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

Form 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): January 30, 2015**

Lincoln Educational Services Corporation

(Exact Name of Registrant as Specified in Charter)

**New Jersey
(State or other jurisdiction of incorporation)**

**000-51371
(Commission File Number)**

**57-1150621
(I.R.S. Employer Identification No.)**

**200 Executive Drive, Suite 340
West Orange, New Jersey 07052
(Address of principal executive offices)**

**(Zip Code)
07052**

Registrant's telephone number, including area code: (973) 736-9340

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 **Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(b) On February 2, 2015, the Company's Executive Vice President and Chief Marketing Officer, Piper Jameson, formally tendered her resignation and the Company entered into a Separation and Release Agreement with her.

The Separation and Release Agreement with Ms. Jameson provides that Ms. Jameson's employment with the Company will terminate as of the close of business on February 13, 2015 and that, in consideration for a release of claims and agreement to certain restrictive covenants by Ms. Jameson, the Company will pay Ms. Jameson a lump sum cash payment of \$80,000, subject to applicable withholding. The restrictive covenants prohibit Ms. Jameson from (i) competing with the Company and (ii) soliciting employees, consultants, clients or customers of the Company or any of its affiliates or subsidiaries, in each case, for a period of 24 months following the date of termination of employment without the Company's prior consent.

Peter Tahinos, who currently holds the position of Senior Vice President of Marketing, will be assuming the duties held by Ms. Jameson.

(e) On January 30, 2015, the Company entered into new employment agreements with Shaun E. McAlmont, Chief Executive Officer, and Scott M. Shaw, President and Chief Operating Officer, replacing existing employment agreements which expired by their terms on December 31, 2014.

Employment Agreement of Mr. McAlmont. The employment agreement with Mr. McAlmont has a two-year term expiring on December 31, 2016 pursuant to which Mr. McAlmont's annual base salary will remain at \$500,000 and will receive an annual performance bonus determined by the Company's compensation committee each year. Upon a termination by the Company without Cause or Mr. McAlmont's resignation for Good Reason (in each case as such terms are defined in the employment agreement), Mr. McAlmont will receive, subject to his execution of a release, (i) two times his annual base salary plus an amount equal to the average annual bonus paid to him in the immediately preceding two years, (ii) a prorated annual bonus for the year of termination and (iii) a cash payment equal to the estimated employer portion of insurance premiums payable under the Company's healthcare plan for one year (subject to reduction if Mr. McAlmont becomes covered under a subsequent healthcare plan).

Upon a Change in Control of the Company (as defined in the employment agreement), (i) the term of the employment agreement will be automatically extended for an additional two-year term commencing on the date of the change in control and (ii) all outstanding equity awards held by Mr. McAlmont will vest in full. The employment agreement also provides that if (x) any amounts due to Mr. McAlmont pursuant to the employment agreement or any other plan or arrangement constitute a parachute payment for purposes of Section 280G of the Internal Revenue Code and (y) the aggregate amount that he would receive (after taking into account all taxes, including excise taxes) will be less than three times his base amount (as defined under the Code) less one dollar, then the payment will be reduced to three times his base amount less one dollar.

The employment agreement also contains a two-year post-employment non-competition agreement and standard nonsolicitation and confidentiality provisions.

Employment Agreement of Mr. Shaw. The employment agreement with Mr. Shaw is substantially the same as Mr. McAlmont's employment agreement except (i) his annual base salary is \$440,000 and (ii) the payment upon a termination by the Company without Cause or his resignation for Good Reason will equal one and a one-half times his annual base salary plus an amount equal to the average annual bonus paid to him in the immediately preceding two years (as compared to two times his annual base salary plus bonus).

The descriptions of the agreements contained herein do not purport to be complete and are qualified in their entirety by reference to the agreements, copies of which are attached hereto as Exhibits 10.1, 10.2 and 10.3 and are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

[10.1](#) Separation and Release Agreement between the Company and Piper P. Jameson dated February 2, 2015.

[10.2](#) Employment Agreement between the Company and Shaun E. McAlmont dated January 30, 2015.

[10.3](#) Employment Agreement between the Company and Scott M. Shaw dated January 30, 2015.

SIGNATURES

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

LINCOLN EDUCATIONAL SERVICES CORPORATION

Date: February 5, 2015

By: /s/ Kenneth M. Swisstack

Name: Kenneth M. Swisstack

Title: General Counsel

SEPARATION AND RELEASE AGREEMENT

THIS SEPARATION AND RELEASE AGREEMENT ("**Agreement**") is made between Lincoln Educational Services Corporation (the "**Company**") and Piper Jameson ("**you**"), and is in consideration of their mutual undertakings as set forth in this Agreement.

WHEREAS, the Company and you entered into an Employment Agreement dated January 8, 2013 (the "**Employment Agreement**");

WHEREAS, you have voluntarily resigned your position with the Company and the parties wish to enter into this Agreement to set forth the terms of your separation of employment from the Company, which Agreement shall supersede the terms of the Employment Agreement except as expressly preserved herein; and

WHEREAS, in consideration for the payments provided hereunder, you agree to comply with the terms of this Agreement and the continuing non-competition, non-solicitation and other restrictive covenants set forth in Section 9 of the Employment Agreement, which by its terms survives the termination of the Employment Agreement;

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth in this Agreement, the parties hereby agree as follows:

1. **Resignation.** Effective as of the close of business on February 13, 2015 (the "**Effective Date**"), you shall have officially resigned from you position as the Company's Chief Marketing Officer.

2. **Nonadmission of Liability.** This Agreement shall not be construed as an admission by the Company that it acted wrongfully with respect to you, nor shall this Agreement be construed as an admission by you of any misconduct.

3. **Severance Pay and Benefits.**

(a) In consideration of your service to the Company and the waiver and release of claims set forth below, the Company shall provide you with a lump sum severance payment of Eighty Thousand (\$80,000.00) dollars, less all lawful or required deductions, which shall be paid no later than fourteen (14) days after the expiration of the seven (7) day revocation period described in Section 7(b) of this Agreement. Except as otherwise specifically provided herein or as required by applicable law, you shall not be entitled to any compensation or benefits or to participate in any past, present or future benefit programs or arrangements of the Company (including, without limitation, any compensation or benefits under any severance plan, program or arrangement) on or after the Effective Date.

(b) This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (Section 409A) or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, the Employer makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Employer be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Employee on account of non-compliance with Section 409A.

4. **References.** All requests for references shall be routed to the Company's Senior Vice President of Human Resources. The Company's response shall be limited to the dates of your employment and your job title. No additional information shall be released.

5. **Support for Legal Matters.** You also agree, within reasonable convenience to you, to cooperate with the Company in any legal action for which your participation is needed. The Company agrees to try to schedule all such meetings so that they do not unduly interfere with your pursuits after the Effective Date. The Company agrees to reimburse you for reasonable out-of-pocket expenses incurred in connection with your services described in this Section 5.

6. **Restrictive Covenants.**

(a) **Post-Employment Restrictions:** You acknowledge and agree that you remain bound by the post-termination Restrictive Covenants contained in Section 9 of the Employment Agreement, incorporated in full by reference herein, including but not limited to the Noncompetition, Nonsolicitation, Confidentiality and Exclusive Property provisions.

(b) **Return of Property.** On or before the Effective Date you will return to the Company all property owned by the Company in your possession, specifically including all keys and keycard badges, all company-owned equipment and all Company documents, and computer-stored or transmitted information, specifically including all trade secrets, and/or confidential information of the Company.

(c) **Compliance with Restrictive Covenants.** Without intending to limit any other remedies available to the Company and except as required by law, in the event that you breach or threaten to breach any of your restrictive covenants set forth in this Section 6 and Section 9 of the Employment Agreement, (i) the Company shall be entitled to seek a temporary restraining order and/or a preliminary or permanent injunction restraining you from engaging in activities prohibited by this Section 6 and Section 9 of the Employment Agreement, or such other relief as may be required to enforce any of such covenants and (ii) all obligations of the Company to make payments and provide benefits under this Agreement shall immediately cease.

