UNIVERSAL TECHNICAL INSTITUTE INC
Form 10-K
November 28, 2012

U. S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended September 30, 2012

or

¨ **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	**86-0226984**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*
16220 North Scottsdale Road, Suite 100	**(623) 445-9500**
Scottsdale, Arizona 85254 *(Address of principal executive offices)*	*(Registrant s telephone number, including area code)*

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Common Stock, $0.0001 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes ¨ No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ

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 þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 þ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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 þ Non-accelerated filer ¨ Smaller reporting company ¨
Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ¨ No þ

As of November 15, 2012, 24,911,853 shares of common stock were outstanding. The aggregate market value of the shares of common stock held by non-affiliates of the registrant on the last business day of the Company s most recently completed second fiscal quarter (March 31, 2012) was approximately $309,421,000 (based upon the closing price of the common stock on such date as reported by the New York Stock Exchange). For purposes of this calculation, the Company has excluded the market value of all common stock beneficially owned by all executive officers and directors of the Company.

Documents Incorporated by Reference

Portions of the registrant s definitive proxy statement for the 2013 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

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Special Note Regarding Forward-Looking Statements

This 2012 Form 10-K and the documents incorporated by reference herein contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933, as amended, which include information relating to future events, future financial performance, strategies, expectations, competitive environment, regulation and availability of resources. From time to time, we also provide forward-looking statements in other materials we release to the public as well as verbal forward-looking statements. These forward-looking statements include, without limitation, statements regarding: proposed new programs; scheduled openings of new campuses and campus expansions; expectations that regulatory developments, or agency interpretations of such regulatory developments or other matters will not have a material adverse effect on our consolidated financial position, results of operations or liquidity; statements concerning projections, predictions, expectations, estimates or forecasts as to our business, financial and operational results and future economic performance; and statements of management s goals and objectives and other similar expressions. Such statements give our current expectations or forecasts of future events; they do not relate strictly to historical or current facts. Words such as may, will, should, could, would, predicts, potential, continue, expects, anticipates, future, intends, plans, believes, estimates, well as statements in future tense, identify forward-looking statements.

We cannot guarantee that 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 potentially inaccurate assumptions. Many events beyond our control may determine whether results we anticipate will be achieved. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements.

Except as required by law, we undertake no obligation to publicly update or revise 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 and 8-K reports to the Securities and Exchange Commission (SEC).

PART I

ITEM 1. ***BUSINESS***

Overview

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 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 (UTI), Motorcycle Mechanics Institute and Marine Mechanics Institute (collectively, MMI) and NASCAR Technical Institute (UTI/NASCAR Tech). We also offer manufacturer-specific advanced training programs, including student paid electives, at our campuses and manufacturer or dealer sponsored training at certain campuses and dedicated training centers. We have provided technical education for 47 years.

For the year ended September 30, 2012, our average undergraduate full-time student enrollment was 16,500.

Business Model

We believe our business model is unique and allows us to offer services to our students and to our industry customers. We provide high quality training using current technology and tools to our students which allows us to provide highly skilled entry-level technicians to employers in the industries we serve, including many companies with which we have training relationships. These relationships represent formal, sometimes exclusive, agreements with leading automotive, diesel, motorcycle and marine original equipment manufacturers (OEM) and brands. The depth and breadth of these relationships provides a unique competitive advantage for our company, our students and our employers.

Our business model provides benefits for several distinct groups: our company, our students, our industry relationships and employers and the communities in which we are located. We benefit from the high standards and the material and consultative support of our industry relationships which are key contributors to the overall quality of training and also to our market appeal to prospective students. Students benefit from our specialized education while improving their opportunities for employment through our direct relationships with these employers. Our industry relationships and employers benefit from a steady flow of well-trained entry-level technicians which is the ultimate driver of the dynamics of our business model.

We are a primary, and often the sole, provider of manufacturer based training programs and we have relationships with the following OEMs:

American Honda Motor Co., Inc.
American Suzuki Motor Corp.
BMW of North America, LLC
Cummins Rocky Mountain, a subsidiary of Cummins, Inc.
Daimler Trucks N.A.
Ford Motor Co.
Harley-Davidson Motor Co.
Kawasaki Motors Corp., U.S.A.
Mercedes-Benz USA, LLC
Mercury Marine, a division of Brunswick Corp.
Navistar International Corp.
Nissan North America, Inc.
Porsche Cars of North America, Inc.
Toyota Motor Sales, U.S.A., Inc.
Volvo Cars of North America, LLC
Volvo Penta of the Americas, Inc.
Yamaha Motor Corp., USA

Participating OEMs typically assist us in the development of course content and curricula while providing us with vehicles, equipment, specialty tools and parts at reduced prices or at no charge. In some instances they pay for a student s tuition. This collaboration enables us to provide highly specialized education to our students, resulting in enhanced employment opportunities and the potential for higher wages for our graduates.

