company and to reward the executives for achieving such goals. Our executive compensation program is further designed to discourage excessive risk taking by assessing performance across multiple dimensions and metrics, including both regulatory performance and student outcomes.

For the named executive officers, the main components of our compensation program are base salary, an annual performance-based cash incentive and long-term performance-based restricted stock. In allocating compensation among these components, the Compensation Committee believes that the compensation of senior management, the levels of management having the greatest ability to influence our performance, should be predominately performance-based. Base salary is intended to provide a certain level of income commensurate with an executive’s position, responsibilities, and contributions to the Company.

The annual performance-based cash incentive compensation focuses on short-term performance while the performance-based restricted stock is tied to achievement of performance over a longer period of time. This mix of short- and long-term incentives provides sufficient rewards to motivate near-term performance, while at the same time providing significant incentives to keep our executives focused on longer term corporate goals that drive shareholder value. In addition, we believe this balance of short-term and long-term incentive compensation and the mix of varied performance metrics helps mitigate the incentive for executives to take excessive risk that may have the potential to harm the Company in the long-term.

Compensation for Scott M. Shaw, our President and Chief Executive Officer, is based on the Compensation Committee’s independent assessment of his performance during the year. Our President and Chief Executive Officer plays a significant role in setting the compensation for the other named executive officers by presenting an evaluation of each executive’s performance and his recommendation for levels of their compensation. The Compensation Committee makes all final decisions with respect to the total compensation package for each of the named executive officers and has the authority to accept, reject, or modify these recommendations in connection with its determination. The Compensation Committee may retain compensation consultants having special competence to assist it in evaluating the compensation of the named executive officers, in its sole discretion. The Compensation Committee did not retain a compensation consultant in 2018.

### **Base Salary**

Base salaries for our named executive officers are based on job responsibilities and individual contribution with reference to base salary levels of executives at comparable publicly held companies. The Compensation Committee also considers several other factors in setting base salaries, including the executive’s experience and tenure, our overall annual budget for merit increases and pre-tax profit, the executive’s individual performance, changes in the executive’s responsibility and the executive’s overall contribution to our success. We review salary levels annually to recognize these factors. We do not target base salary at any particular percentage of total compensation.

## 2018 Annual Performance-Based Incentive Compensation

Our named executive officers are eligible to participate in the MIC Plan. Under the MIC Plan, the Compensation Committee approves the calculation of performance-based cash incentive opportunity for our named executive officers by taking into account certain financial performance targets and as well as company-wide quality focused outcomes. Awards under the MIC Plan reflect the Compensation Committee's belief that a significant portion of the total annual compensation of each named executive officer should be contingent upon the overall financial performance of the Company as well as the attainment of corporate initiatives relating to student outcomes and shareholder value. For 2018, the Compensation Committee set the target incentive compensation award levels at 100% of base salary for Mr. Shaw, 75% of base salary for Mr. Meyers and 50% of base salary for Mr. Buchenot. The maximum amount payable to each named executive officer is 200% of his or her target incentive compensation award.

The 2018 performance measures under the MIC Plan, including their relative weightings, are as follows:

Performance Measure	Percentage of Total Incentive Compensation Opportunity 2018
Net Income/Loss	47%
Revenue	33%
Company-Wide Quality Focused Outcomes	20%

At the beginning of 2018, the Compensation Committee set target goals for each of the above performance measures. In general, the Compensation Committee sets the net income and revenue performance targets above the performance targets publicly announced for the Company. This is consistent with the Compensation Committee's philosophy that performance-based annual compensation awards should incent our named executive officers to attain better than average performance.

**Net Income / Loss Component.** For 2018, 47% of each named executive officer's target incentive opportunity was based on the achievement of net income goals. The named executive officers could earn a portion of their target incentive opportunity if the Company's net income was within 10% of our target goal. The percentage of the net income component paid decreases by 10% for each percentage point that actual performance was below the target net income goal. No payments are made with respect to the net income component if actual performance was at or below 90% of the target net income goal. Our named executive officers could earn more than their target net income component if the Company's net income was greater than the target goal. The percentage increases by 8% for each percentage point that actual performance was above the target net income goal.

For 2018, the Compensation Committee set a net loss goal of \$(3.2) million. Actual adjusted consolidated net loss was \$(0.6) million. As a result, the Company achieved over 100% of the 47% of target incentive opportunity attributable to net loss.

**Revenue Component.** For 2018, 33% of each named executive officer's target incentive opportunity was based on the achievement of revenue goals. The named executive officers could earn a portion of their target incentive opportunity if our revenues were within 10% of our target goal. The percentage of the revenue component paid decreases by 10% for each percentage point that actual performance was below our target revenue goal. No payments are made with respect to the revenue component if actual performance was at or below 90% of our target revenue goal. Our named executive officers could earn more than their target revenue component if our revenues were greater than the target goal. The percentage increases by 8% for each percentage point that actual performance was above the target revenue goal.

For 2018, the Compensation Committee set a revenue goal of \$276.1 million. Actual adjusted consolidated revenues were \$257.4 million. As a result, the Company achieved 10.6% of the 33% of their target incentive opportunity attributable to revenue.

**Company-Wide Quality Focused Outcomes Component.** Each of our named executive officers could earn 20% of their target incentive opportunity for the achievement of company-wide quality focused outcomes. The performance goals related to the achievement of specific aspects of the Company's business strategy and corporate initiatives relating to student outcomes and to shareholder value.

No payments are made with respect to each initiative of the company-wide quality focused outcomes component if the specified target for such initiative was not attained. Our named executive officers could earn more than their target incentive opportunity for this component if performance with respect to one or more of the initiatives was greater than the target goal. The percentage increases by 8% for each percentage point that actual performance was above the target goal for the initiative.

[Table of Contents](#)

For 2018, we targeted a student retention rate of 65.6%. The actual student retention rate was 66.0%. As a result, the Company achieved 20.6% of the 20% of target incentive opportunity attributable to Company-wide quality focused outcomes in 2018.

**Aggregate Incentive Compensation Paid under MIC Plan.** Based upon achieving over 100% of the net loss target for 2018 and meeting the student retention target of 20%, our named executive officers had the opportunity to obtain in excess of 100% of their MIC Plan target. However, upon recommendation from our executive officers, the Compensation Committee awarded payment of only 50% of their MIC Plan target award opportunity.

