

UNIVERSAL TECHNICAL INSTITUTE INC

Form 10-Q

February 04, 2011

Table of Contents

**U. S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2010

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-31923

UNIVERSAL TECHNICAL INSTITUTE, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

86-0226984
(IRS Employer Identification No.)

**20410 North 19th Avenue, Suite 200
Phoenix, Arizona 85027**

(Address of principal executive offices)

(623) 445-9500

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At January 27, 2011, there were 24,359,613 shares outstanding of the registrant's common stock.

**UNIVERSAL TECHNICAL INSTITUTE, INC.
INDEX TO FORM 10-Q
FOR THE QUARTER ENDED DECEMBER 31, 2010**

	Page Number
<u>Special Note Regarding Forward-Looking Statements</u>	1
 <u>PART I. FINANCIAL INFORMATION</u>	
 <u>Item 1. Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Balance Sheets at December 31, 2010 and September 30, 2010 (unaudited)</u>	2
<u>Condensed Consolidated Income Statements for the three months ended December 31, 2010 and 2009 (unaudited)</u>	3
<u>Condensed Consolidated Statement of Shareholders' Equity for the three months ended December 31, 2010 (unaudited)</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the three months ended December 31, 2010 and 2009 (unaudited)</u>	5
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	14
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	21
<u>Item 4. Controls and Procedures</u>	21
 <u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	21
<u>Item 1A. Risk Factors</u>	22
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	22
<u>Item 6. Exhibits</u>	23
<u>Exhibit 31.1</u>	
<u>Exhibit 31.2</u>	
<u>Exhibit 32.1</u>	
<u>Exhibit 32.2</u>	

Table of Contents

Special Note Regarding Forward-Looking Statements

This report contains forward-looking information about our financial results, estimates and our business prospects that involve substantial risks and uncertainties. From time to time, we also may provide oral or written forward-looking statements in other materials we release to the public. Forward-looking statements are expressions of our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historic or current facts. They often include words such as anticipate, estimate, expect, project, intend, plan, believe, will, and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future regulatory initiatives, future performance or results, expenses, the outcome of contingencies, such as legal proceedings, and financial results.

We cannot guarantee any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements.

Except as required by law, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Form 10-Q, 8-K and 10-K reports to the SEC. The Form 10-K that we filed with the SEC on December 1, 2010 listed various important factors that could cause actual results to differ materially from expected and historical results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. Readers can find them under the heading Risk Factors in the Form 10-K and investors should refer to them. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties. Our filings with the SEC may be accessed at the SEC's web site at www.sec.gov.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****UNIVERSAL TECHNICAL INSTITUTE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	December 31, 2010	September 30, 2010
	(\$ s in thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 58,461	\$ 48,974
Investments, current portion	24,341	28,528
Receivables, net	13,813	19,253
Deferred tax assets	7,441	8,840
Prepaid expenses and other current assets	10,708	9,836
Total current assets	114,764	115,431
Investments, less current portion	3,351	3,596
Property and equipment, net	99,687	99,040
Goodwill	20,579	20,579
Other assets	4,398	3,853
Total assets	\$ 242,779	\$ 242,499
Liabilities and Shareholders Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 42,175	\$ 53,906
Deferred revenue	57,790	63,276
Accrued tool sets	5,162	5,066
Income tax payable	4,484	
Other current liabilities	76	66
Total current liabilities	109,687	122,314
Deferred tax liabilities	1,041	933
Deferred rent liability	6,110	5,621
Other liabilities	5,649	5,239
Total liabilities	122,487	134,107
Commitments and contingencies (Note 9)		
Shareholders equity:		
Common stock, \$0.0001 par value, 100,000,000 shares authorized, 29,160,866 shares issued and 24,290,640 shares outstanding at December 31, 2010 and 29,148,585 shares issued and 24,278,359 shares outstanding at September 30, 2010	3	3

Edgar Filing: UNIVERSAL TECHNICAL INSTITUTE INC - Form 10-Q

Preferred stock, \$0.0001 par value, 10,000,000 shares authorized; 0 shares issued and outstanding		
Paid-in capital	151,656	150,012
Treasury stock, at cost, 4,870,226 shares at December 31, 2010 and September 30, 2010	(76,506)	(76,506)
Retained earnings	45,139	34,883
Total shareholders' equity	120,292	108,392
Total liabilities and shareholders' equity	\$ 242,779	\$ 242,499

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

UNIVERSAL TECHNICAL INSTITUTE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	For the Three Months Ended December 31,	
	2010	2009
	(In thousands, except per share amounts)	
Revenues	\$ 117,447	\$ 103,522
Operating expenses:		
Educational services and facilities	53,836	48,927
Selling, general and administrative	46,758	39,539
Total operating expenses	100,594	88,466
Income from operations	16,853	15,056
Other income:		
Interest income, net	88	44
Other income	130	135
Total other income	218	179
Income before income taxes	17,071	15,235
Income tax expense	6,815	5,955
Net income	\$ 10,256	\$ 9,280
Earnings per share:		
Net income per share basic	\$ 0.42	\$ 0.39
Net income per share diluted	\$ 0.42	\$ 0.38
Weighted average number of common shares outstanding:		
Basic	24,282	23,827
Diluted	24,585	24,176