These relationships also support incremental revenue opportunities from training the OEMs existing employees and by providing off-campus training at customer sites or third party locations.

In addition to the OEMs, our industry relationships also extend to after-market retailers, fleet service providers and enthusiast organizations.

Other target groups for relationship-building, for example parts and tools suppliers and enthusiast organizations, provide us with a variety of strategic and financial benefits that include equipment sponsorship, new product support, licensing and branding opportunities and financial sponsorship for our campuses and students.

Business Strategy

Our goal is to sustain and strengthen our market position as the leading provider of entry-level professional technician training for the automotive, diesel, collision repair, motorcycle and marine industries. Our unique business model is supported by consistently high performance in each of our three core operational areas: student recruitment, industry relevant training and graduate employment services.

With the competitive advantage of our industry relationships, our business model and the three core operational areas as our foundation, our business strategy is as follows:

Continuous improvement and innovation in the UTI education experience across our three core operational areas; and

Management of our industry relationships to broaden and deepen the involvement of our current relationships and to attract new industry relationships.

Continuous improvement and innovation in the educational experience across our three core operational areas.

Student recruitment

Our student recruitment efforts begin with our commitment to offer the best possible student experience. Such efforts are aligned with our three primary markets for prospective students and are conducted through three admissions channels:

High School: Field-based representatives develop and maintain relationships with high school guidance counselors and vocational instructors, as well as students and parents.

Adult: Campus-based representatives serve adult career-seeking or career-changing students.

Military: Our military representatives are strategically located throughout the country and focus on building relationships within military installations.

Our marketing strategies are designed to align student inquiry generation with specific student segments and their corresponding recruiting channels. These inquiries are generated, and our brand strengthened, with a national multimedia marketing strategy to reach prospective students.

Our industry relationships give us direct input on the latest needs and requirements of employers, which not only guides our prospective student recruitment, but also strengthens our curricula and our students opportunities for employment after graduation.

As part of our commitment to offering the best possible student experience, we believe that experience extends from before enrollment to beyond graduation. At each stage, we provide relevant services to assist the student with tuition financing options, educational and career counseling, opportunities for part-time work and housing assistance and ultimately, graduate employment.

The location of our campuses is a critical success factor in recruiting students and therefore our national market reach is a significant recruiting advantage. Our 11 campuses located in eight states offer convenience as well as a quality education to prospective students and give us strong local representation in key metropolitan areas. Beyond these markets, our national marketing efforts and network of representatives permit us to identify, advise and enroll students from all 50 states and the United States territories.

We continuously consider opportunities for expansion which would bring us closer to pools of prospective students, to develop new employment opportunities for our graduates and to compete in attractive markets. We will consider acquisition opportunities that, among other factors, would complement our program offerings, benefit from our resources and scale in marketing and whose administration could be integrated into our existing operations.

Industry relevant training

Our training focuses on two overriding objectives: successful student outcomes and the development of professional, entry-level technicians for our industry customers.

The transformation of our Automotive and Diesel Technology curricula into a blend of daily instructor-led theory and hands-on lab training complemented by interactive web-based learning was a critical component in our continuous improvement efforts for training students. In addition to improving the overall educational experience for the students, the new curricula offer more convenience and training flexibility for our students without sacrificing effectiveness.

We began teaching the Automotive Technology and Diesel Technology II curricula at our Avondale, Arizona campus as an evaluation tool before offering it at our new Dallas/Fort Worth, Texas campus at its opening in June 2010. The new curricula have been well received and we graduated the first class at our Dallas/Fort Worth, Texas campus during 2011. In September 2012, we began integrating the new curricula at our Avondale, Arizona campus to the wider student population. In future years, we intend to continue integrating the new curricula and methodologies at existing campuses which offer Automotive and Diesel Technology programs beginning with another campus in calendar year 2013.

Rapidly changing technology in the industries for which we provide technicians requires us to ensure our course content remains as current as our instruction methodology if we are to sustain our position as a critical provider of entry-level technicians. With that in mind, we work closely with our industry customers to adapt and update course offerings to meet their needs. Furthermore, our advanced training programs, including manufacturer supported elective courses and our manufacturer specific advanced training programs, are direct outgrowths of our industry relationships, a unique aspect of our education program and a key market differentiator for us.