For 2018, payments were made with respect to the MIC plan as set forth below:

Named Executive Officer	Target 2018 MIC Plan Award	Total 2018 MIC Plan Payment
Scott M. Shaw	\$500,000	\$250,000
Brian K. Meyers	\$255,000	\$127,500
Stephen M. Buchenot	\$138,725	\$69,363

### Long-Term Stock Incentives

Stock incentives focus executives' attention on the Company from the perspective of an owner with an equity stake in the business. The Compensation Committee believes that the Company's long-term performance is achieved through an ownership culture that encourages long-term performance by our named executive officers through grants of stock-based awards. Our shareholder-approved 2005 Long-Term Incentive Plan provides for the grant of stock options, restricted stock, performance stock and other equity-based awards. Equity awards are generally made at the discretion of the Compensation Committee based on a multiplicity of factors, including total compensation at peer companies, the level of equity ownership of the executives, and judgments of individual performance during the year.

In 2011, the Compensation Committee implemented a restricted stock program pursuant to which our named executive officers receive awards of both time-based restricted stock and performance-based restricted stock. The Compensation Committee believes that a combination of time-based and performance-based restricted stock grants will better align the interests of our named executive officers with those of our shareholders. The EBITDA targets are set by the Compensation Committee at the beginning of each applicable year. If the applicable EBITDA target is not attained, the Compensation Committee has the discretion to determine that the performance-based restricted stock that would have vested had the target been attained will not be forfeited but, instead, will be subject to a catch-up EBITDA target to be set in the subsequent year. A catch-up target is a stretch goal that requires a greater level of performance than the performance goal set for the applicable performance period. In addition, notwithstanding the attainment of the applicable performance targets, the Compensation Committee has the discretion to determine that all or a portion of performance-based restricted stock will not vest based on facts and circumstances occurring after the date of grant that the Compensation Committee deems relevant.

#### **Time-Based Restricted Stock**

The Company did not award any time-based restricted stock to any of our NEOs in 2018 or 2017.

#### **Performance-Based Restricted Stock**

The Company did not award any performance-based restricted stock to any of our NEOs in 2018 or 2017.

**2014 Performance Shares.** In 2014, the Compensation Committee awarded performance-based restricted stock to Mr. Meyers (the "2014 Performance Shares"). Mr. Meyers' 2014 Performance Shares vest in equal installments over four years based upon the attainment of both (i) a threshold operating income margin of at least 4.65% during any one or more of the fiscal years in the period beginning January 1, 2015 and ending December 31, 2018 and (ii) annual EBITDA targets during each of the four fiscal year performance periods.

**2017 EBITDA Goals.** The Compensation Committee set an EBITDA target of \$7.3 million for the 2017 performance period applicable to the 2014 Performance Shares. Actual EBITDA, as adjusted, for 2017 was \$4.0 million. As the Company did not attain the 2017 EBITDA target, 25% of the 2014 Performance Shares issued to Mr. Meyers did not vest in 2017, but such shares rolled forward for possible vesting in 2018 based on attaining 2018 catch-up EBITDA goals.

**2018 EBITDA Goals.** The Compensation Committee set an EBITDA target of \$6.4 million for the 2018 performance period applicable to the 2014 Performance Shares. Actual EBITDA, as adjusted, for 2018 was \$10.4 million. As a result, 25% of the 2014 Performance Shares issued to Mr. Meyers vested in 2019. In addition, the Compensation Committee set a catch-up EBITDA target of \$7.1 million for the 2018 performance period. Actual catch-up EBITDA, as adjusted, for 2018 was \$10.4 million. As a result, 25% of the 2014 Performance Shares issued to Mr. Meyers, which rolled forward to 2018 from 2017, vested in 2019.

## **No Backdating or Spring Loading**

The Company does not backdate options or grant options retroactively. In addition, we do not plan to coordinate grants of options, restricted stock or other equity awards so that they are made before announcement of favorable information or after announcement of unfavorable information. Stock options are granted at fair market value on the date the option grants are approved by our Compensation Committee. Fair market value has been consistently determined as the closing price on the NASDAQ Global Select Market on the grant date. All option grants and restricted stock awards require the approval of the Compensation Committee. The Company's general practice is to grant options and restricted stock only on the date of a regularly scheduled Compensation Committee meeting, although there are occasions when grants have been made on other dates.

## **Comparative Data**

The Company has not implemented a formal benchmarking process and does not target named executive officer compensation at a specified level of a peer group. In 2018, the Compensation Committee informally reviewed compensation information set forth in public filings with the SEC (including base salaries, annual incentive bonuses and equity-based compensation) for the following companies: Career Education Corporation, Adtalem Global Education Inc. and Universal Technical Institute, Inc.

The purpose of this review was to determine whether the level of compensation proposed to be paid to the Company's named executive officers during 2018 was outside the range of the compensation paid to the named executive officers at our peer companies, with the understanding that adjustments would be considered if such proposed compensation proved to be significantly outside the range of our peer groups. After this informal review, the Compensation Committee determined that the compensation proposed to be paid to the Company's named executive officers was within the peer group range and consequently that no adjustments were required at that time.

The Compensation Committee also reviewed general survey data across a broad cross-section of industries for companies with revenues similar to ours.

## **Employment Agreements and Change in Control Benefits**

The Company has entered into employment agreements with Messrs. Shaw, Meyers and Buchenot. Each of these agreements will expire on December 31, 2020. The employment agreements are described below under "Employment Agreements." The Company entered into a Separation and Release Agreement dated as of January 24, 2018 with Ms. Ramentol, the Company's former Senior Group President, who retired on February 1, 2018. The Separation and Release Agreement is described below under the heading "Separation Agreement with Deborah M. Ramentol."

The employment agreement for each of Messrs. Shaw, Meyers and Buchenot provides that upon a change in control of the Company, the term of the agreement will be automatically extended for an additional two-year term commencing on the date of the change in control and ending on the second anniversary of the date of the change in control. Each employment agreement further provides that all stock options and restricted stock awards held by the named executive officer will immediately vest upon the occurrence of a change in control of the Company. All restricted stock awarded to Ms. Ramentol became fully vested on the date of her retirement from the Company.

We do not provide our executive officers with tax gross-ups for "excess parachute payments" under Section 280G of the Internal Revenue Code upon a change in control. In the event that any payment or distribution by us to or for the benefit of our named executive officers would be considered a "parachute payment" for purposes of Section 280G, the amount of such payments may be reduced to the largest amount permissible without triggering excise taxes under Section 4999 of the Internal Revenue Code.

