

LINCOLN EDUCATIONAL SERVICES CORPORATION
COMPENSATION COMMITTEE CHARTER

I. Statement of Purpose

The Committee is established by the Board of Directors (the “Board”) of Lincoln Educational Services Corporation (the “Company”) primarily for the purpose of discharging the responsibilities of the Board relating to compensation (other than director compensation). The Committee has overall responsibility for evaluating and making recommendations to the Board regarding (i) the compensation of the Company’s Chief Executive Officer and all other executive officers; and (ii) equity-based and incentive compensation plans, policies and programs of the Company. In addition, the Committee is responsible for producing an annual report on executive compensation for inclusion in the Company’s annual proxy statement and administering the Company’s Compensation Recovery Policy, in accordance with applicable rules and regulations.

II. Composition

- A. Members.* The Committee shall consist of as many members as the Board shall determine from time to time, but in any event not fewer than three members. The members of the Committee shall be appointed annually by the Board.
- B. Qualifications.* Unless the Company is a “controlled company,” (as such term is defined in the Nasdaq Stock Market, Inc. (“Nasdaq”) rules) each member of the Committee shall meet all applicable independence and other requirements of law and the listing requirements of Nasdaq. Each member of the Committee shall also be a “non-employee director” within the meaning of the rules promulgated under Section 16(b) of the Securities Exchange Act of 1934, as amended (“Section 16”) and an “outside director” for purposes of the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (“Section 162(m)").
- C. Chair.* The Chair of the Committee shall be appointed by the Board.
- D. Removal and Replacement.* The members of the Committee may be removed or replaced, and any vacancies on the Committee shall be filled, by the Board upon the recommendation of the Nominating and Corporate Governance Committee. In addition, membership on the Committee shall automatically end at such time as the Board determines that a member (i) ceases to meet the independence criteria set forth in the listing requirements of Nasdaq, (ii) ceases to be a “non-employee director” for purposes of Section 16, or (iii) ceases to be an outside director for purposes of Section 162(m).

III. Operations

- A. Meetings.* The Chair of the Committee, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings,

provided that the Committee shall meet at least two times per year and at such other times as it deems necessary to fulfill its responsibilities.

- B. *Quorum; Action by Committee.* A quorum at any Committee meeting shall be a majority of its members. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called or held. The Board of Directors may designate one or more directors as alternate members of the Committee, who may replace any absent or disqualified member at any meeting of the Committee. In the absence or disqualification of a member of the Committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he/she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member, provided that such other member satisfies all applicable criteria for membership on the Committee. Any decision or determination of the Committee reduced to writing and signed by all the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.
- C. *Agenda.* The Chair of the Committee shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.
- D. *Report to Board.* The Committee shall report periodically, but no less than once annually, to the entire Board and shall submit to the Board the minutes of its meetings.
- E. *Self-Evaluation: Assessment of Charter.* The Committee shall conduct an annual performance self-evaluation and shall report to the entire Board the results of the self-evaluation. The Committee shall assess the adequacy of this Charter on an annual basis and recommend any changes to the Board.

IV. Authority and Duties

- A. The Committee shall approve and oversee the total compensation package for the Company's Chief Executive Officer including, without limitation, his base salary, annual incentives, deferred compensation, stock options and other equity-based compensation, incentive compensation, special benefits, perquisites, and incidental benefits. The Committee shall make all determinations and take any actions that are reasonably appropriate or necessary in the course of establishing the compensation of the Company's Chief Executive Officer. The Company's Chief Executive Officer shall not be present during the Committee's deliberations and voting with respect to his or her compensation.
- B. The Committee shall approve and oversee the total compensation package for each of the Company's executive officers other than the Chief Executive Officer. The

Committee shall make all determinations and take any actions that are reasonably appropriate or necessary in the course of recommending, and overseeing the implementation of, the compensation of each of the Company's executive officers referred to above. In connection therewith, the Committee shall review the recommendations of the Company's Chief Executive Officer in connection with the total compensation package for the Company's President and corporate Vice Presidents including, without limitation, their base salaries, annual incentives, deferred compensation, stock options and other equity-based compensation, incentive compensation, special benefits, perquisites, and incidental benefits.