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

UNIVERSAL TECHNICAL INSTITUTE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY (UNAUDITED)

	Common Stock		Paid-in	Treasury Stock		Retained	Total
	Shares	Amount	Capital	Shares	Amount	Earnings	Shareholders
							Equity
	(In thousands)						
Balance at September 30, 2010	29,149	\$ 3	\$ 150,012	4,870	\$(76,506)	\$ 34,883	\$ 108,392
Net income						10,256	10,256
Issuance of common stock under employee plans	16		61				61
Shares withheld for payroll taxes	(4)		(89)				(89)
Tax benefit from employee stock plans			(58)				(58)
Stock-based compensation			1,730				1,730
Balance at December 31, 2010	29,161	\$ 3	\$ 151,656	4,870	\$(76,506)	\$ 45,139	\$ 120,292

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

UNIVERSAL TECHNICAL INSTITUTE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Three Months Ended	
	December 31,	
	2010	2009
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 10,256	\$ 9,280
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,082	4,372
Amortization of held-to-maturity investments	217	313
Bad debt expense	2,283	1,495
Stock-based compensation	1,710	1,556
Excess tax benefit from stock-based compensation	(4)	(360)
Deferred income taxes	1,507	(20)
Loss on disposal of property and equipment	139	16
Changes in assets and liabilities:		
Receivables	2,548	(287)
Prepaid expenses and other current assets	(991)	(759)
Other assets	(549)	47
Accounts payable and accrued expenses	(11,895)	(9,264)
Deferred revenue	(5,486)	6,479
Income tax payable	5,035	4,420
Accrued tool sets and other current liabilities	106	260
Other liabilities	786	(118)
Net cash provided by operating activities	11,744	17,430
Cash flows from investing activities:		
Purchase of property and equipment	(6,452)	(5,337)
Proceeds from disposal of property and equipment	4	
Purchase of investments	(3,454)	(8,861)
Proceeds received upon maturity of investments	7,669	1,735
Net cash used in investing activities	(2,233)	(12,463)
Cash flows from financing activities:		
Proceeds from issuance of common stock under employee plans	61	347
Payment of payroll taxes on stock-based compensation through shares withheld	(89)	(35)
Excess tax benefit from stock-based compensation	4	360
Net cash (used in) provided by financing activities	(24)	672
Net increase in cash and cash equivalents	9,487	5,639
Cash and cash equivalents, beginning of period	48,974	56,199

Cash and cash equivalents, end of period	\$	58,461	\$	61,838
Supplemental disclosure of cash flow information:				
Taxes paid	\$	272	\$	1,563
Training equipment obtained in exchange for services	\$	443	\$	285
Accrued capital expenditures	\$	164	\$	776
Capitalized stock-based compensation	\$	20	\$	19

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

UNIVERSAL TECHNICAL INSTITUTE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(\$ s in thousands)

1. Nature of the Business

We are the leading provider of postsecondary education for students seeking careers as professional automotive, diesel, collision repair, motorcycle and marine technicians as measured by total average undergraduate full-time student enrollment and graduates. We offer undergraduate degree, diploma and certificate programs at 11 campuses across the United States under the banner of several well-known brands, including Universal Technical Institute, Motorcycle Mechanics Institute and Marine Mechanics Institute and NASCAR Technical Institute. We also offer manufacturer-specific training programs including both student paid electives at our campuses and manufacturer or dealer sponsored training at dedicated training centers.

We work closely with leading original equipment manufacturers (OEMs) in the automotive, diesel, motorcycle and marine industries to understand their needs for qualified service professionals. Through our relationships with OEMs, we are able to continuously refine and expand our programs and curricula. We believe our industry-oriented educational philosophy and national presence have enabled us to develop valuable industry relationships which provide us with significant competitive strength and support our market leadership.

2. Government Regulation and Financial Aid

On October 29, 2010, the Department of Education (ED) issued final regulations pertaining to certain aspects of the administration of Title IV Programs, regulations which, with minor exceptions, become effective July 1, 2011. ED previously announced that it was delaying until early 2011 publication of final regulations on certain further proposed gainful employment regulations, which are expected to become effective July 1, 2012 or thereafter. Additionally, ED has indicated it will not be providing further interpretive guidance on the final regulations. The lack of certainty in how the new regulations will be interpreted and applied could increase the risk that ED could seek to impose monetary liabilities or other sanctions on us if it believed we were not in full compliance with all aspects of the new regulations. We have devoted significant effort to understanding the effects of the new regulations and have identified the rules concerning gainful employment, compensation, the definition of a credit hour and the broadened definition of misrepresentation as the rules most likely to materially impact our business. There remain many open questions and interpretive issues with respect to the final regulations and we plan to take necessary actions in order to comply with the new regulations. In addition, further analysis, implementation and compliance with these final rules, including but not limited to, gainful employment, compensation, the definition of a credit hour and the broadened definition of misrepresentation, may have a material impact on the manner in which we conduct our business, our student enrollments, financial condition, cash flows, results of operations and stock price and we cannot predict how significant any such impact will be.

3. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, our condensed consolidated financial statements do not include all the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all normal and recurring adjustments considered necessary for a fair statement of the results for the interim periods have been included. Operating results for the three months ended December 31, 2010 are not necessarily indicative of the results that may be expected for the year ending September 30, 2011. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2010 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on December 1, 2010.

Table of Contents

UNIVERSAL TECHNICAL INSTITUTE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(\$ s in thousands)

The unaudited condensed consolidated financial statements include the accounts of Universal Technical Institute, Inc. and our wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

4. Investments

We invest in pre-refunded municipal bonds which are generally secured by escrowed-to-maturity U.S. Treasury notes. Municipal bonds represent debt obligations issued by states, cities, counties, and other governmental entities, which earn interest that is exempt from federal income taxes. Additionally, we invest in certificates of deposit issued by financial institutions and corporate bonds from large cap industrial and selected financial companies with a minimum credit rating of A. We have the ability and intent to hold our investments until maturity and therefore classify these investments as held-to-maturity and report them at amortized cost.

The amortized cost and estimated fair market value for investments classified as held-to-maturity at December 31, 2010 are as follows:

	Amortized Cost	Gross Unrealized Gains Losses		Estimated Fair Market Value
Certificates of deposit due in less than 1 year	\$ 8,965	\$ 2	\$ (2)	\$ 8,965
Certificates of deposit due in 1 - 2 years	3,351	2		3,353
Municipal bonds due in less than 1 year	11,002	1	(5)	10,998
Corporate bonds due in less than 1 year	4,374		(6)	4,368
	\$ 27,692	\$ 5	\$ (13)	\$ 27,684

Investments are exposed to various risks, including interest rate, market and credit risk and as a result, it is possible that changes in the values of these investments may occur and that such changes could affect the amounts reported in the condensed consolidated balance sheets and condensed consolidated statements of income.

Table of Contents

UNIVERSAL TECHNICAL INSTITUTE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(\$ s in thousands)

5. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The valuation techniques used to determine fair value are consistent with either the market approach, income approach and/or cost approach. The following three-tier fair value hierarchy prioritizes the inputs used in the valuation techniques to measure fair value:

Level 1 Observable inputs that reflect quoted market prices (unadjusted) for identical assets and liabilities in active markets;

Level 2 Observable inputs, other than quoted market prices, that are either directly or indirectly observable in the marketplace for identical or similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities; and

Level 3 Unobservable inputs that are supported by little or no market activity that are significant to the fair value of assets or liabilities.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. We use prices and inputs that are current as of the measurement date, including during periods of market volatility. Therefore, classification of inputs within the hierarchy may change from period to period depending upon the ability to observe those prices and inputs. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value for certain assets and liabilities and their placement within the fair value hierarchy. We held \$58.2 million in money market mutual funds, municipal and corporate bonds and certificates of deposit issued by financial institutions which are classified within cash and cash equivalents in our condensed consolidated balance sheet at December 31, 2010. We measure fair value for these instruments using quoted market prices for identical assets (Level 1).

6. Earnings per Share

Basic net income per share is calculated by dividing net income by the weighted average number of shares outstanding for the period. Diluted net income per share reflects the assumed conversion of all dilutive securities. For the three months ended December 31, 2010 and 2009, 1,043,918 shares and 1,241,584 shares, respectively, which could be issued under outstanding stock-based grants, were not included in the determination of our diluted shares outstanding as they were anti-dilutive.

The calculation of the weighted average number of shares outstanding used in computing basic and diluted net income per share is as follows:

	Three Months Ended	
	December 31,	
	2010	2009
	(In thousands)	
Weighted average number of shares		
Basic shares outstanding	24,282	23,827
Dilutive effect related to employee stock plans	303	349
Diluted shares outstanding	24,585	24,176

Table of Contents

UNIVERSAL TECHNICAL INSTITUTE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(\$ s in thousands)

7. Property and Equipment, net

Property and equipment, net consist of the following:

	Depreciable Lives (in Years)	December 31, 2010	September 30, 2010
Land		\$ 1,456	\$ 1,456
Building and building improvements	35	13,569	13,269
Leasehold improvements	1 28	38,642	37,806
Training equipment	3 10	72,830	71,255
Office and computer equipment	3 10	38,757	38,397
Software developed for internal use	3 5	11,941	11,292
Curriculum development	5	15,244	14,726
Vehicles	5	741	726
Construction in progress		5,454	3,032
		198,634	191,959
Less accumulated depreciation and amortization		(98,947)	(92,919)
		\$ 99,687	\$ 99,040

8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	December 31, 2010	September 30, 2010
Accounts payable	\$ 5,500	\$ 9,147
Accrued compensation and benefits	24,702	35,854
Other accrued expenses	11,973	8,905
	\$ 42,175	\$ 53,906

9. Commitments and Contingencies**Legal**

In the ordinary conduct of our business, we are periodically subject to lawsuits, investigations and claims, including, but not limited to, claims involving students or graduates and routine employment matters. Based on internal review, we record reserves using our best estimate of the probable and reasonably estimable contingent liabilities. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, we do not believe that any currently pending legal proceeding to which we are a party, individually or in the aggregate, will have a material adverse effect on our business, results of operations, cash flows or financial condition.