## **Retirement Plans**

The Company maintains a plan qualified under Section 401(k) of the Internal Revenue Code for the benefit of all employees. Our named executive officers are eligible to participate in this plan on the same terms and conditions as all other employees. At the discretion of our Board of Directors, we may make discretionary matching and/or profit-sharing contributions into our 401(k) plan for eligible employees, which may be subject to vesting requirements. We believe that a 401(k) plan encourages our employees to save for future retirement needs and we have encouraged this by matching 15% of our employee's annual contributions, up to 6% of total compensation, subject to a compensation limitation and/or a contributions limitation pursuant to the Internal Revenue Code. In 2018, the Company did not have an employee 401(k) contribution match; therefore, the named executive officers did not receive a matching contribution.

We do not provide any additional retirement benefits for our named executive officers. None of our named executive officers participate in a non-qualified deferred compensation program or pension arrangement.

## **Welfare Benefits and Perquisites**

Our named executive officers are eligible to participate in our medical and dental health insurance plans, our life insurance plan and our long-term disability insurance plan on the same terms and conditions offered to all other employees. We also provide our named executive officers with supplemental life insurance. We believe that the benefits we offer are important components of our comprehensive benefit package, which encourages employees to remain with us.

Pursuant to their employment agreements, we also provide to Messrs. Shaw and Meyers use of a vehicle for business and personal use and pay for associated costs, including automobile insurance, parking and fuel. The executives are responsible for all taxes related to this benefit.

We do not provide any other perquisites or benefits to our named executive officers and we do not pay any tax gross-ups with respect to any compensation.

## **Tax Deductibility of Compensation; Accounting**

Section 162(m) of the Internal Revenue Code generally precludes a public corporation from taking a deduction for compensation in excess of \$1 million with respect to each of the named executive officers. The Compensation Committee strives to provide our named executive officers with compensation programs that will preserve the tax deductibility of compensation paid by the Company, to the extent reasonably practicable and to the extent consistent with the Company's other compensation objectives. However, the Compensation Committee believes that shareholder interests are best served if it retains the flexibility to compensate executives in a manner intended to promote varying corporate goals, even if certain amounts that may be payable in excess of \$1 million may not be deductible under Section 162(m).

The Compensation Committee also takes accounting considerations, including the impact of Financial Accounting Standards Board Accounting Standards Codification 718 Compensation – Stock Compensation, into account in structuring compensation programs and determining the form and amount of compensation awarded.

## **Compensation Committee Report**

The Compensation Committee has reviewed and discussed with the Company's management the Compensation Discussion and Analysis included in this proxy statement. Based on that review and discussion, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

COMPENSATION COMMITTEE  
Celia H. Currin (Chairwoman)  
James J. Burke, Jr.  
Alvin O. Austin

## Executive Compensation

## SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Non-Equity Incentive Plan Compensation (\$) (2)	All Other Compensation (\$) (3)	Total (\$)
<b>Scott M. Shaw</b> <i>President and Chief Executive Officer</i>	2018	500,000	250,000	5,241	755,241
	2017	500,000	-	5,241	505,241
<b>Brian K. Meyers</b> <i>Executive Vice President, Chief Financial Officer and Treasurer</i>	2018	340,000	127,500	7,170	474,670
	2017	340,000	-	7,170	347,170
<b>Steve M. Buchenot</b> <i>Senior Vice President of Campus Operations</i>	2018	277,494	70,362	4,219	352,075
	2017	276,327	-	4,219	280,546
<b>Deborah M. Ramentol (1)</b> <i>Former Senior Group President</i>	2018	29,529	-	284,931	314,460
	2017	310,241	-	3,370	313,611

- (1) Ms. Ramentol's last day of employment with the Company was February 1, 2018.
- (2) Reflects the value of cash incentive awards paid under our MIC Plan as described in the "Compensation Discussion and Analysis."
- (3) Amounts reflected in this column include the following: (a) the costs related to personal use of a company-owned vehicle as follows: for 2018, \$2,214 for Mr. Shaw and \$2,214 for Mr. Meyers and, for 2017, \$2,214 for Mr. Shaw and \$4,426 for Mr. Meyers; (b) premiums paid on each named executive officer's life insurance policy during the fiscal year as follows: for 2018, \$3,027 for Mr. Shaw, \$2,744 for Mr. Meyers, \$4,219 for Mr. Buchenot and \$544 for Ms. Ramentol, and, for 2017, \$3,027 for Mr. Shaw, \$2,744 for Mr. Meyers, \$4,219 for Mr. Buchenot and \$3,370 for Ms. Ramentol. With respect to Ms. Ramentol, the amount in this column for 2018 also includes a lump sum cash payment of \$284,387 in connection with her retirement from the Company on February 1, 2018, pursuant to a Separation and Release Agreement dated January 24, 2018 between the Company and Ms. Ramentol.

**Outstanding Equity Awards  
at Fiscal Year End December 31, 2018**

Name	Option Awards			Stock Awards		Stock Awards	
	Number of securities underlying unexercised options (#) Exercisable	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)	Equity Incentive Plan Awards:	
						Number of shares, units or other rights that have not vested (#)	Market value of shares, or payout units or other rights that have not vested (\$) (1)
Scott M. Shaw	-	-	-	-	-	-	-
Brian K. Meyers	-	-	-	-	-	14,286 (2)	45,715
Stephen M. Buchenot	-	-	-	-	-	-	-
Deborah M. Ramentol	-	-	-	-	-	-	-

- (1) All equity award values are based on a December 31, 2018 closing stock price of \$3.20.
- (2) The performance-based stock vest in equal installments over four years based upon the attainment of a threshold operating income margin and annual EBITDA performance criteria targets set by the Compensation Committee for each year during the performance period. The terms and conditions of the Performance Shares are described in detail above in the Compensation Discussion and Analysis under the heading “Long-Term Stock Incentives.”

**Potential Payments upon a Termination or Change in Control**

The following table summarizes the value of the termination payments and benefits that our named executive officers would receive upon:

- the executive’s Involuntary Termination (as defined below);
- a Change in Control (as defined below); or
- the executive’s death or disability.

In each case, the amounts are determined as if the trigger event occurred on December 31, 2018 and equity is valued based on the closing stock price of \$3.20 on December 31, 2018. This table excludes vested account balances under our 401(k) plan, which is generally available to all of our employees. The terms of the benefits are set forth in the employment agreements of our named executive officers as described immediately following the table.