7. **Release of Claims.**

(a) **General Release.** In consideration of the payments and benefits provided to you under this Agreement and after consultation with counsel, you, and each of the your respective heirs, executors, administrators, representatives, agents, successors and assigns (collectively, the "**Releasers**") hereby irrevocably and unconditionally release and forever discharge the Company, its affiliated entities and each of their respective officers, employees, directors, shareholders and agents from any and all claims, actions, causes of action, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character (collectively, "**Claims**"), including, without limitation, any Claims under any federal, state, local or foreign law, that the Releasers may have, or in the future may possess, arising out of (i) your employment relationship with and service as an employee or officer of the Company, and the termination of such relationship or service, or (ii) any event, condition, circumstance or obligation that occurred, existed or arose on or prior to the date hereof; **provided, however,** that the release set forth in this Section 7 shall not apply to (i) the obligations of the Company under this Agreement, (ii) claims for vested benefits under Company benefit plans, (iii) claims for indemnification or contribution, (iv) claims related to your vested equity, (v) claims that arise after your execution of this Agreement, (vi) a charge or complaint filed by you with the Equal Employment Opportunity Commission or comparable State agency, provided however, that you may be barred from recovering any monetary relief in any such proceeding; or (vii) any other claims that cannot be waived herein under state or federal law.

Without limiting the scope of the foregoing provision in any way, you hereby release all claims relating to or arising out of any aspect of your employment with the Company, including but not limited to, all claims under Title VII of the Civil Rights Act, the Civil Rights Act of 1991 and the laws amended thereby; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act of 1990; the Americans with Disabilities Act; the Family and Medical Leave Act of 1993; the Fair Labor Standards Act of 1963; the New Jersey Law Against Discrimination, the New Jersey Family Leave Act; the New Jersey Conscientious Employee Protection Act; any contract of employment, express or implied; any provision of the Constitution of the United States or of any particular State; and any other law, common or statutory, of the United States, or any particular State; any claim for the negligent and/or intentional infliction of emotional distress or specific intent to harm; any claims for attorneys fees, costs and/or expenses; any claims for unpaid or withheld wages, severance pay, benefits, bonuses, commissions and/or other compensation of any kind; and/or any other federal, state or local human rights, civil rights, wage and hour, wage payment, pension or labor laws, rules and/or regulations; all claims growing out of any legal restrictions on the Company's right to hire and/or terminate its employees, including all claims that were asserted and/or that could have been asserted by you and all claims for breach of promise, public policy, negligence, retaliation, defamation, impairment of economic opportunity, loss of business opportunity, fraud, misrepresentation, etc.

The Releasers further agree that the payments and benefits described in this Agreement shall be in full satisfaction of any and all Claims for payments or benefits, whether express or implied, that the Releasers may have against the Company arising out of the your employment relationship or your service as an employee or officer of the Company and the termination thereof.

(b) Specific Release of ADEA Claims. In consideration of the payments and benefits provided to you under this Agreement, the Releasers hereby unconditionally release and forever discharge the Company from any and all Claims arising under the Federal Age Discrimination in Employment Act of 1967, as amended, and the applicable rules and regulations promulgated thereunder ("ADEA") that you may have as of the date of the your signature to this Agreement. By signing this Agreement, you hereby acknowledge and confirm the following:

- (i) You were advised by the Company in connection with your termination to consult with an attorney of your choice prior to signing this Agreement and to have such attorney explain to him the terms of this Agreement, including, without limitation, the terms relating to your release of claims arising under ADEA;
- (ii) You were given a period of not fewer than 21 days to consider the terms of this Agreement and to consult with an attorney of your choosing with respect thereto, and were given the option to sign the Agreement in fewer than 21 days if you desired;
- (iii) You are providing the release and discharge set forth in this Section 7(b) only in exchange for consideration in addition to anything of value to which you is already entitled; and
- (iv) You knowingly and voluntarily accept the terms of this Agreement.

You acknowledge that you understand that you may revoke the release contained in this Section 7(b) within seven days following the date on which you sign this Agreement (the "Revocation Period") by providing to the Company written notice of your revocation of the release and waiver contained in this Section 7(b) prior to the expiration of the Revocation Period. This right of revocation relates only to the ADEA release set forth in this Section 7(b) and does not act as a revocation of any other term of this Agreement. Any payments or benefits provided to you under this Agreement shall not commence until the expiration of the Revocation Period.

(c) No Claims. You agree that you have not instituted, assisted or otherwise participated in connection with, any action, complaint, claim, charge, grievance, arbitration, lawsuit, or administrative agency proceeding, or action at law or otherwise against the Company and any of its affiliated entities, or any of their respective officers, employees, directors, shareholders or agents.

(d) No Assignment of Claims. You represent and warrant that you have not assigned any of the Claims being released under this Section 7.

(e) **Voluntary Execution of Agreement.** You acknowledge that, except as expressly set forth herein, no representations of any kind or character have been made to you by the Company or by any of its agents, representatives, or attorneys to induce the execution of this Agreement. You understand and acknowledge the significance and consequences of this Agreement, that it is voluntary, that it has not been entered into as a result of any coercion, duress or undue influence, and expressly confirm that it is to be given full force and effect according to all of its terms, including those relating to unknown Claims. You acknowledge that you had full opportunity to discuss any and all aspects of this Agreement with legal counsel, and have availed yourself of that opportunity to the extent desired. You acknowledge that you have carefully read and fully understand all of the provisions of this Agreement and have signed this Agreement only after full reflection and analysis.

8. **Confidentiality.**

(a) Except as otherwise provided in Section 8(b), subsequent to the execution of this Agreement and to the extent permitted by law, you agree not to disclose, either directly or indirectly, any information whatsoever relating to the existence or substance of the Agreement, the business of the Company or its affiliated entities, your employment with the Company, or any information about the Company's officers, directors, employees or students to any person or entity, members of the media, present or former employees of the Company or to attorneys or private investigators representing other employees or entities. Without intending to limit any other remedies available to the Company and except as required by law, in the event that you breach or threaten to breach any of your obligations under this Section 8 the Company shall be entitled to seek a temporary restraining order and/or a preliminary or permanent injunction restraining you from engaging in activities prohibited by this Section.

(b) You may, however, disclose the terms of the Agreement to (i) your accountants, counsel or family members with whom you choose to consult or seek advice regarding your consideration of the decision to execute this Agreement, provided, however, that those to whom you make such disclosure agree to keep such information confidential and not disclose it to others; or (ii) as required by lawful process in connection with any matrimonial and/or family proceeding; if compelled by subpoena or if legally compelled to do so by any regulatory body or agency. In the event you receive a subpoena or other legal process or directive from an attorney, regulatory body or other agency which you believe compels you to cooperate and provide information relative to your termination or this Agreement, you shall immediately provide notice to the Company prior to responding to said subpoena, legal process or directive.

9. **Non-Disparagement.** Except as hereinafter provided, you agree that you will not communicate or publish, directly or indirectly, any disparaging or defamatory comments or information about the Company or its business or that of its affiliated entities, their officers, directors, employees, or students to any third party individual or entity. Without intending to limit any other remedies available to the Company and except as required by law, in the event that you breach or threaten to breach any of your obligations under this Section 9 the Company shall be entitled to seek a temporary restraining order and/or a preliminary or permanent injunction restraining you from engaging in activities prohibited by this Section.

10. **No Cooperation.** You agree not to act in any manner that might damage the business of the Company or its affiliated entity. You further agree that you will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Released Parties, unless under a subpoena or other court order to do so accept as otherwise permitted in this Agreement. You agree both to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Released Parties, You shall state no more than that you cannot provide counsel or assistance.

11. **Miscellaneous.**

- (a) **Severability.** In the event that any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remainder of the Agreement shall not in any way be affected or impaired thereby. Moreover, if any one or more of the provisions contained in this Agreement shall be held to be excessively broad as to duration, activity or subject, such provisions shall be construed by limiting and reducing them so as to be enforceable to the maximum extent allowed by applicable law.
- (b) **Entire Agreement.** This Agreement and the Employment Agreement set forth the entire understanding between the parties and supersede and replace any express or implied, written or oral, prior agreement of plans or arrangement with respect to the terms of the your employment and the termination thereof which you may have had with the Company . You acknowledge that in signing this Agreement, you have not relied upon any representation or statement not set forth in this Agreement or the Employment Agreement made by the Company or any of its representatives. This Agreement may be amended only by a written document signed by the parties hereto.
- (c) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the state of New Jersey, without reference to its conflict of laws principles. Any action regarding the enforcement or interpretation of this Agreement shall be commenced only in the state of New Jersey.
- (d) **Withholding Taxes.** Any payments made or benefits provided to you under this Agreement shall be reduced by any applicable withholding taxes.
- (e) **Waiver.** The failure of any party to this Agreement to enforce any of its terms, provisions or covenants shall not be construed as a waiver of the same or of the right of such party to enforce the same. Waiver by any party hereto of any breach or default by another party of any term or provision of this Agreement shall not operate as a waiver of any other breach or default.