Table of Contents

UNIVERSAL TECHNICAL INSTITUTE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(\$ s in thousands)

Proprietary Loan Program

In order to provide funding for students who are not able to fully finance the cost of their education under traditional governmental financial aid programs, commercial loan programs or other alternative sources, we established a private loan program with a national chartered bank. Under terms of the related agreement, the bank originates loans for our students who meet our specific credit criteria with the related proceeds used exclusively to fund a portion of their tuition. We then purchase all such loans from the bank on a monthly basis and assume all of the related credit risk. The loans bear interest at market rates; however, principal and interest payments are not required until six months after the student completes or withdraws from his or her program. After the deferral period, monthly principal and interest payments are required over the related term of the loan.

The bank agreed to provide these services in exchange for a fee equivalent to 0.4% of the principal balance of each loan and related fees. Under the terms of the related agreement, we have a \$2.0 million deposit with the bank in order to secure our related loan purchase obligation. This balance is classified as other assets in our condensed consolidated balance sheets.

In substance, we provide the students who participate in this program with extended payment terms for a portion of their tuition and as a result, we account for the underlying transactions in accordance with our tuition revenue recognition policy. However, due to the nature of the program coupled with the extended payment terms required under the student loan agreements, collectability is not reasonably assured. Accordingly, we recognize tuition revenue and loan origination fees financed by the loan and any related interest income required under the loan when such amounts are collected. We will reevaluate this policy on the basis of our historical collection experience under the program and will accelerate recognition of the related revenue if appropriate. All related expenses incurred with the bank or other service providers are expensed as incurred and were approximately \$0.2 million and \$0.3 million during the three months ended December 31, 2010 and 2009, respectively. Since loan collectability is not reasonably assured, the loans and related deferred tuition revenue are presented net and therefore are effectively not recognized in our condensed consolidated balance sheets. Our presentation will be reevaluated when sufficient collection history has been obtained.

Table of Contents

UNIVERSAL TECHNICAL INSTITUTE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(\$ s in thousands)

The following table summarizes the impact of the proprietary loan program on our tuition revenue and interest income during the period as well as on a cumulative basis at the end of each period in our condensed consolidated statements of income. Tuition revenue and interest income excluded represents amounts which would have been recognized during the period had collectability of the related amounts been assured. Amounts collected and recognized represent actual cash receipts during the period and amounts written-off represent amounts which have been turned over to third party collectors.

	Three Months Ended		
	December 31,		Inception
	2010	2009	to date
Cumulative balance at beginning of period	\$ 17,889	\$ 9,052	\$
Tuition revenue and interest income excluded	2,360	2,998	22,987
Amounts collected and recognized	(142)	(18)	(453)
Amounts written off	(1,748)	(188)	(4,175)
Cumulative balance at end of period	\$ 18,359	\$ 11,844	\$ 18,359

Our Board of Directors authorized the extension of up to \$40.0 million of credit under our proprietary loan program. At December 31, 2010, we have used approximately \$26.3 million by either providing or committing to provide loans to our students. We monitor the aggregate amount approved under this program and may make changes in future periods.

The balance outstanding under the program includes loans outstanding and interest and origination fees which are not reflected in our condensed consolidated balance sheets.

The activity in our proprietary loan program is as follows:

	Three Months Ended	
	December 31,	
	2010	2009
Balance at beginning of period	\$ 23,301	\$ 14,671
Loans extended	2,114	4,140
Interest accrued	527	369
Amounts collected and recognized	(142)	(18)
Amounts written off	(1,748)	(188)
Balance at end of period	\$ 24,052	\$ 18,974

Table of Contents

UNIVERSAL TECHNICAL INSTITUTE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(\$ s in thousands)

10. Common Shareholders Equity

Common Stock

Holders of our common stock are entitled to receive dividends when and as declared by the Board of Directors and have the right to one vote per share on all matters requiring shareholder approval.

Stock Repurchase Program

Our Board of Directors previously authorized the repurchase of up to \$70.0 million of our common stock. Through December 31, 2010, we have purchased 3.4 million shares at an average price per share of \$13.50 and a total cost of approximately \$46.4 million under this program. We did not make any purchases during the three months ended December 31, 2010.

Table of Contents

UNIVERSAL TECHNICAL INSTITUTE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(\$ s in thousands)

11. Segment Information

Our principal business is providing postsecondary education. We also provide manufacturer-specific training, and these operations are managed separately from our campus operations. These operations do not currently meet the quantitative criteria for segments and therefore are reflected in the Other category. Corporate expenses are allocated to Postsecondary Education and the Other category based on compensation expense.