**Payment upon Termination  
at Fiscal Year End December 31, 2018**

Name (1)	Cash Payment (\$)	Stock Awards (\$) (2)	Benefits (\$) (3)	Total Termination Benefits (\$)
<b>Scott M. Shaw</b>				
<b>Involuntary Termination (4)</b>	2,000,000	-	17,955	2,017,955
<b>Change in Control</b>	-	-	-	-
<b>Death or Disability (5)</b>	500,000	-	-	500,000
<b>Termination for Cause or Resignation without Good Reason</b>	-	-	-	-
<b>Brian K. Meyers</b>				
<b>Involuntary Termination (6)</b>	1,041,250	45,715	17,020	1,103,985
<b>Change in Control</b>	-	45,715	-	45,715
<b>Death or Disability (5)</b>	255,000	45,715	-	300,715
<b>Termination for Cause or Resignation without Good Reason</b>	-	-	-	-
<b>Stephen M. Buchenot</b>				
<b>Involuntary Termination</b>	-	-	-	-
<b>Change in Control (7)</b>	562,900	-	18,495	581,395
<b>Death or Disability</b>	-	-	-	-
<b>Termination for Cause or Resignation without Good Reason</b>	-	-	-	-

- (1) Since Ms. Ramentol's last day of employment with the Company was February 1, 2018, the table only reflects termination payments to Messrs. Shaw, Meyers and Buchenot.
- (2) All outstanding stock options, restricted stock and performance-based restricted stock granted by the Company to the named executive officers will become fully vested and immediately exercisable upon (i) a Change in Control (as defined below), (ii) an Involuntary Termination (as defined below) or (iii) upon the executive's death or disability.
- (3) Includes a cash payment equal to the Company's estimate of the employer portions of the premiums that would be necessary to continue the executive's health care benefits coverage until the first anniversary of the executive's date of termination.
- (4) Consists of a lump sum payment equal to two times the sum of Mr. Shaw's 2018 base salary and the target amount of his annual performance bonus for 2018.
- (5) Includes an annual incentive compensation award under the MIC Plan for the year of termination based upon attainment of target levels.
- (6) Consists of a lump sum payment equal to one and three-quarters times the sum of Mr. Meyer's 2018 base salary and the target amount of his annual performance bonus for 2018.
- (7) Consists of a lump sum payment equal to the sum of one and one-half times Mr. Buchenot's 2018 base salary and the target amount of his annual performance bonus for 2018. Mr. Buchenot would also receive a lump sum payment of \$18,495, which is the estimated employer portion of the premiums that would be needed to continue his health care coverage until December 31, 2019.

## Employment Agreements

The Company is party to employment agreements with Messrs. Shaw, Meyers and Buchenot.

### Employment Agreement dated November 7, 2018 with Scott M. Shaw

**Employment Period.** The agreement provides that Mr. Shaw will serve as our President and Chief Executive Officer through December 31, 2020.

**Compensation and Benefits.** Mr. Shaw will receive a minimum annual base salary of \$500,000, will be eligible to participate in the MIC Plan and, to the extent eligible, in all of our employee benefit plans, programs and arrangements that are established for, or made available to, our senior executives. The Company provides to Mr. Shaw a vehicle for his business and personal use and pays the associated costs, including automobile insurance, parking and fuel; Mr. Shaw is responsible for all taxes related to this benefit.

**Involuntary Termination.** In the event of an “Involuntary Termination” (as defined below) of Mr. Shaw’s employment, in addition to Mr. Shaw’s right to receive payment of all accrued and unpaid compensation and benefits due to him through the date of termination or resignation of employment, including any accrued unpaid bonuses for a completed year, we will pay him: (1) two times the sum of (a) his base salary, as is then in effect; and (b) the target amount of the annual performance bonus for him in the year in which the termination occurs; (2) unreimbursed expenses for reasonable travel and other business expenses incurred by him through the date of termination; and (3) the estimated employer portion of premiums that would be necessary to Mr. Shaw’s coverage under the Company’s healthcare plan until the first anniversary of the date of termination (subject to proration should Mr. Shaw become insured under a subsequent healthcare plan). Mr. Shaw would receive the sum of these amounts in a lump-sum payment 60 days following his Involuntary Termination. In addition, Mr. Shaw would receive a prorated annual award under the MIC Plan for the year in which the Involuntary Termination occurs based on actual performance, payable at the time that awards are generally paid to employees for the applicable year.

**Termination for Cause; Resignation Other than for Good Reason.** In the event that Mr. Shaw’s employment is terminated by us for Cause or Mr. Shaw resigns from his employment other than for “Good Reason” (as defined below), we will pay him his accrued but unpaid base salary, unreimbursed expenses and employee benefits earned through the date of his termination, including, without limitation, any MIC Plan award due but not yet paid for a completed calendar year.

**Death or Disability.** In the event that Mr. Shaw dies or his employment is terminated as a result of his disability, we will pay him (or his estate, if applicable) his accrued but unpaid base salary and employee benefits earned through the date of his termination, including, without limitation, any MIC Plan award due but not yet paid for a completed calendar year. In addition, (i) Mr. Shaw will receive a prorated target MIC Plan award for the year of termination and (ii) all of Mr. Shaw’s outstanding stock options and restricted stock shall become fully vested, and stock options shall become immediately exercisable and remain exercisable for one year (or until the option’s normal expiration date, if earlier).

**Change in Control.** Upon a “Change in Control” (as defined below), we (or our successor) will continue the employment of Mr. Shaw for a period of two years commencing on the date of the Change in Control and ending on the second anniversary thereof. In addition, all of Mr. Shaw’s restricted stock and stock options will vest in full and the stock options will become immediately exercisable on the date of the Change in Control.

In the event that any payment or distribution by us to or for the benefit of Mr. Shaw pursuant to the terms of the employment agreement or otherwise would be considered a “parachute payment” and the amount of the parachute payment, after deduction of all relevant taxes, including excise taxes imposed by Section 4999 of the Internal Revenue Code, is less than the amount Mr. Shaw would receive if he was paid three times his average “base amount” less \$1.00, then the aggregate amounts constituting the parachute payment will be reduced (or returned by Mr. Shaw if already paid to him) to an amount that will equal three times his average “base amount” less \$1.00.

**Noncompetition.** Mr. Shaw is subject to a noncompetition restrictive covenant during the term of his employment and for a period of two years thereafter, although the covenant will not apply if his employment is terminated due to an Involuntary Termination.

**Nonsolicitation.** Mr. Shaw is subject to a nonsolicitation restrictive covenant of clients, employees and key consultants during the term of his employment and for one year thereafter.

**Confidentiality.** Mr. Shaw is subject to a confidentiality restrictive covenant of unlimited duration.

**Waiver and Release.** Our obligations upon a termination of employment under Mr. Shaw’s employment agreement are subject to Mr. Shaw executing and delivering a waiver and release of claims against us.