(f) Notices. Any notices required or made pursuant to this Agreement shall be in writing and shall be deemed to have been given when delivered or mailed by United States certified mail, return receipt requested, postage prepaid, as follows:

if to you:

Piper Jameson
30 Clearview Road
Whitehouse Station, NJ 08889

if to the Company:

Lincoln Educational Services Corporation
200 Executive Drive, Suite 340
West Orange, New Jersey 07052
Attention: General Counsel

or to such other address as either party may furnish to the other in writing in accordance with this Section 11 (f). Notices of change of address shall be effective only upon receipt.

(g) Descriptive Headings. The paragraph headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

(h) Counterparts. This Agreement may be executed in one or more counterparts, which, together, shall constitute one and the same agreement.

(i) Successors and Assigns. This Agreement is personal to you and may not be assigned by you without the prior written consent of the Company. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company.

(j) Arbitration. Any dispute or controversy arising under this Agreement, other than as provided in Section 6(c), Section 8(a) and Section 9 hereof, that cannot be mutually resolved by you and the Company shall be settled exclusively by arbitration in accordance with the Employment Arbitration Rules of the American Arbitration Association ("AAA"), and shall take place at the AAA's Regional Office in Somerset, New Jersey, unless another location is mutually agreed upon by the parties. Judgment may be entered on the arbitrators' award in any court having jurisdiction. The Company and you hereby agree that the arbitrators shall be empowered to enter an equitable decree mandating specific enforcement of the provisions of this Agreement. The cost of the arbitration shall be borne by the parties in the manner determined by the arbitrators.

(k) Expiration. This Agreement shall be null, void and of no further force and effect unless you sign and return this Agreement to the Company by no later than twenty-one (21) days from the date you receive it.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the date first set forth above, and you have executed this Agreement as of the date set forth below.

LINCOLN EDUCATIONAL SERVICES CORPORATION

By: /s/ Shaun E. McAlmont

Name: Shaun E. McAlmont

Title: Chief Executive Officer

Date: February 2, 2015

By signing this Agreement, I acknowledge that: (a) I have read this Agreement; (b) I understand this Agreement and know that I am giving up important rights; (c) this Agreement shall not become effective or enforceable for a period of seven (7) days following its execution; (d) I was advised by the Company, and I am aware, of my right to consult with an attorney before signing this Agreement; and (e) I have signed this Agreement knowingly and voluntarily and without any duress or undue influence on the part or behalf of the Company.

ACCEPTED AND AGREED:

/s/ Piper Jameson

Piper Jameson

Date: February 2, 2015

EMPLOYMENT AGREEMENT (this "Agreement"), dated as of January 30, 2015, between LINCOLN EDUCATIONAL SERVICES CORPORATION, a New Jersey corporation (the "Company"), and Shaun E. McAlmont (the "Executive").

WHEREAS, the Executive is currently employed by the Company;

WHEREAS, the Executive and the Company entered into an employment agreement, dated January 8, 2013, which expires pursuant to its terms on December 31, 2014 (the "Prior Agreement"); and

WHEREAS, the parties desire to enter into a new agreement setting forth the terms and conditions of the Executive's employment with the Company effective as of January 1, 2015 that supersedes the Prior Agreement;

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. EFFECTIVENESS OF AGREEMENT

This Agreement shall become effective as of the date hereof.

2. EMPLOYMENT AND DUTIES

2.1 Position and Duties. The Company hereby continues to employ the Executive, and the Executive agrees to serve, as President and Chief Executive Officer of the Company, upon the terms and conditions contained in this Agreement. The Executive shall report to the Board of Directors of the Company (the "Board") and perform the duties and services for the Company commensurate with the Executive's position. Except as may otherwise be approved in advance by the Board or the Compensation Committee of the Board (the "Committee"), the Executive shall render his services exclusively to the Company during his employment under this Agreement and shall devote substantially all of his working time and efforts to the business and affairs of the Company.

2.2 Term of Employment. The Executive's employment under this Agreement shall terminate on December 31, 2016, unless terminated earlier pursuant to Section 5 or extended pursuant to Section 6.1 (the "Employment Period").

2.3 Location of Work. The Executive shall be based in the United States in West Orange, New Jersey. However, the Executive agrees to undertake whatever domestic and worldwide travel is required by the Company. The Executive shall not be required or permitted to relocate without the mutual, written consent of the Executive and the Company.

3. COMPENSATION

3.1 Base Salary. Subject to the provisions of Sections 5 and 6, the Executive shall be entitled to receive a base salary (the "Base Salary") at a rate of \$500,000 per annum, such rate to be effective as of January 1, 2015. Such rate may be adjusted upwards, but not downwards, from time to time by the Board or the Committee, in their sole discretion. The Base Salary shall be paid in equal installments on a biweekly basis or in accordance with the Company's current payroll practices, less all required deductions. The Base Salary shall be pro-rated for any period of service less than a full year.

3.2 Annual Bonus. Subject to the provisions of Sections 5 and 6, the Executive shall be eligible to earn an annual bonus for 2015 and each full calendar year thereafter during the Employment Period (the "Annual Bonus"), the amount of which shall be based upon performance targets or such other criteria that are determined by the Board or the Committee pursuant to the provisions of the Company's Key Management Team Incentive Compensation Plan (the "Incentive Plan") in effect for the applicable calendar year. The Company shall pay the Annual Bonus to the Executive no later than March 15th following the end of the applicable fiscal year. The Annual Bonus shall be prorated for any year in which the Executive's employment is terminated due to death or Disability, as defined in Appendix A. If during the Employment Period the Executive's employment is terminated by the Company (or any successor thereto) for Cause, as defined in Exhibit A, or the Executive resigns from his employment other than for Good Reason, as defined in Exhibit A, prior to the payout of any Annual Bonus due for a completed calendar, the Executive shall not receive such Annual Bonus.

3.3 Reimbursement of Expenses. The Company shall reimburse the Executive for reasonable travel and other business expenses incurred by him in the fulfillment of his duties hereunder upon presentation by the Executive of an itemized account of such expenditures, in accordance with Company practices.

4. EMPLOYEE BENEFITS

4.1 General. The Executive shall, during the Employment Period, be included, to the extent eligible thereunder, in all employee benefit plans, programs and arrangements (including, without limitation, any plans, programs or arrangements providing for retirement benefits, profit sharing, disability benefits, health and life insurance or vacation and paid holidays) that shall be established by the Company for, or made available to, its senior executives. In addition, the Company shall furnish the Executive with coverage by the Company's customary director and officer indemnification arrangements, subject to applicable law.

4.2 Automobile. During the Employment Period, the Company shall provide the Executive with an automobile for business and personal use and pay for associated costs, including automobile insurance, parking and fuel, in accordance with the Company's practices as consistently applied to other key employees.

5. TERMINATION OF EMPLOYMENT

5.1 Effect of an Involuntary Termination. Subject to the provisions of Sections 6 and 9.5, if during the Employment Period there is an "Involuntary Termination" (as defined below) of the Executive's employment, the Company shall pay to the Executive:

- (i) an amount equal to two times the sum of (x) the Executive's annual Base Salary, at a rate in effect at the date of such termination plus (y) the average of the Annual Bonuses paid to the Executive for the two years immediately prior to the year in which the Involuntary Termination occurs;

(ii) all outstanding reasonable travel and other business expenses that he incurred as of the date of his termination;

(iii) an additional cash amount equal to the Company's estimate of the employer portion of the premiums that would be necessary to continue the Executive's health care coverage until the first anniversary of the date of such Involuntary Termination; provided, however, that if prior to payment of such cash amount the Executive becomes covered under another group health plan (which coverage, once obtained, must be promptly disclosed by the Executive to the Company), such cash amount shall be prorated to cover only the period from the date of the Executive's Involuntary Termination until the date on which such alternate coverage starts; and

(iv) a prorated Annual Bonus for the year in which the Involuntary Termination occurs, calculated by multiplying (A) the Annual Bonus to which the Executive would have been entitled under Section 3.2 if his employment had continued through the end of such year by (B) a proration fraction the numerator of which is the number of days in such calendar year up to and including the date of the Executive's Involuntary Termination and the denominator of which is 365.

