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Vote at ITT Tech Reveals Increasing Investor Discontent as Regulatory Actions Loom

Vote Follows CtW Investment Group's call to "Vote Against" key directors

Arlington, VA, July 27, 2015 - Ten weeks after ITT Educational Services (NYSE:ESI), its CEO, and its CFO were sued by the SEC alleging accounting fraud, shareholders demonstrated a waning confidence in the board, with 23% opposing the re-election of director Joanna T. Lau and 21% opposing the re-election of director Samuel L. Odle, a sharp increase over last year's average of 8% opposition to the company's directors. With Russell 3000 corporate directors averaging 97% support so far this year, today's results expose significant shareholder discontent with the board. Shareholder opposition to the executive compensation plan also increased with 30% of shareholders voting against "say-on-pay," compared to 16% last year. Today's sizable opposition votes came from major public funds as well as the recommendation of the leading proxy advisory firm, Institutional Shareholder Services.

"By first failing to ensure that its financial obligations were appropriately disclosed, and then by failing to hold the responsible executives accountable, these directors clearly failed shareholders" said Dieter Waizenegger, Executive Director of the CtW Investment Group, which sent a [letter](#) to shareholders encouraging them to oppose the re-election of Lau and Odle. Proxy advisory service ISS also recommended that shareholder vote against these directors. "Given the seriousness of the challenges facing ITT, the board must respond quickly to today's vote and refresh its membership."

The SEC's lawsuit alleges that the for-profit education company and its executives hid from shareholders the mounting losses in its student loan guarantee programs. When ITT's former independent auditor pushed the company to consolidate these previously off-balance sheet programs in early 2014, negative investor reaction spurred a 70% share price decline. ITT has also been hit with lawsuits alleging a variety of legal and regulatory violations by the Consumer Financial Protection Bureau and many state regulators and prosecutors.

The CtW Investment Group works with union-sponsored pension funds sponsored by affiliates of Change to Win to enhance long-term shareholder value through active ownership. These funds have over \$250 billion in assets under management and are substantial ITT shareholders.