Employment Agreement dated November 7, 2018 with Brian K. Meyers

The terms of the Company's employment agreement for Mr. Meyers are identical to those set forth in Mr. Shaw's employment agreement described above, except that: (a) Mr. Meyers will serve as Executive Vice President, Chief Financial Officer and Treasurer, and will receive a minimum annual base salary of \$340,000 and (b) in the event of an Involuntary Termination, Mr. Meyers will be entitled to receive a payment of one and three-quarters times the sum of (1) his annual base salary and (2) the target amount of the annual performance bonus for him in the year in which the termination of employment occurs.

Employment Agreement dated April 3, 2019 with Stephen M. Buchenot

The terms of the Company's employment agreement for Mr. Buchenot are identical to those set forth in Mr. Shaw's employment agreement described above, except that: (a) Mr. Buchenot will serve as Senior Vice President of Campus Operations and will receive a minimum annual base salary of \$289,893, (b) in the event of an Involuntary Termination, Mr. Buchenot will be entitled to receive a payment of one and one-half times the sum of (1) his annual base salary and (2) the target amount of the annual performance bonus for him in the year in which the termination of employment occurs and (c) Mr. Buchenot is not provided the use of an automobile. The employment agreement supersedes and replaces a Change in Control Agreement dated November 7, 2018 between the Company and Mr. Buchenot.

**"Involuntary Termination"** generally means the termination of the executive's employment by the executive for Good Reason or by the Company without Cause.

Prior to a "Change in Control" (as defined below), **"Cause"** generally means any of the following: (i) the executive's willful failure to perform his duties in any material respect, (ii) malfeasance or gross negligence in the performance of his duties, (iii) the executive's conviction of a felony, (iv) the executive's intentional or reckless disclosure of confidential information, (v) the executive's commission of an act of sexual harassment that would normally constitute grounds for termination, or (vi) any other act or omission by the executive which is materially injurious to the financial condition or business reputation of the Company or any of its affiliates. The definition also requires that the executive be given 30 days' notice to cure a breach of (i) and (ii) above. After a Change in Control, Cause would not include (v) and (vi) above.

**"Good Reason"** generally means the occurrence of any of the following without the executive's written consent: (i) a reduction in the executive's base salary or target annual incentive compensation award; (ii) an adverse change in the executive's title, authority, duties or responsibilities; (iii) the relocation of the executive's principal place of employment to a location more than 10 miles from West Orange, New Jersey; (iv) a failure by the Company to pay material compensation when due; or (v) a material breach of the executive's employment agreement by the Company. The definition also requires that the Company be given 10 days' notice to cure any Good Reason that is susceptible to cure.

**"Change in Control"** generally means any of the following: (i) when a person directly or indirectly becomes the beneficial owner of 25% or more of either (1) the then outstanding common stock or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (other than any acquisition directly from the Company, by the Company, or by an employee benefit plan sponsored by the Company); (ii) when, during any period of 24 consecutive months, the individuals who constitute the Board of Directors of the Company cease to constitute at least a majority thereof; (iii) when the shareholders approve a reorganization, merger or consolidation of the Company without the consent or approval of a majority of the Board of Directors; (iv) when there is a consummation of a merger, amalgamation or consolidation of the Company with any other corporation, the issuance of voting securities of the Company in connection with such a transaction or the sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation (unless there is no significant change in the beneficial ownership of the common stock); or (v) a complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company.

Separation Agreement with Deborah M. Ramentol

In connection with the retirement of Ms. Ramentol, the Company's former Senior Group President, on February 1, 2018, the Company and Ms. Ramentol entered into a Separation and Release Agreement dated January 24, 2018 (the "Separation Agreement"), pursuant to which, in consideration for a release of claims, Ms. Ramentol received a lump sum cash payment of \$284,387.25, subject to withholding. In addition, pursuant to the Separation Agreement, the Company paid the employer-portion of the monthly premiums due for continuation of medical, dental and vision plan coverage for Ms. Ramentol and her family under COBRA through January 31, 2019 and 50,000 shares of restricted stock awarded by the Company to Ms. Ramentol became fully vested on the effective date of Ms. Ramentol's retirement from the Company.

## Director Compensation

The following chart summarizes the compensation of the Company's non-employee directors during the fiscal year ended December 31, 2018. Following the table is a discussion of material factors related to the information disclosed in the table.

### DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Total (\$)
J. Barry Morrow	105,500	40,000	145,500
Alvin O. Austin	65,000	-	65,000
Peter S. Burgess	85,000	-	85,000
James J. Burke, Jr.	67,000	-	67,000
Celia H. Currin	69,500	-	69,500
Ronald E. Harbour	56,500	-	56,500

- (1) Represents the grant date fair value of a restricted stock award granted on May 3, 2018. The fair value of this grant was determined in accordance with FASB ASC Topic 718 (excluding the effect of estimated forfeitures) as determined based on applying the assumptions used in the Company's financial statements. See Note 1 to the audited consolidated financial statements in our Annual Report on Form 10-K/A for the year ended December 31, 2018, regarding assumptions underlying the valuation of equity awards. This grant vests on the first anniversary of the award date, May 3, 2019.

In 2018, the Company paid each of its non-employee directors an annual retainer of \$40,000 for services to the Company. In addition, each non-employee director received \$1,500 per board meeting attended in person or by telephone. Non-employee directors on committees of the board each received an additional payment of \$1,500 for each committee meeting attended on a day other than the day of a board meeting for which that director has been compensated. The Audit Committee Chair received an additional \$15,000 annual retainer and the chairpersons of each of the Nominating and Corporate Governance Committee and the Compensation Committee received an additional \$10,000 annual retainer.

J. Barry Morrow, our Non-Executive Chairman, received an additional annual retainer of \$10,000.

Non-employee directors are also eligible to receive awards of shares of restricted common stock under the Amended and Restated 2005 Non-Employee Directors Restricted Stock Plan as compensation for their services as directors.

**Annual Grants of Restricted Stock.** On the date of each annual meeting, each non-employee director receives an award of shares of restricted common stock equal to \$55,000 (based on the fair market value of a share of the Company's common stock on the date of grant) for service as a director of the Company, provided that such non-employee director continues to serve as a director of the Company immediately after such annual meeting.

In 2018, the non-employee directors advised the full board that they believed it was in the best interests of the Company that they forgo the 2018 annual award of shares of restricted stock for the financial benefit of the Company. The restricted stock awards would otherwise have been awarded in May 2018 with vesting on the anniversary date of the grants. As a result, on May 3, 2018 only Mr. Morrow, our Non-Executive Chairman, received an award of 21,622 shares of restricted common stock, which will vest in full on May 3, 2019. The per share fair market value of a share of the Company's common stock on May 3, 2018 was \$1.85.