The Executive shall also be entitled to receive any other accrued compensation and benefits otherwise payable to him as of the date of his termination, including, without limitation, any Annual Bonus due for a completed calendar year. All payments made under Sections 5.1(i), (ii) and (iii) above shall be made by the Company (or its successor) in a lump-sum amount on the 60th day following the Executive's termination of employment, and payment made under Section 5.1(iv) above shall be made by the Company (or its successor) in a lump-sum amount on the date that bonuses for the year in which the Executive's Involuntary Termination occurs are paid generally to the Company's senior executives (but no later than March 15th of the year following the year in which the Executive's Involuntary Termination occurs).

The Company shall not be required to make the payments and provide the benefits provided for under this Section 5.1 unless (1) the Executive executes and delivers to the Company, within sixty days following the Executive's termination of employment, a Waiver and Release (relating to the Executive's release of claims against the Company Group (as defined below) in the form provided by the Company, and the Waiver and Release has become effective and irrevocable in its entirety, and (2) the Executive remains in material compliance with the restrictive covenants set forth in Section 9 of this Agreement. The Executive's failure or refusal to sign the Waiver and Release (or the revocation of such Waiver and Release in accordance with applicable laws) or the Executive's failure to materially comply with the restrictive covenants in Section 9 shall result in the forfeiture of the payments and benefits payable under this Section 5.1.

For purposes of this Agreement, "Involuntary Termination" means the termination of the Executive's employment (i) by the Company (or any successor thereto) without Cause, as defined in Appendix A, or (ii) by the Executive for Good Reason, as defined in Appendix A.

5.2 Effect of a Termination for Cause or Resignation without Good Reason. Subject to the provisions of Sections 3.2 and 6, if during the Employment Period, the Executive's employment is terminated by the Company (or any successor thereto) for Cause or the Executive resigns from his employment other than for Good Reason, the Company shall pay to the Executive, any (i) accrued but unpaid Base Salary earned through the date of his termination, (ii) unreimbursed expenses, plus (iii) accrued but unpaid employee benefits set forth in Section 4.1 above as determined in accordance with the provisions of the applicable employee benefit plans or programs of the Company.

5.3 Effect of a Termination due to Death or Disability. Subject to the provisions of Sections 3.2 and 6, if during the Employment Period, the Executive's employment is terminated by the Company (or any successor thereto) due to death or Disability, as defined in Appendix A, the Company shall pay to the Executive, or if applicable his estate:

(i) accrued but unpaid Base Salary earned through the date of his termination and any Annual Bonus due but not yet paid for a completed calendar year;

(ii) a prorated Annual Bonus for the year in which the termination of employment occurs, calculated by multiplying (A) the Executive's target Annual Bonus for that year by (B) a proration fraction the numerator of which is the number of days in such calendar year up to and including the date of the Executive's termination of employment and the denominator of which is 365;

(iii) all outstanding reasonable travel and other business expenses that the Executive incurred as of the date of his termination;
and

(iv) accrued but unpaid employee benefits set forth in Section 4.1 above as determined in accordance with the provisions of the applicable employee benefit plans or programs of the Company.

In addition, upon the Executive's termination of employment due to death or Disability, all outstanding stock options and restricted stock awarded to the Executive shall become fully vested, and stock options shall become immediately exercisable and will remain exercisable for one year from the date of termination (or, if earlier, until the stock option's normal expiration date); provided, however, that if the applicable stock option award specifically provides for a longer post-employment period to exercise such option, such longer period shall apply.

6. EFFECT OF A CHANGE IN CONTROL

6.1 New Term of Employment. Notwithstanding anything to the contrary in this Agreement, upon the occurrence of a Change in Control, as defined in Appendix A, during the Employment Period, the Company (or its successor) shall renew this Agreement for a period of two years commencing on the date of the Change in Control and ending on the second anniversary of the date of the Change in Control.

6.2 Acceleration of Equity Awards. Notwithstanding anything to the contrary in any of the Equity Award Documents, as defined in Appendix A, upon a Change in Control, all outstanding stock options and restricted stock granted by the Company or any of its affiliates to the Executive shall become fully vested, and stock options shall become immediately exercisable, on the date of the Change in Control.

7. REDUCTION OF PAYMENTS

If any amounts due to the Executive under this Agreement and any other agreement, plan or arrangement of or with the Company or any of its affiliates constitute a "parachute payment," as such term is defined in Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), and the amount of the parachute payment, reduced by all federal, state and local taxes applicable thereto, including the excise tax imposed pursuant to Section 4999 of the Code, is less than the amount the Executive would receive if he was paid three times his "base amount", as defined in Section 280G(b)(3) of the Code, less \$1.00, reduced by all federal, state and local taxes applicable thereto, then the aggregate of the amounts constituting the parachute payment will be reduced (or returned by the Executive if it has already been paid to him) to an amount that will equal three times the Executive's base amount less \$1.00. Any determination to be made with respect to this Section 7 shall be made by an accounting firm jointly selected by the Company and the Executive and paid for by the Company, and which may be the Company's independent auditors.

8. NO ADDITIONAL RIGHTS

The Executive shall have no right to receive any compensation or benefits upon his termination or resignation of employment, except (i) as expressly set forth in Sections 5 and 6 above, where applicable, or (ii) as determined in accordance with the provisions of the employee benefit plans or programs of the Company.

9. RESTRICTIVE COVENANTS

9.1 Noncompetition. During the term of the Executive's employment with the Company (or any successor thereto) and continuing for two years thereafter, the Executive shall not, without the prior written consent of the Company, directly or indirectly, own, manage, operate, join, control, or participate in the ownership, management, operation or control of, or be employed by or connected in any manner with, any Competing Business, whether for compensation or otherwise; provided, however, that the Executive shall be permitted to hold, directly or indirectly, less than 1% of any class of securities of any entity that is listed on a national securities exchange or on the NASDAQ National Market System. Notwithstanding the foregoing, this Section 9.1 shall cease to apply upon the termination of the Executive's employment with the Company (or any successor thereto) resulting from an Involuntary Termination. For purposes of this Agreement, "Competing Business" means any business within the United States that involves for-profit, post-secondary education.

9.2 Nonsolicitation. During the term of the Executive's employment with the Company (or any successor thereto) and continuing for one year thereafter, the Executive shall not, without the prior written consent of the Company, directly or indirectly, as a sole proprietor, member of a partnership, stockholder, investor, officer or director of a corporation, or as an employee, associate, consultant or agent of any person, partnership, corporation or other business organization or entity other than the Company or any of its subsidiaries or affiliates (the "Company Group") (i) solicit or endeavor to entice away from any member of the Company Group, any person or entity who is, or was on the date of this Agreement, employed by, or serving as a key consultant of, any member of the Company Group or (ii) solicit or endeavor to entice away from any member of the Company Group, any person or entity who is, or was on the date of this Agreement, a customer or client (or reasonably anticipated to become a customer or client) of any member of the Company Group.

9.3 Confidentiality. The Executive shall not at any time, except in performance of his obligations to the Company Group under the provisions of this Agreement and as an employee of the Company, directly or indirectly, disclose or use any secret or protected information that he may learn or has learned by reason of his association with any member of the Company Group. The term "protected information" includes trade secrets and confidential and proprietary business information of the Company Group, including, but not limited to, customers (including potential customers), sources of supply, processes, methods, plans, apparatus, specifications, materials, pricing information, intellectual property (including applications and rights in discoveries, inventions or patents), internal memoranda, marketing plans, contracts, finances, personnel, research and internal policies, but shall exclude any information which (i) is or becomes available to the public or is generally known in the industry or industries in which the Company Group operates other than as a result of disclosure by the Executive in violation of this Section 9.3 or (ii) the Executive is required to disclose under any applicable laws, regulations or directives of any government agency, tribunal or authority having jurisdiction in the matter or under subpoena or other process of law.

9.4 Exclusive Property. The Executive confirms that all protected information is and shall remain the exclusive property of the Company Group. All business records, papers and documents kept or made by the Executive relating to the business of the Company shall be and remain the property of the Company Group.

9.5 Compliance with Restrictive Covenants. Without intending to limit any other remedies available to the Company Group and except as required by law, in the event that the Executive breaches or threatens to breach any of the covenants set forth in this Section 9, (i) the Company Group shall be entitled to seek a temporary restraining order and/or a preliminary or permanent injunction restraining the Executive from engaging in activities prohibited by this Section 9 or such other relief as may be required to enforce any of such covenants and (ii) all obligations of the Company to make payments and provide benefits under this Agreement shall immediately cease.

