Good Afternoon.

For your convenience, we have posted the text of today’s prepared remarks in the Investor Relations section of our website. Go to: www.learningtree.com/investor.

I am David Asai, Chief Financial Officer of Learning Tree International. First I will read the disclaimer on forward-looking statements and then discuss our performance in our third quarter of fiscal 2015, which ended July 3, 2015. Max Shevitz, our President, will then provide some forward-looking information about our fourth quarter of fiscal 2015 and our future plans. After those remarks, we’ll open the floor for questions and discussion.

Forward Looking Statement Disclaimer:
As a reminder, the statements contained herein that are not historical facts are forward-looking statements based on management's current expectations and beliefs concerning future developments and their potential effects on Learning Tree. Such statements involve inherent risks and uncertainties, many of which are difficult to predict and are generally beyond the control of Learning Tree. There can be no assurance that future developments affecting Learning Tree will be the same as those anticipated. Learning Tree cautions readers that a number of
important factors could cause actual results to differ materially from those expressed in, or implied or projected by, such forward-looking statements. Investors should not put undue reliance on these forward-looking statements, since they are based on key assumptions about future risks and uncertainties. Some of the factors that could affect us include risks associated with:

- Changing economic and market conditions;
- The timely development, introduction, and customer acceptance of our products;
- Competition;
- International operations, including currency fluctuations;
- Technology development and new technology introduction;
- Efficient delivery and scheduling of our courses;
- Adverse weather conditions, strikes, acts of war or terrorism and other external events;
- Attracting and retaining qualified personnel;
- Reliance on key vendors for technical services, licensing, and support; and
- The U. S. Government’s ability to continue to resolve its budgetary issues and avoid disruptions such as government shutdowns and sequestration.

Learning Tree is not undertaking any obligation to update forward-looking statements contained herein to reflect future events, developments or changed circumstances.

In order to help the reader assess the factors and risks in our business that could cause actual results to differ materially from those expressed in the forward looking statements, we discuss in the 2014 Annual Report on Form 10-K and the Quarterly Reports on Form 10-Q for the periods
 ended July 3, and April 3, 2015, those risks in Item 1A, “Risk Factors”. Please read the 2014 Form 10-K and the Form 10-Q’s, including the Risk Factors included therein, which are filed with the SEC and available at the SEC’s Internet site (www.sec.gov).

Third Quarter Results

Before discussing our results, I would like to remind everyone that we follow a 52- or 53-week fiscal year. This means that our year-end and quarter-end dates are on the Friday nearest the end of the calendar quarter. This method is used to better align our external financial reporting with the way we operate our business. Since all of our courses have a duration of five days or less, and begin and end within the same calendar week, under the 52- or 53-week fiscal year method all revenues and related direct costs for each course event are recognized in the week and the fiscal quarter in which the event takes place. Accordingly, our third quarter of the current fiscal year ended on July 3, 2015 and our third quarter of the prior fiscal year ended on June 27, 2014. Both third quarter periods encompassed 13 weeks.

As previously reported in the second quarter of 2015, we completed the sale of our subsidiary in France, Learning Tree International S.A., to Educinvest SPRL. The sale resulted in a loss of $2.5 million. This loss plus the results of operations for Learning Tree France included in the nine month period ended July 3, 2015 and the three and nine month periods ended June 27, 2014, respectively, have been reclassified to the Income (loss) from discontinued operations line on the Condensed Consolidated Statements of Operations. In addition, historical Condensed Consolidated Balance Sheet and Condensed Consolidated Statement of Cash Flow amounts for Learning Tree France have also been reclassified as discontinued operations.
Unless noted, the following discussions reflect comparisons of our continuing operations which exclude Learning Tree France.

Now let me summarize some key line items from our third quarter of fiscal 2015:

- Revenues in our third quarter of fiscal 2015 were $22.7 million, compared to revenues of $25.7 million in our third quarter of fiscal 2014;
- Our gross profit percentage in our third quarter was 36.7% of revenues, compared to 43.5% in our third quarter of fiscal 2014;
- Operating expenses in our third quarter of fiscal 2015 were $12.4 million, compared to $14.1 million in our third quarter of fiscal 2014;
- Loss from continuing operations for the third quarter was $4.3 million, compared to loss from continuing operations of $2.9 million for the third quarter of fiscal 2014; and
- Net loss for the third quarter of fiscal 2015 totaled $4.3 million compared to a net loss of $2.7 million for the third quarter of fiscal 2014.

**Third Quarter Revenue and Participants**

Now let’s discuss our third quarter revenues from continuing operations in more detail.