All awards of common stock under the Amended and Restated 2005 Non-Employee Directors Restricted Stock Plan granted since 2010 vest on the first anniversary of the grant date. There is no vesting period on the right to vote or the right to receive dividends on these shares.

### AUDIT COMMITTEE REPORT

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the Company's financial reporting process, by monitoring, among other matters, the quality and integrity of the Company's financial statements, the independence and performance of Deloitte & Touche LLP, the Company's independent registered public accounting firm, and the performance of the Company's internal auditors. Management has primary responsibility for preparing the financial statements and for the reporting processes, including the design and maintenance of the Company's system of internal controls. The independent registered public accounting firm is responsible for auditing the Company's consolidated financial statements and opining upon the effectiveness of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board ("PCAOB"). The Audit Committee is solely responsible for the compensation, appointment and oversight of the Company's independent registered public accounting firm.

[Table of Contents](#)

In this context, the Audit Committee has met and held discussions with management, the independent registered public accounting firm and the internal auditors, separately and together, with and without management present, regarding the Company's audited consolidated financial statements as of December 31, 2018, and for the year then ended and regarding the Company's internal controls. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles in the U.S. The Audit Committee also discussed with the independent registered public accounting firm the matters required to be discussed by PCAOB Interim Auditing Standard No. 16 (*Communications with Audit Committees*). Further, the Audit Committee discussed with the internal auditors the Company's plans for and scope of internal audits, identification of audit risks and results of audit activities.

The Audit Committee reviewed and discussed with the independent registered public accounting firm the auditor's independence from the Company and its management. As part of that review, the Company's independent registered public accounting firm submitted to the Audit Committee the written disclosures and the letter required by PCAOB Rule 3526 (*Independence Discussions with Audit Committees*) in which Deloitte & Touche LLP affirmed its independence from the Company. Further, the Audit Committee discussed with Deloitte & Touche LLP the firm's independence and considered whether the firm's provision of non-audit services to the Company was compatible with maintaining the firm's independence. The Audit Committee concluded that Deloitte & Touche LLP is independent from the Company and its management.

Based upon the considerations described above and subject to the limitations upon the role and responsibilities of the Audit Committee as set forth in the Audit Committee's charter, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements for the year ended December 31, 2018, be included in the Company's 2018 Annual Report.

AUDIT COMMITTEE  
Peter S. Burgess, Chair  
Celia H. Currin  
Ronald E. Harbour

**PROPOSAL 2: NON-BINDING ADVISORY VOTE ON THE COMPANY'S  
COMPENSATION OF NAMED EXECUTIVE OFFICERS**

Pursuant to the rules of the Securities and Exchange Commission adopted under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, we are providing shareholders with a non-binding advisory "say-on-pay" vote to approve the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis and tabular and narrative disclosures of this proxy statement.

We encourage shareholders to read the Compensation Discussion and Analysis beginning on page 11 of this proxy statement, which describes how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative which provide detailed information on the compensation of our named executive officers. The Compensation Committee and the Board of Directors believe that the policies and procedures articulated in this proxy statement are effective in achieving our goals.

The board unanimously recommends a vote for the following resolution:

"RESOLVED, that the shareholders hereby approve the compensation of the named executive officers as disclosed pursuant to Item 402 of Regulation S-K under the Securities Act of 1933, as amended, including the Compensation Discussion and Analysis, the accompanying compensation disclosure tables and any related narrative disclosure in this proxy statement."

Although the vote on this Proposal 2 is advisory and non-binding, the Compensation Committee and the Board of Directors will review the voting results on the proposal and will consider shareholder views in connection with our executive compensation program. At the 2018 Annual Meeting, approximately 99% of the votes cast on the say-on-pay proposal voted in favor of our NEO's compensation.

**Required Vote**

A majority of the votes cast at the Annual Meeting will be required to approve on a non-binding advisory basis, the compensation of the Company's named executive officers.

**Our Board of Directors unanimously recommends a vote FOR the proposal to approve the compensation of the named executive officers described in this proxy statement. Proxies that are executed and returned will be voted FOR that proposal, except to the extent that particular proxies contain instructions to vote against, or to abstain from voting with regard to, that proposal.**

### PROPOSAL 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Deloitte & Touche LLP, which has served as the Company's independent registered public accounting firm since 1999, to be the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019. Deloitte & Touche LLP has advised the Company that it does not have any direct or indirect financial interest in the Company. Representatives of Deloitte & Touche LLP are expected to attend the Annual Meeting and will be given the opportunity to make a statement if they choose to do so. They will also be available to respond to appropriate questions.

Before appointing Deloitte & Touche LLP, the Audit Committee carefully considered Deloitte & Touche LLP's qualifications, including the firm's performance as independent registered public accounting firm for the Company in prior years and its reputation for integrity and competence in the fields of accounting and auditing. The Audit Committee also considered whether Deloitte & Touche LLP's provision of non-audit services to the Company is compatible with its independence from the Company.

Shareholders will be asked at the Annual Meeting to ratify the appointment of Deloitte & Touche LLP. If the shareholders ratify the appointment, the Audit Committee may still, in its discretion, appoint a different independent registered public accounting firm at any time during 2019 if it concludes that such a change would be in the best interests of the Company. If the shareholders fail to ratify the appointment, the Audit Committee will reconsider, but not necessarily rescind, the appointment of Deloitte & Touche LLP.

#### Fees Billed by Independent Registered Public Accounting Firm

As more fully described below, all services to be provided by Deloitte & Touche LLP are pre-approved by the Audit Committee, including audit services, tax services and certain other services.

The SEC requires disclosure of fees billed by the Company's independent registered public accounting firm for certain services. The following table sets forth the aggregate fees billed and expected to be billed by Deloitte & Touche LLP for professional services rendered for each of the past two years:

Fee Category	2018	2017
Audit and Audit Related Fees	\$ 1,033,500	\$ 1,017,000
Tax Fees	158,000	150,000
All Other Fees	8,280	8,280
<b>Total Fees</b>	<b>\$ 1,199,780</b>	<b>\$ 1,175,280</b>

*Audit and Audit Related Fees* consisted principally of audit services of our consolidated financial statements, review of our quarterly financial statements, services that are normally provided by the independent auditors in connection with statutory and regulatory filings and the audit of the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002.

*Tax Fees* consisted principally of professional services rendered by Deloitte & Touche LLP in connection with the Company's tax compliance activities, including technical and tax advice related to the preparation of tax returns.