10. ARBITRATION

10.1 General. Subject to Section 9.5 above, any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the Executive and the Company shall be settled exclusively by arbitration in West Orange, New Jersey before three arbitrators of exemplary qualifications and stature. The Executive and the Company shall each select one arbitrator. The arbitrators selected by the Executive and the Company shall jointly select the third arbitrator. Judgment may be entered on the arbitrators' award in any court having jurisdiction. The Executive and the Company hereby agree that the arbitrators shall be empowered to enter an equitable decree mandating specific enforcement of the provisions of this Agreement.

10.2 Associated Costs. The cost of the arbitration shall be borne by the parties in the manner determined by the arbitrators. If, however, the dispute concerns contractual rights that arise in the event of or subsequent to a Change in Control, the costs of arbitration (and any reasonable attorney's fees incurred by the Executive) shall be borne by the Company, unless the arbitrators determine that the Executive commenced such arbitration on unfounded or unreasonable grounds.

11. SECTION 409A OF THE CODE.

11.1 General. This Agreement is intended to meet the requirements of Section 409A of the Code, and shall be interpreted and construed consistent with that intent.

11.2 Deferred Compensation. Notwithstanding any other provision of this Agreement, to the extent that the right to any payment (including the provision of benefits) hereunder provides for the "deferral of compensation" within the meaning of Section 409A(d)(1) of the Code, the payment shall be paid (or provided) in accordance with the following:

(i) If the Executive is a "Specified Employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date of the Executive's termination of employment, then no such payment shall be made or commence during the period beginning on the date of the Executive's termination of employment and ending on the date that is six months and one day following the Executive's termination of employment or, if earlier, on the date of the Executive's death.

(ii) Payments with respect to reimbursements of expenses shall be made in accordance with Company policy and in no event later than the last day of the calendar year following the calendar year in which the relevant expense is incurred. No reimbursement during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year, except, in each case, to the extent that the right to reimbursement does not provide for a "deferral of compensation" within the meaning of Section 409A of the Code.

(iii) The Company shall not accelerate any payment or the provision of any benefits under this Agreement or make or provide any such payment or benefits if such payment or provision of such benefits would, as a result, be subject to tax under Section 409A of the Code. If, in the good faith judgment of the Company, any provision of this Agreement could cause the Executive to be subject to adverse or unintended tax consequences under Section 409A of the Code, such provision shall be modified by the Company in its sole discretion to maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the requirements of Section 409A of the Code. It is understood that each installment is a separate payment, and that the timing of payment is within the control of the Company.

(iv) The provisions of this Section 11 shall apply notwithstanding any provisions of this Agreement related to the timing of payments following the Executive's termination of employment.

12. MISCELLANEOUS

12.1 Communications. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered, or on the fifth business day after mailed if delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested), to the relevant party at the following address (or at such other address for a party as shall be specified by like notice, except that notices of change of address shall be effective upon receipt):

if to the Company:

200 Executive Drive, Suite 340
West Orange, New Jersey 07052
Attention: General Counsel

if to the Executive:

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

12.2 Waiver of Breach; Severability. (a) The waiver by the Executive or the Company of a breach of any provision of this Agreement by the other party hereto shall not operate or be construed as a waiver of any subsequent breach by either party.

(b) The parties hereto recognize that the laws and public policies of various jurisdictions may differ as to the validity and enforceability of covenants similar to those set forth herein. It is the intention of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and policies of each jurisdiction in which enforcement may be sought, and that the unenforceability (or the modification to conform to such laws or policies) of any provisions hereof shall not render unenforceable, or impair, the remainder of the provisions hereof. Accordingly, if at the time of enforcement of any provision hereof, a court of competent jurisdiction holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope, or geographic area reasonable under such circumstances shall be substituted for the stated period, scope or geographical area and that such court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and geographical area permitted by law.

12.3 Assignment; Successors. No right, benefit or interest hereunder shall be assigned, encumbered, charged, pledged, hypothecated or be subject to any setoff or recoupment by the Executive. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company.

12.4 Entire Agreement. This Agreement and the Equity Award Documents represent the entire agreement of the parties and shall supersede any and all previous contracts, arrangements or understandings between the Company and the Executive relating to the subject matter hereof, including, without limitation, the Prior Agreement. This Agreement may be amended at any time by mutual written agreement of the parties hereto.

12.5 Withholding. The payment of any amount pursuant to this Agreement shall be subject to applicable withholding and payroll taxes, and such other deductions as may be required under the Company's employee benefit plans, if any.

12.6 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey.

12.7 Headings. The headings in this Agreement are for convenience only and shall not be used to interpret or construe any of its provisions.

12.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed and the Executive has hereunto set his hand as of the day and year first written above.

LINCOLN EDUCATIONAL SERVICES CORPORATION

By: /s/ J. Barry Morrow
Name: J. Barry Morrow
Title: Chairman of Compensation Committee

EXECUTIVE

/s/ Shaun E. McAlmont
Shaun E. McAlmont

APPENDIX A

“Cause” shall mean, with respect to the Executive, the following:

- (a) prior to a Change in Control, (i) the Executive’s willful failure to perform the duties of his employment in any material respect, (ii) malfeasance or gross negligence in the performance of the Executive’s duties of employment, (iii) the Executive’s conviction of a felony under the laws of the United States or any state thereof (whether or not in connection with his employment), (iv) the Executive’s intentional or reckless disclosure of protected information respecting any member of the Company Group’s business to any individual or entity which is not in the performance of the duties of his employment, (v) the Executive’s commission of an act or acts of sexual harassment that would normally constitute grounds for termination, or (vi) any other act or omission by the Executive (other than an act or omission resulting from the exercise by the Executive of good faith business judgment), which is materially injurious to the financial condition or business reputation of any member of the Company Group; provided, however, that in the case of (i) and (ii) above, the Executive shall not be deemed to have been terminated for cause unless he has received written notice of the alleged basis therefor from the Company, and fails to remedy the matter within 30 days after he has received such notice, except that no such “cure opportunity” shall be required in the case of two separate episodes occurring within any 12-month period that give the Company the right to terminate for cause for such reason; or

- (b) on or after a Change in Control, (i) the Executive’s willful failure to perform the duties of his employment in any material respect, (ii) malfeasance or gross negligence in the performance of the Executive’s duties of employment, (iii) the Executive’s conviction of a felony under the laws of the United States or any state thereof (whether or not in connection with his employment), or (iv) the Executive’s intentional or reckless disclosure of protected information respecting any member of the Company Group’s business to any individual or entity which is not in the performance of the duties of his employment; provided, however, that in the case of (i) and (ii) above, the Executive shall not be deemed to have been terminated for cause unless he has received written notice of the alleged basis therefor from the Company, and fails to remedy the matter within 30 days after he has received such notice, except that no such “cure opportunity” shall be required in the case of two separate episodes occurring within any 12-month period that give the Company the right to terminate for cause for such reason.

“Change in Control” shall mean:

- (a) when a “person” (as defined in Section 3(a)(9) of the Exchange Act), including a “group” (as defined in Section 13(d) and 14(d) of the Exchange Act), either directly or indirectly becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act) of 25% or more of either (i) the then outstanding Common Stock, or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; provided, however, that the following acquisitions shall not constitute a Change in Control: (1) any acquisition directly from the Company; (2) any acquisition by the Company; or (3) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company;
- (b) when, during any period of 24 consecutive months during the Employment Period, the individuals who, at the beginning of such period, constitute the Board (the “Company Incumbent Directors”) cease for any reason other than death to constitute at least a majority thereof; provided, however, that a director who was not a director at the beginning of such 24-month period shall be deemed to be a Company Incumbent Director if such director was elected by, or on the recommendation of or with the approval of at least two-thirds of the directors of the Company, who then qualified as Company Incumbent Directors;
- (c) when the stockholders of the Company approve a reorganization, merger or consolidation of the Company without the consent or approval of a majority of the Company Incumbent Directors;
- (d) 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 a merger, amalgamation or consolidation of the Company or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation (each, a “Business Combination”), unless, in each case of a Business Combination, immediately following such Business Combination, all or substantially all of the individuals and entities who were the beneficial owners of the Common Stock outstanding immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then outstanding shares of common stock and 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Common Stock; or
- (e) 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.

“Disability” shall mean the inability of the Executive to perform substantially his duties and responsibilities to the Company or any of its subsidiaries by reason of a physical or mental disability or infirmity (a) for a continuous period of six months or (b) at such earlier time as the Executive submits medical evidence of such disability to the reasonable satisfaction of the Committee that the Executive has a physical or mental disability or infirmity that shall likely prevent him from substantially performing his duties and responsibilities for six months or longer. The date of such Disability shall be on the last day of such six-month period or the day on which the Committee determines that the Executive has a physical or mental disability or infirmity as provided in clause (b) herein.