In our third quarter of fiscal 2015 our revenues of $22.7 million were 11.7% lower than our revenues of $25.7 million in the same quarter of fiscal 2014. This principally resulted from a 6.5% decrease in average revenue per participant and a 5.5% decrease in the number of course participants. The decrease in the average revenue per participant was caused primarily by
changes in foreign exchange rates, which negatively impacted revenues by approximately 3.9% quarter over quarter, and the lower average revenue per participant from one day courses which we began introducing in the second quarter of this fiscal year. The decrease in the number of course participants compared to the same quarter of our prior year was primarily due to the continued decline in enrollments in the United Kingdom and Sweden.

Overall, during our third quarter of fiscal 2015, we trained a total of 13,862 course participants, compared to 14,676 course participants in our same quarter last year. Compared to our third quarter of fiscal 2014, during our third quarter of fiscal 2015:

- Attendee-days of IT training decreased by 1.8% to 29,527 from 30,069;
- Attendee-days of management training decreased by 12.2% to 20,476 from 23,332; and
- Total attendee-days of training were 50,003, a decrease of 6.4% from 53,401 in our third quarter of fiscal 2014.

**Third Quarter Operations**

Next, I’ll discuss our operations in our third quarter of fiscal 2015 and how they compare with our same quarter of fiscal 2014.

During our third quarter of fiscal 2015, we presented 1,184 events, an 11.4% increase from the 1,063 events conducted during the same period in fiscal 2014.

**Cost of Revenues.** Cost of revenues was 63.3% of revenues in our third quarter of fiscal 2015 compared to 56.5% in our third quarter of fiscal 2014, and our gross profit percentage accordingly was 36.7% compared to 43.5% in our prior fiscal year. The change in cost of
revenues as a percentage of revenues in our third quarter of fiscal 2015 primarily reflects the 6.5% decrease in revenue per participant and a 4.6% increase in cost per participant. The increase in the cost per participant is primarily the result of the relatively fixed costs to operate our education centers spread over fewer attendees and a 15.2% decrease in the number of attendees per event as a result of introducing more one-day events. Changes in foreign exchange rates do not materially affect our gross profit percentage, since exchange rate changes affect our cost of revenues by approximately the same percentage as they affect our revenues.

**Course Development Expense.** During our third quarter of fiscal 2015, course development expense increased by $0.8 million to $2.6 million compared to $1.8 million in the same quarter of fiscal 2014. Course development expense was 11.3% of revenues in our third quarter of fiscal 2015 compared to 6.9% in the same quarter of fiscal 2014.

In our third quarter of fiscal 2015, we introduced three new multi-day IT course titles, two new multi-day management course titles, and 52 1-Day Boot Camp courses. We did not retire any course titles in our third quarter of fiscal 2015. Our library of instructor-led courses numbered 274 course titles at the end of our third quarter of fiscal 2015 compared with 181 course titles at the same point a year earlier, which was comprised of the following:

- 121 multi-day IT course titles at the end of our third quarter of fiscal 2015, compared with 117 multi-day IT course titles at the end of our third quarter of fiscal 2014;
- 67 multi-day management course titles at the end of our third quarter of fiscal 2015, compared to 60 at the end of our third quarter of fiscal 2014; and
- 86 1-Day Boot Camp course titles at the end of our third quarter of fiscal year 2015, compared to no such courses at the end of the same quarter of fiscal year 2014.
Sales and Marketing Expense. In our third quarter of fiscal 2015 our sales and marketing expense decreased by $0.2 million to $5.4 million from $5.6 million in the same quarter last year. The decrease was driven primarily by the favorable impact of foreign exchange rates on the expenses incurred by our foreign subsidiaries when compared to the third quarter of fiscal 2014.

General and Administrative Expense. G&A expense during our third quarter of fiscal 2015 was $4.4 million, a $2.2 million decrease from the $6.6 million spent in our third quarter of fiscal 2014. The decrease was due primarily to lower labor and professional service costs in the current quarter and the absence of one-time charges for restructuring and severance costs that were incurred in the third quarter of fiscal 2014.

Other Income and Expense. In our third quarter of fiscal 2015, we had other expense of less than $0.1 million compared to other income of less than $0.1 million in the third quarter of fiscal 2014, both primarily from foreign exchange gains or losses.

Pre-Tax Income (Loss) from Operations. In our third quarter of fiscal 2015, we recorded a loss from continuing operations before taxes of $4.1 million, or negative 18.0% of revenues,
compared to a loss from continuing operations of $2.8 million, or negative 11.1% of revenues, in the same quarter of our fiscal 2014.

**Income Taxes.** Income tax expense for continuing operations for our third quarter of fiscal 2015 was $0.2 million, compared to $0.1 million for our third quarter of fiscal 2014. The tax expense for our third quarters of fiscal 2015 and 2014 are primarily for foreign taxes and true up of actual tax return to provision estimates.

**Income (loss) from Discontinued Operations.** We had no loss from discontinued operations in our third quarter of fiscal year 2015 compared to income of $0.2 million in our third quarter of fiscal year 2014.