*All Other Fees* primarily consisted of professional services rendered in connection with the Company's employee benefit plan.

#### Audit Committee Pre-Approval Policy

The Audit Committee approves, prior to engagement, all audit and non-audit services provided by Deloitte & Touche LLP and all fees to be paid for such services. All services are considered and approved on an individual basis. In its pre-approval and review of non-audit service fees, the Audit Committee considers, among other factors, the possible effect of the performance of such services on the auditors' independence.

#### Required Vote

A majority of the votes cast at the Annual Meeting will be required to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2019.

Our Board of Directors recommends a vote FOR the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019.

## **ANNUAL REPORT AND FINANCIAL STATEMENTS AND COMMITTEE AND CORPORATE GOVERNANCE MATERIALS OF THE COMPANY**

Copies of the Company's Annual Report filed with the SEC for the year ended December 31, 2018, including the Company's consolidated financial statements and financial statement schedule, will be mailed to interested shareholders, without charge, upon written request. Exhibits to our Annual Report will be provided upon written request and payment to the Company of the cost of preparing and distributing those materials. The current charters of the board's Audit, Compensation, Nominating and Corporate Governance Committees, along with the Company's Integrity Assurance Program – A Code of Business Ethics and Conduct, are available to interested shareholders upon request and are posted on our website at [www.lincolntech.edu](http://www.lincolntech.edu). Written requests should be sent to Lincoln Educational Services Corporation, 200 Executive Drive, Suite 340, West Orange, New Jersey 07052, Attention: Investor Relations.

### **CORPORATE GOVERNANCE GUIDELINES AND CODE OF ETHICS**

The Company's Board of Directors has adopted corporate governance guidelines, which include guidelines for determining director independence, director responsibilities, director access to management and independent advisors, succession planning, director retirement and director stock ownership.

Our Board of Directors has also adopted an Integrity Assurance Program – A Code of Business Ethics and Conduct (the "Code of Conduct") that applies to all directors, officers and employees and that is intended, among other things, to comply with Section 406 of the Sarbanes-Oxley Act of 2002 and related SEC and NASDAQ rules requiring a code of ethics for a company's directors, officers and employees. The Code of Conduct prohibits our directors, executive officers and senior management from holding the Company's securities in a margin account or otherwise pledging the Company's securities as collateral for a loan and under certain circumstances involving an accounting restatement requires the claw back of bonus or incentive compensation paid to officers of the Company.

A copy of the Code of Conduct is posted on our website at [www.lincolntech.edu](http://www.lincolntech.edu). The Audit Committee must approve any requests for amendments to or waivers from the Code of Conduct with respect to directors and executive officers and the Company intends to report such amendments or waivers that are required to be reported pursuant to the rules of the SEC and the NASDAQ Global Select Market on the Company's website.

### **TRANSACTIONS WITH RELATED PERSONS**

The Company recognizes that related person transactions present a heightened risk of conflicts of interest. As a general matter, it is the preference of the Company to avoid related person transactions. The term "related person transaction" refers to a transaction required to be disclosed pursuant to Item 404 of Regulation S-K, under the Securities Act of 1933, as amended.

Nevertheless, the Company recognizes that there are situations where related person transactions may be in, or may not be inconsistent with, the best interests of the Company and its shareholders. As a result, pursuant to the Company's Audit Committee charter, the Audit Committee is charged with the responsibility to review and approve all related person transactions on an ongoing basis. All such transactions must be approved in advance by the Audit Committee.

In addition, the Company's Code of Conduct contains policies and procedures with respect to conflicts of interest and related person transactions. The Code of Conduct requires that all directors, officers, employees and certain other persons subject to the Code of Conduct, adhere to it and prohibits certain arrangements that may be relevant to related person transactions including, but not limited to, prohibitions against: obtaining a substantial interest in any entity which does or seeks to do business with, or is a competitor of, the Company; entering into various arrangements (including family or other relationships) which might dissuade such director, officer, employee or other person from acting in the best interest of the Company; entering into a financial transaction or relationship with a student, prospect, vendor, agent or competitor of the Company; benefiting, or seeking to benefit, (directly or indirectly) from such person's position with the Company from any sale, purchase or other activity of the Company; using Company property or information for personal gain; obtaining loans or guarantees for personal obligations from the Company; and competing with the Company.

The Company is a party to an agreement (the "Matco Agreement") with Matco Tools Corporation ("Matco"), a tool distributor for the automotive and other industries, which provides to Matco the exclusive right to offer for sale its products to the students and instructors at 12 of the Company's campuses, which exclusivity includes, but is not limited to, all other tool manufacturers and tool distributors. The Matco Agreement also provides to the Company, on an advance commission basis, credits based on tool purchases by the Company's students, which credits are redeemable in Matco-branded tools, tool storage, equipment, and diagnostics products over the term of the Matco Agreement. The aggregate amount of the Company's purchases under the Matco Agreement were \$1.8 million and \$2.4 million for the years ended December 31, 2018 and 2017, respectively.

Matco is a subsidiary of Fortive Corporation, a NYSE-listed company (“Fortive”). James A. Lico, the President and Chief Executive Officer of Fortive, is the brother-in-law of Ronald Harbour, who is a director of the Company and a member of the Audit Committee. As the President and Chief Executive Officer of Fortive, Mr. Lico’s compensation and bonuses are based, in part, upon the financial performance of Fortis and its consolidated subsidiaries, including Matco. The Audit Committee has determined that the terms of the Matco Agreement are arm’s length and comparable to those available to third parties. Mr. Harbour was recused from all discussions and decisions of the Audit Committee in that regard. The Matco Agreement remains in effect until July 31, 2019.

#### **SHAREHOLDER PROPOSALS FOR THE 2020 ANNUAL MEETING OF SHAREHOLDERS**

Shareholder proposals that are intended to be presented at the 2020 Annual Meeting of Shareholders pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, must be received by the Secretary of the Company, in writing, no later than December 31, 2019, in order to be considered for inclusion in the Company’s proxy materials for that annual meeting. Shareholder proposals and shareholder nominations for election to the Board of Directors must also comply with the current advance notice and other requirements set forth in the Company’s bylaws to be eligible to be presented at an annual meeting. These requirements include, in part, the requirement that any such proposal or nomination must, with certain exceptions if the date of the annual meeting is advanced or delayed more than 30 days from that of the anniversary of this year’s annual meeting, be submitted to the Secretary of the Company at least 120 and not more than 150 days prior to the first anniversary of the date of mailing of the notice for this year’s annual meeting (or between December 1, 2019, and December 31, 2019, based on this year’s notice mailing date of April 30, 2019).