“Good Reason” shall mean, with respect to the Executive, the occurrence of any of the following (without his written consent): (a) a reduction in the Executive’s Base Salary or target Annual Bonus; (b) an adverse change in the Executive’s title, authority, duties, responsibilities or reporting lines as specified in Section 2.1 of this Agreement; (c) the relocation of the Executive’s principal place of employment to a location more than 10 miles from West Orange, New Jersey; (d) a failure by the Company to pay material compensation when due in connection with the Executive’s employment; or (e) a material breach of this Agreement by the Company; provided, however, that, if any such Good Reason is reasonably susceptible to cure, then the Executive shall not terminate his employment hereunder unless the Executive first provides the Company with written notice of his intention to terminate and of the grounds for such termination, and the Company has not, within 10 business days following receipt of such written notice, cured such Good Reason.

“Equity Award Documents” shall mean (a) any option agreements, restricted stock agreements or other equity award agreements under the Company’s 2005 Long-Term Incentive Plan and (b) any stock pledge agreement or promissory note relating to the Executive’s stock options, shares of Company common stock underlying such options or restricted stock.

EMPLOYMENT AGREEMENT (this "Agreement"), dated as of January 30, 2015, between LINCOLN EDUCATIONAL SERVICES CORPORATION, a New Jersey corporation (the "Company"), and Scott M. Shaw (the "Executive").

WHEREAS, the Executive is currently employed by the Company;

WHEREAS, the Executive and the Company entered into an employment agreement, dated January 8, 2013, which expires pursuant to its terms on December 31, 2014 (the "Prior Agreement"); and

WHEREAS, the parties desire to enter into a new agreement setting forth the terms and conditions of the Executive's employment with the Company effective as of January 1, 2015 that supersedes the Prior Agreement;

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. EFFECTIVENESS OF AGREEMENT

This Agreement shall become effective as of the date hereof.

2. EMPLOYMENT AND DUTIES

2.1 Position and Duties. The Company hereby continues to employ the Executive, and the Executive agrees to serve, as President and Chief Operating Officer of the Company, upon the terms and conditions contained in this Agreement. The Executive shall report to the Chief Executive Officer of the Company and perform the duties and services for the Company commensurate with the Executive's position. Except as may otherwise be approved in advance by the Company's Board of Directors (the "Board") or the Compensation Committee of the Board (the "Committee"), the Executive shall render his services exclusively to the Company during his employment under this Agreement and shall devote substantially all of his working time and efforts to the business and affairs of the Company.

2.2 Term of Employment. The Executive's employment under this Agreement shall terminate on December 31, 2016, unless terminated earlier pursuant to Section 5 or extended pursuant to Section 6.1 (the "Employment Period").

2.3 Location of Work. The Executive shall be based in the United States in West Orange, New Jersey. However, the Executive agrees to undertake whatever domestic and worldwide travel is required by the Company. The Executive shall not be required or permitted to relocate without the mutual, written consent of the Executive and the Company.

3. COMPENSATION

3.1 Base Salary. Subject to the provisions of Sections 5 and 6, the Executive shall be entitled to receive a base salary (the "Base Salary") at a rate of \$440,000 per annum, such rate to be effective as of January 1, 2015. Such rate may be adjusted upwards, but not downwards, from time to time by the Board or the Committee, in their sole discretion. The Base Salary shall be paid in equal installments on a biweekly basis or in accordance with the Company's current payroll practices, less all required deductions. The Base Salary shall be pro-rated for any period of service less than a full year.

3.2 Annual Bonus. Subject to the provisions of Sections 5 and 6, the Executive shall be eligible to earn an annual bonus for 2015 and each full calendar year thereafter during the Employment Period (the "Annual Bonus"), the amount of which shall be based upon performance targets or such other criteria that are determined by the Board or the Committee pursuant to the provisions of the Company's Key Management Team Incentive Compensation Plan (the "Incentive Plan") in effect for the applicable calendar year. The Company shall pay the Annual Bonus to the Executive no later than March 15th following the end of the applicable fiscal year. The Annual Bonus shall be prorated for any year in which the Executive's employment is terminated due to death or Disability, as defined in Appendix A. If during the Employment Period the Executive's employment is terminated by the Company (or any successor thereto) for Cause, as defined in Exhibit A, or the Executive resigns from his employment other than for Good Reason, as defined in Exhibit A, prior to the payout of any Annual Bonus due for a completed calendar, the Executive shall not receive such Annual Bonus.

3.3 Reimbursement of Expenses. The Company shall reimburse the Executive for reasonable travel and other business expenses incurred by him in the fulfillment of his duties hereunder upon presentation by the Executive of an itemized account of such expenditures, in accordance with Company practices.

4. EMPLOYEE BENEFITS

4.1 General. The Executive shall, during the Employment Period, be included, to the extent eligible thereunder, in all employee benefit plans, programs and arrangements (including, without limitation, any plans, programs or arrangements providing for retirement benefits, profit sharing, disability benefits, health and life insurance or vacation and paid holidays) that shall be established by the Company for, or made available to, its senior executives. In addition, the Company shall furnish the Executive with coverage by the Company's customary director and officer indemnification arrangements, subject to applicable law.

4.2 Automobile. During the Employment Period, the Company shall provide the Executive with an automobile for business and personal use and pay for associated costs, including automobile insurance, parking and fuel, in accordance with the Company's practices as consistently applied to other key employees.

5. TERMINATION OF EMPLOYMENT

5.1 Effect of an Involuntary Termination. Subject to the provisions of Sections 6 and 9.5, if during the Employment Period there is an "Involuntary Termination" (as defined below) of the Executive's employment, the Company shall pay to the Executive:

- (i) an amount equal to one and one-half times the sum of (x) the Executive's annual Base Salary, at a rate in effect at the date of such termination plus (y) the average of the Annual Bonuses paid to the Executive for the two years immediately prior to the year in which the Involuntary Termination occurs;

(ii) all outstanding reasonable travel and other business expenses that he incurred as of the date of his termination;

(iii) an additional cash amount equal to the Company's estimate of the employer portion of the premiums that would be necessary to continue the Executive's health care coverage until the first anniversary of the date of such Involuntary Termination; provided, however, that if prior to payment of such cash amount the Executive becomes covered under another group health plan (which coverage, once obtained, must be promptly disclosed by the Executive to the Company), such cash amount shall be prorated to cover only the period from the date of the Executive's Involuntary Termination until the date on which such alternate coverage starts; and

(iv) a prorated Annual Bonus for the year in which the Involuntary Termination occurs, calculated by multiplying (A) the Annual Bonus to which the Executive would have been entitled under Section 3.2 if his employment had continued through the end of such year by (B) a proration fraction the numerator of which is the number of days in such calendar year up to and including the date of the Executive's Involuntary Termination and the denominator of which is 365.

The Executive shall also be entitled to receive any other accrued compensation and benefits otherwise payable to him as of the date of his termination, including, without limitation, any Annual Bonus due for a completed calendar year. All payments made under Sections 5.1(i), (ii) and (iii) above shall be made by the Company (or its successor) in a lump-sum amount on the 60th day following the Executive's termination of employment, and payment made under Section 5.1(iv) above shall be made by the Company (or its successor) in a lump-sum amount on the date that bonuses for the year in which the Executive's Involuntary Termination occurs are paid generally to the Company's senior executives (but no later than March 15th of the year following the year in which the Executive's Involuntary Termination occurs).

The Company shall not be required to make the payments and provide the benefits provided for under this Section 5.1 unless (1) the Executive executes and delivers to the Company, within sixty days following the Executive's termination of employment, a Waiver and Release (relating to the Executive's release of claims against the Company Group (as defined below) in the form provided by the Company, and the Waiver and Release has become effective and irrevocable in its entirety, and (2) the Executive remains in material compliance with the restrictive covenants set forth in Section 9 of this Agreement. The Executive's failure or refusal to sign the Waiver and Release (or the revocation of such Waiver and Release in accordance with applicable laws) or the Executive's failure to materially comply with the restrictive covenants in Section 9 shall result in the forfeiture of the payments and benefits payable under this Section 5.1.

For purposes of this Agreement, "Involuntary Termination" means the termination of the Executive's employment (i) by the Company (or any successor thereto) without Cause, as defined in Appendix A, or (ii) by the Executive for Good Reason, as defined in Appendix A.