Summary information by reportable segment is as follows for the three months ended December 31:

	2010	2009
Revenues		
Postsecondary education	\$ 115,454	\$ 100,827
Other	1,993	2,695
Consolidated	\$ 117,447	\$ 103,522
Income (loss) from operations		
Postsecondary education	\$ 17,616	\$ 15,584
Other	(763)	(528)
Consolidated	\$ 16,853	\$ 15,056
Depreciation and amortization		
Postsecondary education	\$ 5,946	\$ 4,179
Other	136	193
Consolidated	\$ 6,082	\$ 4,372
Net income (loss)		
Postsecondary education	\$ 10,695	\$ 9,578
Other	(439)	(298)
Consolidated	\$ 10,256	\$ 9,280
Goodwill		
Postsecondary education	\$ 20,579	\$ 20,579
Other		
Consolidated	\$ 20,579	\$ 20,579
Total assets		
Postsecondary education	\$ 240,431	\$ 230,068

Other	2,348	4,000
Consolidated	\$ 242,779	\$ 234,068

Table of Contents

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the condensed consolidated financial statements and related notes included in this report and those in our 2010 Annual Report on Form 10-K filed with the SEC on December 1, 2010. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in such forward-looking statements as a result of certain factors, including but not limited to those described under Risk Factors included in Part II, Item 1A of this report.

2011 Overview

Operations

Our average undergraduate full-time student enrollment increased 8.5% to 20,400 students for the three months ended December 31, 2010, resulting in revenue growth of 13.5% when compared to the three months ended December 31, 2009. Our revenues for the three months ended December 31, 2010 were \$117.4 million, an increase of \$13.9 million from the prior year. Our net income for the three months ended December 31, 2010 was \$10.3 million, an increase of \$1.0 million from the prior year. The increase in revenues was primarily due to an increase in average undergraduate full-time student enrollment and an increase in tuition rates. Our revenues for the three months ended December 31, 2010 excluded \$1.8 million of tuition revenue related to students participating in our proprietary loan program. We have increased our staffing levels in order to meet the increase in our average undergraduate full-time student enrollment, resulting in an increase in compensation and related benefits. Our advertising expense increased due to higher overall advertising rates for television and internet media.

Student starts decreased by 13.3% for the three months ended December 31, 2010, as compared to an increase of 16.0% for the three months ended December 31, 2009. The decrease in starts is partially due to a decrease in student applications in the prior year and the result of certain economic and regulatory challenges. We anticipate new students for the year will be below fiscal 2010 levels producing single-digit revenue growth for the year. With a heightened focus on improving efficiencies and cost containment we still expect operating margins for the year in the range of 11% to 13%. This guidance excludes any impact from new regulations which we cannot estimate at this time. Due to the seasonality of our business and normal fluctuations in student populations, we would expect volatility in our quarterly results.

Regulatory Environment

On October 29, 2010, ED issued final regulations pertaining to certain aspects of the administration of Title IV Programs, regulations which, with minor exceptions, become effective July 1, 2011. ED previously announced that it was delaying until early 2011 publication of final regulations on certain further proposed gainful employment regulations, which are expected to become effective July 1, 2012 or thereafter. Additionally, ED has indicated it will not be providing further interpretive guidance on the final regulations. The lack of certainty in how the new regulations will be interpreted and applied could increase the risk that ED could seek to impose monetary liabilities or other sanctions on us if it believed we were not in full compliance with all aspects of the new regulations.

We have devoted significant effort to understanding the effects of the new regulations and have identified the rules concerning gainful employment, compensation, the definition of a credit hour and the broadened definition of misrepresentation as the rules most likely to materially impact our business. There remain many open questions and interpretive issues with respect to the final regulations and we plan to take necessary actions in order to comply with the new regulations. In addition, further analysis, implementation and compliance with these final rules, including but not limited to, gainful employment, compensation, the definition of a credit hour and the broadened definition of misrepresentation, may have a material impact on the manner in which we conduct our business, our student enrollments, financial condition, cash flows, results of operations and stock price and we cannot predict how significant any such impact will be.

Table of Contents**Curriculum Transformation**

We are transforming our Automotive Technology and Diesel Technology program curricula to a blend of daily instructor-led theory and hands-on lab training complemented by interactive online learning, which is reflective of current industry training methods and standards. In addition to improving the overall educational experience for our students, the new curricula offer more convenience and training flexibility for our students while meeting industry standards. We began offering the new curricula at the Dallas/Ft. Worth, Texas campus at the time of opening. We intend to integrate the new curricula at our other campuses in the future. To date we have invested approximately \$17.4 million for this transformation and anticipate investing within the range of \$2.0 million to \$4.0 million during the remainder of 2011.

Graduate Placement

Securing employment opportunities in industry for our graduates is critical to our ability to help our graduates benefit from their education. Accordingly, we dedicate significant resources to maintaining an effective graduate placement team. Our schools instruct active students on employment search and interviewing skills, facilitate employer visits to campuses, provide access to reference materials and assist with the composition of resumes. We also have a centralized department whose focus is to develop job opportunities and referrals. We believe that our employment services program provides our students with a more compelling value proposition and enhances the employment opportunities for our graduates. Our graduate placement rate continues to be under pressure in our motorcycle, marine and collision programs however we have noted improvement in the automotive and diesel program rates. Our consolidated placement rate for 2010 graduates improved 725 basis points during the three months ended December 31, 2010 when compared to the placement rate for 2009 graduates during the three months ended December 31, 2009.