#### **COMMUNICATING WITH THE BOARD OF DIRECTORS**

You may contact any non-employee director, or the entire Board of Directors, at any time. Your communication may be sent to the Lincoln Educational Services Corporation Board of Directors – Non-Employee Directors, c/o Corporate Secretary, Lincoln Educational Services Corporation, 200 Executive Drive, Suite 340, West Orange, New Jersey 07052.

Communications are distributed to the Board of Directors, or any director as appropriate, depending on the facts and circumstances outlined in the communication. Certain items that are unrelated to the duties and responsibilities of the Board of Directors will be excluded, such as spam and other junk mail, resumes and other job inquiries, surveys and business solicitations or advertisements. Material that is unduly hostile, threatening, illegal or similarly unsuitable will also be excluded. We will make available to any non-employee director any communication that is filtered in accordance with the process described above, at that director’s request.

#### **HOUSEHOLDING OF ANNUAL MEETING MATERIALS**

Some banks, brokers and other nominee record holders may participate in the practice of “householding” proxy statements and annual reports. This means that unless shareholders give contrary instructions, only one copy of our proxy statement or annual report may be sent to multiple shareholders in each household who share an address. We will promptly deliver a separate copy of either document to you if you call or write to us at the following address or telephone number: Lincoln Educational Services Corporation, c/o Corporate Secretary, 200 Executive Drive, Suite 340, West Orange, New Jersey 07052; telephone (973) 736-9340. If you wish to receive separate copies of our proxy statement or annual report in the future, or if you are receiving multiple copies and would like to receive only one copy per household, please contact your bank, broker or other record holder, or you may contact us at the above address or telephone number.



**OTHER INFORMATION**

Proxy authorizations submitted via the Internet must be received by 11:59 p.m. (Eastern Time) on June 12, 2019. To give your proxy authorization via the Internet, please read the instructions accompanying the enclosed proxy card. Costs associated with electronic access, such as from access providers, will be borne by the shareholder.

By Order of the Board of Directors

A handwritten signature in black ink that reads "Alexandra M. Luster". The signature is written in a cursive style with a large, prominent initial "A".

Alexandra M. Luster  
*Corporate Secretary*

West Orange, New Jersey  
April 30, 2019

**YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.**

Vote by Internet – QUICK ★ ★ ★ EASY  
IMMEDIATE – 24 Hours a Day, 7 Days a Week or by Mail

**LINCOLN EDUCATIONAL  
SERVICES CORPORATION**

Your Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card. Votes submitted electronically over the Internet must be received by 11:59 p.m., Eastern Time, on June 12, 2019.



**INTERNET/MOBILE —**  
[www.cstproxyvote.com](http://www.cstproxyvote.com)

Use the Internet to vote your proxy. Have your proxy card available when you access the above website. Follow the prompts to vote your shares.



**MAIL —** Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

**PLEASE DO NOT RETURN THE PROXY CARD IF YOU ARE VOTING ELECTRONICALLY.**

▲ FOLD HERE • DO NOT SEPARATE • INSERT IN ENVELOPE PROVIDED ▲

**PROXY**

1. Election of Directors

FOR ALL NOMINEES

WITHHOLD AUTHORITY

FOR ALL EXCEPT (See instructions below)

- |                          |                        |                          |                      |
|--------------------------|------------------------|--------------------------|----------------------|
| <input type="checkbox"/> | 1. Alvin O. Austin     | <input type="checkbox"/> | 5. Ronald E. Harbour |
| <input type="checkbox"/> | 2. Peter S. Burgess    | <input type="checkbox"/> | 6. J. Barry Morrow   |
| <input type="checkbox"/> | 3. James J. Burke, Jr. | <input type="checkbox"/> | 7. Scott M. Shaw     |
| <input type="checkbox"/> | 4. Celia H. Currin     |                          |                      |

(To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the box next to each nominee that you wish to withhold authority as shown here)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Advisory vote to approve named executive officer compensation.

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Ratification of the appointment of Deloitte & Touche LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

To change the address on your account, please check the box at the right and indicate your new address in the space to the left. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Check here if you plan to attend the meeting.

Please mark your votes like this



**CONTROL NUMBER**

\_\_\_\_\_

Signature: \_\_\_\_\_ Signature, if held jointly \_\_\_\_\_ Date \_\_\_\_\_, 2019

Note: Please sign exactly as name appears hereon. When shares are held by joint owners, both should sign. When signing as attorney, executor, administrator, trustee, guardian, or corporate officer, please give title as such

**ANNUAL MEETING OF SHAREHOLDERS OF  
LINCOLN EDUCATIONAL SERVICES CORPORATION  
June 13, 2019**

**The 2019 Proxy Statement and the 2018 Annual Report to  
Shareholders are available at:  
[www.lincolntech.edu/proxy](http://www.lincolntech.edu/proxy)**

Please date, sign and mail your proxy card in the  
envelope provided as soon as possible.

**▲ FOLD HERE • DO NOT SEPARATE • INSERT IN ENVELOPE PROVIDED ▲**

**PROXY**

**LINCOLN EDUCATIONAL SERVICES CORPORATION**

**Proxy For Annual Meeting of Shareholders**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned shareholder of Lincoln Educational Services Corporation, a New Jersey corporation (the "Company"), hereby appoints Scott M. Shaw and Brian K. Meyers, and each of them, as proxies for the undersigned, with full power of substitution in each of them, to attend the Annual Meeting of Shareholders of the Company to be held on Thursday, June 13, 2019, at 9:00 a.m., local time, at the Wilshire Grand Hotel, 350 Pleasant Valley Way, West Orange, NJ 07052, and any adjournment(s) or postponement(s) thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting and otherwise to represent the undersigned at the meeting, with the same effect as if the undersigned were present. The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Shareholders and the accompanying Proxy Statement and revokes any proxy previously given with respect to such shares.

**THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST IN ACCORDANCE WITH THE SPECIFICATIONS MADE BY THE UNDERSIGNED. IF THIS PROXY IS EXECUTED, BUT NO SPECIFICATION IS MADE BY THE UNDERSIGNED, THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST "FOR" ALL NOMINEES AND "FOR" PROPOSALS 2 AND 3, OTHERWISE IN THE DISCRETION OF THE PROXIES AT THE ANNUAL MEETING OR ANY ADJOURNMENT(S) OR POSTPONEMENT(S) THEREOF.**

**(Continued, and to be marked, dated and signed, on the other side)**

---