5.2 Effect of a Termination for Cause or Resignation without Good Reason. Subject to the provisions of Sections 3.2 and 6, if during the Employment Period, the Executive's employment is terminated by the Company (or any successor thereto) for Cause or the Executive resigns from his employment other than for Good Reason, the Company shall pay to the Executive, any (i) accrued but unpaid Base Salary earned through the date of his termination, (ii) unreimbursed expenses, plus (iii) accrued but unpaid employee benefits set forth in Section 4.1 above as determined in accordance with the provisions of the applicable employee benefit plans or programs of the Company.

5.3 Effect of a Termination due to Death or Disability. Subject to the provisions of Sections 3.2 and 6, if during the Employment Period, the Executive's employment is terminated by the Company (or any successor thereto) due to death or Disability, as defined in Appendix A, the Company shall pay to the Executive, or if applicable his estate:

(i) accrued but unpaid Base Salary earned through the date of his termination and any Annual Bonus due but not yet paid for a completed calendar year;

(ii) a prorated Annual Bonus for the year in which the termination of employment occurs, calculated by multiplying (A) the Executive's target Annual Bonus for that year by (B) a proration fraction the numerator of which is the number of days in such calendar year up to and including the date of the Executive's termination of employment and the denominator of which is 365;

(iii) all outstanding reasonable travel and other business expenses that the Executive incurred as of the date of his termination;
and

(iv) accrued but unpaid employee benefits set forth in Section 4.1 above as determined in accordance with the provisions of the applicable employee benefit plans or programs of the Company.

In addition, upon the Executive's termination of employment due to death or Disability, all outstanding stock options and restricted stock awarded to the Executive shall become fully vested, and stock options shall become immediately exercisable and will remain exercisable for one year from the date of termination (or, if earlier, until the stock option's normal expiration date); provided, however, that if the applicable stock option award specifically provides for a longer post-employment period to exercise such option, such longer period shall apply.

6. EFFECT OF A CHANGE IN CONTROL

6.1 New Term of Employment. Notwithstanding anything to the contrary in this Agreement, upon the occurrence of a Change in Control, as defined in Appendix A, during the Employment Period, the Company (or its successor) shall renew this Agreement for a period of two years commencing on the date of the Change in Control and ending on the second anniversary of the date of the Change in Control.

6.2 Acceleration of Equity Awards. Notwithstanding anything to the contrary in any of the Equity Award Documents, as defined in Appendix A, upon a Change in Control, all outstanding stock options and restricted stock granted by the Company or any of its affiliates to the Executive shall become fully vested, and stock options shall become immediately exercisable, on the date of the Change in Control.

7. REDUCTION OF PAYMENTS

If any amounts due to the Executive under this Agreement and any other agreement, plan or arrangement of or with the Company or any of its affiliates constitute a "parachute payment," as such term is defined in Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), and the amount of the parachute payment, reduced by all federal, state and local taxes applicable thereto, including the excise tax imposed pursuant to Section 4999 of the Code, is less than the amount the Executive would receive if he was paid three times his "base amount", as defined in Section 280G(b)(3) of the Code, less \$1.00, reduced by all federal, state and local taxes applicable thereto, then the aggregate of the amounts constituting the parachute payment will be reduced (or returned by the Executive if it has already been paid to him) to an amount that will equal three times the Executive's base amount less \$1.00. Any determination to be made with respect to this Section 7 shall be made by an accounting firm jointly selected by the Company and the Executive and paid for by the Company, and which may be the Company's independent auditors.

8. NO ADDITIONAL RIGHTS

The Executive shall have no right to receive any compensation or benefits upon his termination or resignation of employment, except (i) as expressly set forth in Sections 5 and 6 above, where applicable, or (ii) as determined in accordance with the provisions of the employee benefit plans or programs of the Company.

9. RESTRICTIVE COVENANTS

9.1 Noncompetition. During the term of the Executive's employment with the Company (or any successor thereto) and continuing for two years thereafter, the Executive shall not, without the prior written consent of the Company, directly or indirectly, own, manage, operate, join, control, or participate in the ownership, management, operation or control of, or be employed by or connected in any manner with, any Competing Business, whether for compensation or otherwise; provided, however, that the Executive shall be permitted to hold, directly or indirectly, less than 1% of any class of securities of any entity that is listed on a national securities exchange or on the NASDAQ National Market System. Notwithstanding the foregoing, this Section 9.1 shall cease to apply upon the termination of the Executive's employment with the Company (or any successor thereto) resulting from an Involuntary Termination. For purposes of this Agreement, "Competing Business" means any business within the United States that involves for-profit, post-secondary education.

9.2 Nonsolicitation. During the term of the Executive's employment with the Company (or any successor thereto) and continuing for one year thereafter, the Executive shall not, without the prior written consent of the Company, directly or indirectly, as a sole proprietor, member of a partnership, stockholder, investor, officer or director of a corporation, or as an employee, associate, consultant or agent of any person, partnership, corporation or other business organization or entity other than the Company or any of its subsidiaries or affiliates (the "Company Group") (i) solicit or endeavor to entice away from any member of the Company Group, any person or entity who is, or was on the date of this Agreement, employed by, or serving as a key consultant of, any member of the Company Group or (ii) solicit or endeavor to entice away from any member of the Company Group, any person or entity who is, or was on the date of this Agreement, a customer or client (or reasonably anticipated to become a customer or client) of any member of the Company Group.

9.3 Confidentiality. The Executive shall not at any time, except in performance of his obligations to the Company Group under the provisions of this Agreement and as an employee of the Company, directly or indirectly, disclose or use any secret or protected information that he may learn or has learned by reason of his association with any member of the Company Group. The term “protected information” includes trade secrets and confidential and proprietary business information of the Company Group, including, but not limited to, customers (including potential customers), sources of supply, processes, methods, plans, apparatus, specifications, materials, pricing information, intellectual property (including applications and rights in discoveries, inventions or patents), internal memoranda, marketing plans, contracts, finances, personnel, research and internal policies, but shall exclude any information which (i) is or becomes available to the public or is generally known in the industry or industries in which the Company Group operates other than as a result of disclosure by the Executive in violation of this Section 9.3 or (ii) the Executive is required to disclose under any applicable laws, regulations or directives of any government agency, tribunal or authority having jurisdiction in the matter or under subpoena or other process of law.

9.4 Exclusive Property. The Executive confirms that all protected information is and shall remain the exclusive property of the Company Group. All business records, papers and documents kept or made by the Executive relating to the business of the Company shall be and remain the property of the Company Group.

9.5 Compliance with Restrictive Covenants. Without intending to limit any other remedies available to the Company Group and except as required by law, in the event that the Executive breaches or threatens to breach any of the covenants set forth in this Section 9, (i) the Company Group shall be entitled to seek a temporary restraining order and/or a preliminary or permanent injunction restraining the Executive from engaging in activities prohibited by this Section 9 or such other relief as may be required to enforce any of such covenants and (ii) all obligations of the Company to make payments and provide benefits under this Agreement shall immediately cease.

10. ARBITRATION

10.1 General. Subject to Section 9.5 above, any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the Executive and the Company shall be settled exclusively by arbitration in West Orange, New Jersey before three arbitrators of exemplary qualifications and stature. The Executive and the Company shall each select one arbitrator. The arbitrators selected by the Executive and the Company shall jointly select the third arbitrator. Judgment may be entered on the arbitrators’ award in any court having jurisdiction. The Executive and the Company hereby agree that the arbitrators shall be empowered to enter an equitable decree mandating specific enforcement of the provisions of this Agreement.

10.2 Associated Costs. The cost of the arbitration shall be borne by the parties in the manner determined by the arbitrators. If, however, the dispute concerns contractual rights that arise in the event of or subsequent to a Change in Control, the costs of arbitration (and any reasonable attorney's fees incurred by the Executive) shall be borne by the Company, unless the arbitrators determine that the Executive commenced such arbitration on unfounded or unreasonable grounds.

11. SECTION 409A OF THE CODE.

11.1 General. This Agreement is intended to meet the requirements of Section 409A of the Code, and shall be interpreted and construed consistent with that intent.

11.2 Deferred Compensation. Notwithstanding any other provision of this Agreement, to the extent that the right to any payment (including the provision of benefits) hereunder provides for the "deferral of compensation" within the meaning of Section 409A(d)(1) of the Code, the payment shall be paid (or provided) in accordance with the following:

(i) If the Executive is a "Specified Employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date of the Executive's termination of employment, then no such payment shall be made or commence during the period beginning on the date of the Executive's termination of employment and ending on the date that is six months and one day following the Executive's termination of employment or, if earlier, on the date of the Executive's death.