Results of Operations

The following table sets forth selected statement of operations data as a percentage of revenues for each of the periods indicated.

	Three Months Ended December 31,	
	2010	2009
Net revenues	100.0%	100.0%
Operating expenses:		
Educational services and facilities	45.9%	47.3%
Selling, general and administrative	39.8%	38.2%
Total operating expenses	85.7%	85.5%
Income from operations	14.3%	14.5%
Interest income, net	0.1%	0.1%
Other income	0.1%	0.2%
Total other income	0.2%	0.3%
Income before income taxes	14.5%	14.8%
Income tax expense	5.8%	5.8%
Net income	8.7%	9.0%

Table of Contents

We opened a new campus in Dallas/Ft. Worth, Texas in June 2010. For the three months ended December 31, 2010, this campus had revenues of \$1.8 million and operating expenses of \$3.2 million including corporate allocations of \$1.4 million. For the three months ended December 31, 2009, this campus had operating expenses of \$0.6 million including corporate allocations of \$0.4 million. We anticipate this new campus will become profitable within 9 to 15 months after opening.

Our earnings before interest, tax, depreciation and amortization (EBITDA) for the three months ended December 31, 2010 and 2009 were \$23.3 million and \$19.8 million, respectively. EBITDA is a non-GAAP financial measure which is provided to supplement, but not substitute for, the most directly comparable GAAP measure. We choose to disclose to investors this non-GAAP financial measure because it provides an additional analytical tool to clarify our results from operations and helps to identify underlying trends. Additionally, such measure helps compare our performance on a consistent basis across time periods. To obtain a complete understanding of our performance, this measure should be examined in connection with net income determined in accordance with GAAP. Since the items excluded from this measure are significant components in understanding and assessing financial performance under GAAP, this measure should not be considered to be an alternative to net income as a measure of our operating performance or profitability. Exclusion of items in our non-GAAP presentation should not be construed as an inference that these items are unusual, infrequent or non-recurring. Other companies, including other companies in the education industry, may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure across companies. Investors are encouraged to use GAAP measures when evaluating our financial performance.

EBITDA reconciles to net income as follows:

	Three Months Ended December 31,	
	2010	2009
	(In thousands)	
Net income	\$ 10,256	\$ 9,280
Interest income, net	(88)	(44)
Income tax expense	6,815	5,955
Depreciation and amortization	6,290	4,630
 EBITDA	 \$ 23,273	 \$ 19,821

Return on equity for the trailing four quarters ended December 31, 2010 was 25.8% compared to 25.6% percent for the trailing four quarters ended September 30, 2010. Return on equity is calculated as the sum of net income for the last four quarters divided by the average of our total shareholders' equity balances at the end of each of the last five quarters.

Table of Contents

Capacity utilization is the ratio of our average undergraduate full-time student enrollment to total seats available. Total seats available represents our maximum capacity; however, due to certain dynamics, our operating capacity tends to be lower. The following table sets forth our average capacity utilization during each of the periods indicated and the total seats available at the end of each of the periods indicated:

	Three Months Ended December 31,	
	2010	2009
Average undergraduate full-time student enrollment	20,400	18,800
Total seats available	28,600	25,000
Average capacity utilization	71.3%	75.2%

The increase in our total seats available was primarily due to classrooms transferred to our Automotive Technology programs as a result of reductions in and discontinuation of training for certain manufacturer specific training programs and the opening of our Dallas/Ft. Worth, Texas campus. We continue to seek alternate uses for our underutilized space at existing campuses. Alternate uses may include subleasing space to third parties, allocating space for use by our manufacturer specific advanced training programs, adding new industry relationships or consolidating administrative functions into campus facilities.

Three Months Ended December 31, 2010 Compared to Three Months Ended December 31, 2009

Revenues. Our revenues for the three months ended December 31, 2010 were \$117.4 million, representing an increase of \$13.9 million, or 13.5%, as compared to revenues of \$103.5 million for the three months ended December 31, 2009. This increase was due to an 8.5% increase in the average undergraduate full-time student enrollment and tuition increases between 3% and 5%, depending on the program. Our revenues for the three months ended December 31, 2010 and 2009 excluded \$1.8 million and \$2.6 million, respectively, of tuition revenue related to students participating in our proprietary loan program. In accordance with our accounting policy, we will recognize the related revenue as payments are received from the students participating in this program. We recognized revenue and interest of \$0.1 million under the program during the three months ended December 31, 2010.

Our revenues for the three months ended December 31, 2010 for our Dallas/Ft. Worth, Texas campus were \$1.8 million, which excluded \$0.1 million of tuition revenue related to students participating in our proprietary loan program.

Educational services and facilities expenses. Our educational services and facilities expenses for the three months ended December 31, 2010 were \$53.8 million, an increase of \$4.9 million as compared to \$48.9 million for the three months ended December 31, 2009. Our educational services and facilities expenses for the three months ended December 31, 2010 for our Dallas/Ft. Worth, Texas campus were \$1.6 million including corporate allocations of \$0.2 million. For the three months ended December 31, 2009, the expenses were \$0.2 million including minimal corporate allocations at the Dallas/Ft. Worth, Texas campus.