**Net Income (Loss).** Net loss for our third quarter was $4.3 million, compared to a net loss of $2.7 million in our third quarter of fiscal 2014.

**Liquidity and Capital Resources**

During our first nine months of fiscal year 2015, the total of our cash and cash equivalents from continuing operations decreased by $11.2 million to $18.7 million at July 3, 2015. This decrease primarily resulted from cash used in operating activities of $8.8 million, capital expenditures of $2.2 million, and the effects of exchange rate changes on cash and cash equivalents of $0.2 million. The decline in our operating performance has resulted in an increase in net cash used in operating activities, and we expect continued net cash usage in operating activities. We believe
that our cash and cash equivalents on hand will be sufficient to satisfy our anticipated cash requirements for the foreseeable future.

I will now turn the call over to Max Shevitz our President to discuss some current developments and the outlook for our fourth quarter of fiscal 2015.

**Outlook**

We continue to experience a decline in European bookings on a year over year basis, while bookings in North America have flattened out. The strengthening of the U. S. dollar against the functional currencies of our subsidiaries continues to negatively impact our results of operations when compared to prior period results. We have increased our sales efforts to try to combat the decline in bookings.

Now let me address our projections for the fourth quarter of fiscal year 2015.

**Fourth Quarter Fiscal 2015 Financial Guidance**

**Effect of Exchange Rates.** Because we currently conduct approximately 33% of our business in currencies other than U.S. dollars, fluctuations in exchange rates will affect revenues and expenses when translated into dollars. If the average exchange rates through August 4, 2015 remain constant for the remainder of our fourth quarter of fiscal 2015, we would expect changes in foreign exchange rates to unfavorably affect revenues by about 3.6% in our fourth quarter when compared to our same quarter of fiscal 2014. To the extent that the U.S. dollar rises further against the functional currencies of our foreign subsidiaries, we would expect to experience
further negative impact to our fourth quarter 2015 revenues. As a large percentage of our overhead costs are U.S. dollar based, we would expect the corresponding positive impact to expense to be substantially less.

**Fourth Quarter Number of Weeks.** Due to our use of the 52- or 53- week fiscal year, our fourth quarter of fiscal year 2015 will have 13 weeks, one less than the fourth quarter of fiscal year 2014 which had 14 weeks.

**Fourth Quarter Revenues.** For our fourth quarter of fiscal 2015, we currently expect revenues from continuing operations of between $24.7 million and $25.7 million, compared to revenues of $30.0 million in our fourth quarter of fiscal 2014.

**Fourth Quarter Gross Profit.** We expect a gross profit percentage in our fourth quarter of fiscal 2015 of between 39.9% and 41.3% compared to 46.4% in our fourth quarter of fiscal 2014.

**Fourth Quarter Operating Expenses.** We expect overall operating expenses from continuing operations for our fourth quarter of fiscal 2015 to be between $12.6 million and $13.2 million, compared to $13.7 million in the same quarter a year earlier.

**Fourth Quarter Income (Loss) from Continuing Operations.** As a result of the above factors, we expect to incur a fourth quarter operating loss from continuing operations of between $2.0 million and $3.4 million compared with operating income from continuing operations of $6.6 million in our fourth quarter of fiscal 2014. The income in the fourth quarter of fiscal 2014 included a $6.3 million gain from the sale of our headquarters building.

**Fourth Quarter Other Income (Expense), Net.** We expect fourth quarter other expense, net to be less than $0.1 million, approximately the same amount as in the fourth quarter of fiscal 2014.
Fourth Quarter Pre-Tax Income (Loss). Overall, we expect to report pre-tax results from continuing operations for our fourth quarter of fiscal 2015 of between a loss of $2.0 million and a loss of $3.5 million, compared with pre-tax income from continuing operations of $6.6 million in our fourth quarter of fiscal 2014.

Effective Tax Rate. The valuation allowance against deferred tax assets in the U.S. makes our effective tax rate subject to significant fluctuation depending on small changes in our pre-tax income. As a result, we no longer provide guidance on our next quarter’s effective tax rate.

We continue to strategically review our operations to identify opportunities to increase revenues and to reduce expenses. We are actively working to leverage our library of course materials to produce incremental revenue generating capabilities. In addition, we continue to collaborate with the IT community to identify the services they need to enhance the skills and knowledge of their workforce in order to accomplish their projects and goals.

Also, during fiscal year 2015 we have implemented company-wide cost reduction strategies that we believe will result in annual cost savings of $5.0 to $8.0 million as we go forward into fiscal year 2016.

And now we’d like to open the floor for questions.

Thank you. Over the past 40 years, Learning Tree’s mission has been to provide technical and business professionals with the skills and knowledge that significantly enhance their on-the-job productivity, and thereby improve the performance and increase the competitive advantage of their employers. We continue to strive to fulfill this mission.