- C. The Committee shall review and approve corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer, evaluate the performance of the Company's Chief Executive Officer in light of those goals and objectives, and set the compensation level of the Company's Chief Executive Officer's based on this evaluation. In determining the long-term incentive component of the Company's Chief Executive Officer's compensation, the Committee shall consider, without limitation, the Company's performance and relative shareholder return, the value of similar incentive awards to Chief Executive Officers at comparable companies, and the awards given to the Company's Chief Executive Officer in past years. During voting or deliberations by the Committee relating to the Chief Executive Officer's compensation, the Chief Executive Officer shall not be present.
- D. The Committee shall review the results of and procedures for the evaluation of the performance of the Company's President and corporate Vice Presidents by the Company's Chief Executive Officer.
- E. The Committee shall review periodically and make recommendations to the Board regarding any long-term incentive compensation or equity plans, programs or similar arrangements that the Company establishes for, or makes available to, its employees and consultants (collectively, the "Plans"), the appropriateness of the allocation of benefits under the Plans and the extent to which the Plans are meeting their intended objectives and, where appropriate, recommend that the Board modify any Plan that yields payments and benefits that are not reasonably related to employee performance.
- F. The Committee annually shall review the Company's compensation policies and practices and will report to and consult with the Board with respect to whether these policies and practices encourage risk taking that is reasonably likely to have a material adverse effect on the Company and the relationship between risk management policies and practices and executive compensation.
- G. The Committee shall administer the Plans in accordance with their terms, construe all terms, provisions, conditions and limitations of the Plans and make factual determinations required for the administration of the Plans.
- H. The Committee shall review and make recommendations to the Board regarding all new employment, consulting, retirement and severance agreements and arrangements proposed for the Company's executives. The Committee shall

periodically evaluate existing agreements and arrangements with the Company's executives for continuing appropriateness.

- I. The Committee shall as, and when required, establish and certify the attainment of performance goals pursuant to Section 162(m).
- J. The Committee shall adopt and periodically review a comprehensive statement of executive compensation philosophy, strategy and principles that has the support of management and the Board, and administer the Company's compensation program fairly and consistently in accordance with these principles.
- K. The Committee shall review and approve the disclosure regarding compensation matters in the Company's proxy statement.
- L. The Committee shall consider and determine, and make recommendations to the Board concerning, the frequency that votes on executive compensation ("Say-on-Pay" votes) are conducted, taking into account the results of the most recent advisory vote on the frequency of Say-on-Pay votes. The Committee shall also review and approve the proposals regarding the Say-on-Pay vote and the frequency of the Say-on-Pay vote to be included in the Company's annual proxy statement.
- M. The Committee shall publish an annual Compensation Committee Report to Stockholders on the Company's executive compensation policies and programs and the relationship of corporate performance to executive compensation, including the factors and criteria on which the Chief Executive Officer's compensation for the previous fiscal year was based and the relationship of the Company's performance to the Chief Executive Officer's compensation, for inclusion in the Company's proxy statement.
- N. The Committee shall select peer groups of companies that shall be used for purposes of determining competitive compensation packages.
- O. The Committee shall administer the Company's Compensation Recovery Policy.

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its duties. The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee as it deems appropriate in accordance with applicable laws and regulations. In discharging its duties, the Committee shall have full access to all Company books, records, facilities and personnel. The Committee may, in its sole discretion, retain compensation consultants having special competence to assist the Committee in evaluating executive compensation and may also retain counsel, accountants or other advisors, in its sole discretion. The Committee shall be given the resources by the Company, and shall determine the funding requirements, for the payment of compensation to such consultants and any advisers employed by the Committee, and the payment of the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee shall have sole authority to retain and terminate such consultants or advisors and to review and approve such consultant's or advisor's fees and other retention terms. Nothing contained herein shall require the Committee to

consult with or receive advice from an independent consultant, counsel, auditor or other advisor, nor shall the Committee be required to accept the advice of any such advisors.

V. Independence of Advisors

The Committee shall determine whether any compensation consultants, counsel, auditors or other advisors are independent, considering the following factors:

- A. whether the firm employing the consultant, counsel, auditor or other advisor provides any other services to the Company;
- B. the amount of any fees paid by the Company to the firm employing the consultant, counsel, auditor or other advisor as a percentage of the firm's total revenue;
- C. the policies and procedures of the firm employing the consultant, counsel, auditor or other advisor that are designed to prevent conflicts of interest;
- D. any business or personal relationship between the individual consultant, counsel, auditor or other advisor and a member of the Committee;
- E. whether the individual consultant, counsel, auditor or other advisor owns any stock in the Company; and
- F. whether the consultant, counsel, auditor or other advisor, or the firm employing such consultant, counsel, auditor or other advisor, has any business or personal relationship with an executive officer of the Company.

The Committee shall consider the independence of any compensation consultant, counsel, auditor or other advisor in its decision to retain the advisor or when otherwise receiving advice from an advisor. Following the initial selection of or receipt of advice from a consultant, counsel, auditor or other advisor, the Committee shall evaluate such advisor's independence on an as-needed basis. Nothing contained herein shall be construed to require the Committee to conduct an independence assessment of an advisor whose role is limited to (a) consulting on the Company's broad based plans that do not discriminate in favor of executive officers, or (b) providing non-customized information or information customized based on parameters the Company develops, and on which the advisor does not provide advice.