Table of Contents

The following table sets forth the significant components of our educational services and facilities expenses:

	Three Months Ended	
	December 31,	
	2010	2009
	(In thousands)	
Compensation and related costs	\$ 28,446	\$ 25,819
Occupancy costs	9,089	8,937
Other educational services and facilities expenses	5,588	5,194
Depreciation expense	4,547	3,581
Tools and training aids expense	3,329	2,711
Supplies and maintenance	2,837	2,685
	\$ 53,836	\$ 48,927

The increase in total compensation and related costs is primarily due to the addition of instructors to support our higher average undergraduate full-time student enrollments. Total compensation and related costs for our Dallas/Ft. Worth, Texas campus were \$0.6 million including corporate allocations of \$0.1 million for the three months ended December 31, 2010.

Depreciation expense increased \$1.0 million for the three months ended December 31, 2010 primarily due to assets placed in service during the three months ended September 30, 2010 for our curriculum transformation and at our Dallas/Ft. Worth, Texas campus.

Selling, general and administrative expenses. Our selling, general and administrative expenses for the three months ended December 31, 2010 were \$46.8 million, representing an increase of \$7.3 million as compared to \$39.5 million for the three months ended December 31, 2009. Our selling, general and administrative expenses for the three months ended December 31, 2010 and 2009 for our Dallas/Ft. Worth, Texas campus were \$1.6 million and \$0.4 million, respectively, including corporate allocations of \$1.2 million and \$0.4 million, respectively.

The following table sets forth the significant components of our selling, general and administrative expenses:

	Three Months Ended	
	December 31,	
	2010	2009
	(In thousands)	
Compensation and related costs	\$ 25,475	\$ 23,584
Advertising expense	8,029	5,868
Other selling, general and administrative expenses	7,896	6,163
Bad debt expense	2,283	1,495
Depreciation expense	1,740	1,047
Contract services expense	1,335	1,382
	\$ 46,758	\$ 39,539

Table of Contents

Total compensation and related costs increased by approximately \$1.9 million for the three months ended December 31, 2010 as a result of an increase in the number of information technology staff to support the transformation of our Automotive Technology and Diesel Technology program curricula. Total compensation and related costs for our Dallas/Ft. Worth, Texas campus were \$0.7 million including corporate allocations of \$0.4 million for the three months ended December 31, 2010 and \$0.3 million including corporate allocations of \$0.2 million for the three months ended December 31, 2009.

Advertising expense increased \$2.2 million the three months ended December 31, 2010 primarily due to higher overall advertising rates for television and an increase in our spend on internet media. We expect our advertising expense to remain in the range of approximately 7% - 8% of revenues for the full year.

Bad debt expense increased \$0.8 million for the three months ended December 31, 2010, due to an increase in outstanding balances at the time students withdrew from school during the period.

Income taxes. Our provision for income taxes for the three months ended December 31, 2010 was \$6.8 million, or 39.9% of pre-tax income, compared with \$6.0 million, or 39.1% of pre-tax income, for the three months ended December 31, 2009. The effective income tax rate in each period differed from the federal statutory tax rate of 35% primarily as a result of state income taxes, net of related federal income tax benefits.

Liquidity and Capital Resources

Based on past performance and current expectations, we believe that our cash flows from operations, cash on hand and investments will satisfy our working capital needs, capital expenditures, commitments, and other liquidity requirements associated with our existing operations through the next 12 months.

We believe that the strategic use of our cash resources includes funding our new campus as well as subsidizing funding alternatives for our students. In addition, we evaluate the repurchase of our common stock, payment of dividends, consideration of strategic acquisitions and other potential uses of cash. To the extent that potential acquisitions are large enough to require financing beyond cash from operations, we may issue debt resulting in increased interest expense. Our aggregate cash and cash equivalents and current investments were \$82.8 million at December 31, 2010.

Our principal source of liquidity is operating cash flows. A majority of our net revenues are derived from Title IV Programs. Federal regulations dictate the timing of disbursements of funds under Title IV Programs. Students must apply for a new loan for each academic year consisting of thirty-week periods. Loan funds are generally provided by lenders in two disbursements for each academic year. The first disbursement is usually received within 30 days of the start of a student's academic year and the second disbursement is typically received at the beginning of the sixteenth week from the start of the student's academic year. We established a proprietary loan program in which we bear all credit and collection risk and students are not required to begin repayment until six months after the student completes or withdraws from his or her program. These factors, together with the timing of when our students begin their programs, affect our operating cash flow.

Operating Activities

Our net cash provided by operating activities was \$11.7 million and \$17.4 million for the three months ended December 31, 2010 and 2009, respectively. The decrease was primarily attributable to changes in our operating assets and liabilities.

During the three months ended December 31, 2010, the changes in our operating assets and liabilities resulted in cash outflows of \$10.4 million. The outflows were a result of an \$11.9 million decrease in accounts payable and accrued expenses primarily attributable to annual bonus payments. The outflows were also attributable to a decrease of \$5.5 million in deferred revenue primarily due to the timing of student starts, the number of students in school and where they were at period end in relation to the completion of their program. We had a cash inflow of \$5.0 million as a result of being in a payable position rather than a receivable position for income taxes.