(ii) Payments with respect to reimbursements of expenses shall be made in accordance with Company policy and in no event later than the last day of the calendar year following the calendar year in which the relevant expense is incurred. No reimbursement during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year, except, in each case, to the extent that the right to reimbursement does not provide for a "deferral of compensation" within the meaning of Section 409A of the Code.

(iii) The Company shall not accelerate any payment or the provision of any benefits under this Agreement or make or provide any such payment or benefits if such payment or provision of such benefits would, as a result, be subject to tax under Section 409A of the Code. If, in the good faith judgment of the Company, any provision of this Agreement could cause the Executive to be subject to adverse or unintended tax consequences under Section 409A of the Code, such provision shall be modified by the Company in its sole discretion to maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the requirements of Section 409A of the Code. It is understood that each installment is a separate payment, and that the timing of payment is within the control of the Company.

(iv) The provisions of this Section 11 shall apply notwithstanding any provisions of this Agreement related to the timing of payments following the Executive's termination of employment.

12. MISCELLANEOUS

12.1 Communications. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered, or on the fifth business day after mailed if delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested), to the relevant party at the following address (or at such other address for a party as shall be specified by like notice, except that notices of change of address shall be effective upon receipt):

if to the Company:

200 Executive Drive, Suite 340
West Orange, New Jersey 07052
Attention: General Counsel

if to the Executive:

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

12.2 Waiver of Breach; Severability. (a) The waiver by the Executive or the Company of a breach of any provision of this Agreement by the other party hereto shall not operate or be construed as a waiver of any subsequent breach by either party.

(b) The parties hereto recognize that the laws and public policies of various jurisdictions may differ as to the validity and enforceability of covenants similar to those set forth herein. It is the intention of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and policies of each jurisdiction in which enforcement may be sought, and that the unenforceability (or the modification to conform to such laws or policies) of any provisions hereof shall not render unenforceable, or impair, the remainder of the provisions hereof. Accordingly, if at the time of enforcement of any provision hereof, a court of competent jurisdiction holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope, or geographic area reasonable under such circumstances shall be substituted for the stated period, scope or geographical area and that such court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and geographical area permitted by law.

12.3 Assignment; Successors. No right, benefit or interest hereunder shall be assigned, encumbered, charged, pledged, hypothecated or be subject to any setoff or recoupment by the Executive. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company.

12.4 Entire Agreement. This Agreement and the Equity Award Documents represent the entire agreement of the parties and shall supersede any and all previous contracts, arrangements or understandings between the Company and the Executive relating to the subject matter hereof, including, without limitation, the Prior Agreement. This Agreement may be amended at any time by mutual written agreement of the parties hereto.

12.5 Withholding. The payment of any amount pursuant to this Agreement shall be subject to applicable withholding and payroll taxes, and such other deductions as may be required under the Company's employee benefit plans, if any.

12.6 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey.

12.7 Headings. The headings in this Agreement are for convenience only and shall not be used to interpret or construe any of its provisions.

12.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed and the Executive has hereunto set his hand as of the day and year first written above.

LINCOLN EDUCATIONAL SERVICES CORPORATION

By: /s/ Shaun E. McAlmont
Name: Shaun E. McAlmont
Title: Chief Executive Officer

EXECUTIVE

By: /s/ Scott M. Shaw
Scott M. Shaw

APPENDIX A

“Cause” shall mean, with respect to the Executive, the following:

- (a) prior to a Change in Control, (i) the Executive’s willful failure to perform the duties of his employment in any material respect, (ii) malfeasance or gross negligence in the performance of the Executive’s duties of employment, (iii) the Executive’s conviction of a felony under the laws of the United States or any state thereof (whether or not in connection with his employment), (iv) the Executive’s intentional or reckless disclosure of protected information respecting any member of the Company Group’s business to any individual or entity which is not in the performance of the duties of his employment, (v) the Executive’s commission of an act or acts of sexual harassment that would normally constitute grounds for termination, or (vi) any other act or omission by the Executive (other than an act or omission resulting from the exercise by the Executive of good faith business judgment), which is materially injurious to the financial condition or business reputation of any member of the Company Group; provided, however, that in the case of (i) and (ii) above, the Executive shall not be deemed to have been terminated for cause unless he has received written notice of the alleged basis therefor from the Company, and fails to remedy the matter within 30 days after he has received such notice, except that no such “cure opportunity” shall be required in the case of two separate episodes occurring within any 12-month period that give the Company the right to terminate for cause for such reason; or

- (b) on or after a Change in Control, (i) the Executive’s willful failure to perform the duties of his employment in any material respect, (ii) malfeasance or gross negligence in the performance of the Executive’s duties of employment, (iii) the Executive’s conviction of a felony under the laws of the United States or any state thereof (whether or not in connection with his employment), or (iv) the Executive’s intentional or reckless disclosure of protected information respecting any member of the Company Group’s business to any individual or entity which is not in the performance of the duties of his employment; provided, however, that in the case of (i) and (ii) above, the Executive shall not be deemed to have been terminated for cause unless he has received written notice of the alleged basis therefor from the Company, and fails to remedy the matter within 30 days after he has received such notice, except that no such “cure opportunity” shall be required in the case of two separate episodes occurring within any 12-month period that give the Company the right to terminate for cause for such reason.

“Change in Control” shall mean:

- (a) when a “person” (as defined in Section 3(a)(9) of the Exchange Act), including a “group” (as defined in Section 13(d) and 14(d) of the Exchange Act), either directly or indirectly becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act) of 25% or more of either (i) the then outstanding Common Stock, or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; provided, however, that the following acquisitions shall not constitute a Change in Control: (1) any acquisition directly from the Company; (2) any acquisition by the Company; or (3) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company;
- (b) when, during any period of 24 consecutive months during the Employment Period, the individuals who, at the beginning of such period, constitute the Board (the “Company Incumbent Directors”) cease for any reason other than death to constitute at least a majority thereof; provided, however, that a director who was not a director at the beginning of such 24-month period shall be deemed to be a Company Incumbent Director if such director was elected by, or on the recommendation of or with the approval of at least two-thirds of the directors of the Company, who then qualified as Company Incumbent Directors;
- (c) when the stockholders of the Company approve a reorganization, merger or consolidation of the Company without the consent or approval of a majority of the Company Incumbent Directors;
- (d) 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 a merger, amalgamation or consolidation of the Company or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation (each, a “Business Combination”), unless, in each case of a Business Combination, immediately following such Business Combination, all or substantially all of the individuals and entities who were the beneficial owners of the Common Stock outstanding immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then outstanding shares of common stock and 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Common Stock; or
- (e) 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.

“Disability” shall mean the inability of the Executive to perform substantially his duties and responsibilities to the Company or any of its subsidiaries by reason of a physical or mental disability or infirmity (a) for a continuous period of six months or (b) at such earlier time as the Executive submits medical evidence of such disability to the reasonable satisfaction of the Committee that the Executive has a physical or mental disability or infirmity that shall likely prevent him from substantially performing his duties and responsibilities for six months or longer. The date of such Disability shall be on the last day of such six-month period or the day on which the Committee determines that the Executive has a physical or mental disability or infirmity as provided in clause (b) herein.

“Good Reason” shall mean, with respect to the Executive, the occurrence of any of the following (without his written consent): (a) a reduction in the Executive’s Base Salary or target Annual Bonus; (b) an adverse change in the Executive’s title, authority, duties, responsibilities or reporting lines as specified in Section 2.1 of this Agreement; (c) the relocation of the Executive’s principal place of employment to a location more than 10 miles from West Orange, New Jersey; (d) a failure by the Company to pay material compensation when due in connection with the Executive’s employment; or (e) a material breach of this Agreement by the Company; provided, however, that, if any such Good Reason is reasonably susceptible to cure, then the Executive shall not terminate his employment hereunder unless the Executive first provides the Company with written notice of his intention to terminate and of the grounds for such termination, and the Company has not, within 10 business days following receipt of such written notice, cured such Good Reason.

“Equity Award Documents” shall mean (a) any option agreements, restricted stock agreements or other equity award agreements under the Company’s 2005 Long-Term Incentive Plan and (b) any stock pledge agreement or promissory note relating to the Executive’s stock options, shares of Company common stock underlying such options or restricted stock.