Table of Contents

During the three months ended December 31, 2009, the changes in our operating assets and liabilities resulted in cash inflows of \$0.8 million. The inflows were a result of an increase of \$6.5 million in deferred revenue primarily due to the timing of student starts, the number of students in school and where they were at period end in relation to the completion of their program and a \$4.4 million increase in income tax payable. A \$9.3 million decrease in accounts payable and accrued expenses resulted in a use of cash primarily attributable to annual bonus payments.

Investing Activities

During the three months ended December 31, 2010, cash used in investing activities was \$2.2 million and was primarily related to our investment in our Automotive Technology and Diesel Technology program curricula as well as new and replacement training equipment for our ongoing operations and purchases of investments. We had cash inflows from proceeds received upon maturity of investments.

During the three months ended December 31, 2009, cash used in investing activities was \$12.5 million and was primarily related to purchases of investments and our investment in our Automotive Technology and Diesel Technology program curricula as well as new and replacement training equipment for our ongoing operations.

Financing Activities

During the three months ended December 31, 2010 and 2009, cash used in or provided by financing activities was primarily attributable to activity in employee stock plans.

Seasonality and Trends

Our revenues and operating results normally fluctuate as a result of seasonal variations in our business, principally due to changes in total student population and costs associated with opening or expanding our campuses. Student population varies as a result of new student enrollments, graduations and student attrition. Historically, our schools have had lower student populations in our third quarter than in the remainder of our year because fewer students are enrolled during the summer months. Additionally, our schools have had higher student populations in our fourth quarter than in the remainder of the year because more students enroll during this period. Our expenses, however, do not vary significantly with changes in student population and revenues and, as a result, such expenses do not fluctuate significantly on a quarterly basis. We expect quarterly fluctuations in operating results to continue as a result of seasonal enrollment patterns. Such patterns may change, however, as a result of new school openings, new program introductions, increased enrollments of adult students or acquisitions. In addition, our revenues for the first quarter ending December 31 are impacted by the closure of our campuses for a week in December for a holiday break and, accordingly, we do not earn revenue during that closure period.

Operating income is negatively impacted during the initial start up of new campus openings. We incur sales and marketing costs as well as campus personnel costs in advance of the campus opening. Typically we begin to incur such costs approximately 12 to 15 months in advance of the campus opening, with the majority of the costs being incurred in the nine month period prior to a campus opening.

Table of Contents

Critical Accounting Policies and Estimates

Our critical accounting policies are disclosed in our 2010 Annual Report on Form 10-K, filed with the SEC on December 1, 2010. During the three months ended December 31, 2010 there have been no significant changes in our critical accounting policies.

Recent Accounting Pronouncements

Recent accounting pronouncements are disclosed in our 2010 Annual Report on Form 10-K, filed with the SEC on December 1, 2010. During the three months ended December 31, 2010 there have been no new accounting pronouncements which are expected to significantly impact our consolidated financial statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no significant changes to our market risk since September 30, 2010. For a discussion of our exposure to market risk, refer to our 2010 Annual Report on Form 10-K, filed with the SEC on December 1, 2010.

Item 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), pursuant to Exchange Act Rule 13a-15 as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in ensuring that (i) information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Exchange Act Rule 13a-15(d) that occurred during the three months ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In the ordinary conduct of our business, we are periodically subject to lawsuits, investigations and claims, including, but not limited to, claims involving students or graduates and routine employment matters. Based on internal review, we accrue reserves using our best estimate of the probable and reasonably estimable contingent liabilities. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, we do not believe that any currently pending legal proceeding to which we are a party, individually or in the aggregate, will have a material adverse effect on our business, results of operations, cash flows or financial condition.

Table of Contents**Item 1A. RISK FACTORS**

In addition to the other information set forth in this report, including the information contained in Part I, Item 3, you should carefully consider the factors discussed in Part I, Item 1A of our Annual Report on Form 10-K filed with the SEC on December 1, 2010, which could materially affect our business, financial condition or future results. The risks described in this report and in our Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

The summary purchase of equity securities for the three months ended December 31, 2010 is as follows:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased⁽¹⁾	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans Or Programs (In thousands)⁽²⁾
October 2010		\$		\$ 23,660
November 2010	2,869	\$ 19.64		\$ 23,660
December 2010	1,610	\$ 20.02		\$ 23,660
Total	4,479			\$ 23,660

(1) Represents shares of common stock withheld by us as payment of taxes on the vesting of shares of our common stock which were granted subject to forfeiture restrictions under our 2003 Incentive Compensation Plan.

(2) Our Board of Directors previously authorized the repurchase of up to \$70.0 million of our common stock in the open market or through privately negotiated transactions.

Table of Contents

Item 6. EXHIBITS

Number	Description
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)

Table of Contents

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 thereunto duly authorized.

UNIVERSAL TECHNICAL INSTITUTE, INC.

Dated: February 4, 2011

By: /s/ Eugene S. Putnam, Jr.
Eugene S. Putnam, Jr.
Executive Vice President, Chief Financial Officer
(Principal Financial Officer and Duly Authorized
Officer)