We are constantly improving and expanding our manufacturer sponsored courses. During 2012, we began offering the Honda Professional Automotive Career Training (PACT) program as a manufacturer supported and equipped elective for our undergraduate students at our Glendale Heights, Illinois campus. During 2013, we anticipate offering the Daimler Trucks Finish First elective at our Glendale Heights, Illinois campus, the Mercedes Benz ELITE *START* elective at our Houston, Texas campus, and the Cummins Qualified Technician Program elective at our Exton, Pennsylvania campus.

Graduate employment services

A deep understanding of employment demand in the markets we serve and the specific needs of our industry customers is the key success factor in assisting graduates in finding employment.

We dedicate considerable time and resources to developing employment opportunities and referrals. We believe our employment services program provides students with a more compelling value proposition and significantly enhances employment opportunities for our graduates.

We have a national employment services team which develops job opportunities and outreach as well as a network of local employment services teams to best serve students while in school. Our campus-based staff 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.

Success in this critical activity provides value to us as well as to students and employers because our ability to help launch a graduate s career is key in attracting prospective students.

Our employment rates have come under pressure over the past two years for a variety of reasons and the recent recession has affected hiring in the end markets we serve to varying degrees. Certain industries have

experienced a weaker recovery than others. For example, between 2007 and 2011, the automotive industry has experienced a reduction in the number of dealerships from 21,200 to 17,700. The consolidation of automotive dealerships resulted in a shift of employment opportunities for our graduates into automobile aftermarket service from automotive dealerships where, historically, the placement of our graduates has been concentrated. This has translated into a more difficult employment market for certain industries and has put some pressure on our overall employment rates. Our graduate employment rate for our fiscal 2011 graduate cohort declined compared to our fiscal 2010 graduate cohort. Please see the discussion in Graduate Employment later in this Report on Form 10-K for further discussion.

Management of our industry relationships to broaden and deepen the involvement of our current relationships and to attract new industry relationships.

No relationships are more critical to our success than those with the OEMs. We have a dedicated account management team at our corporate level focused on managing those relationships and developing new ones.

We deliver value to these OEMs by functioning as an efficient hiring source and low cost training option. Our record at meeting their needs is a strong one and the primary reason we have long-standing industry relationships such as those with Harley Davidson and Ford, 28 years and 13 years, respectively.

We constantly seek new relationships, both from within the OEMs and also among other relevant groups or organizations. The Honda PACT program is an example of this activity.

Industry Background

The market for qualified service technicians is large and stable. In the most recent data available, the United States (U.S.) Department of Labor (DOL) estimated that in 2010 there were approximately 723,400 employed automotive technicians in the United States, and this number was expected to increase by 17.3% from 2010 to 2020. Other 2010 estimates provided by the U.S. DOL indicate that the number of technicians in the other industries we serve, including diesel repair, collision repair, motorcycle repair and marine repair, are expected to increase by 14.5%, 18.4%, 23.3% and 20.2%, respectively. The need for technicians is due to a variety of factors, including technological advancement in the industries into which our graduates enter, a continued increase in the number of automobiles, trucks, motorcycles and boats in service and an aging and retiring workforce that generally requires training to keep up with technological advancements and maintain its technical competency. As a result of these factors, the U.S. DOL estimates that an average of approximately 48,300 new job openings will exist annually for new entrants from 2010 to 2020 in the fields that we serve, according to data collected. In addition to the increase in demand for newly qualified technicians, manufacturers, dealer networks, transportation companies and governmental entities with large fleets are outsourcing their training functions, seeking preferred education providers who can offer high quality curricula and have a national presence to meet the employment and advanced training needs of their national dealer networks.

Schools and Programs

Through our campus-based school system, we offer specialized technical education programs under the banner of several well-known brands, including Universal Technical Institute (UTI), Motorcycle Mechanics Institute and Marine Mechanics Institute (collectively, MMI) and NASCAR Technical Institute (UTI/NASCAR Tech). The majority of our undergraduate programs are designed to be completed in 45 to 102 weeks and culminate in an associate of occupational studies degree, diploma or certificate, depending on the program and campus. Tuition ranges from approximately $20,400 to $48,100 per program, depending on the nature and length of the program. Our campuses are accredited and our undergraduate programs are eligible for federal student financial assistance funds under the Higher Education Act of 1965, as amended (HEA), commonly referred to as Title IV Programs, which are administered by the U.S. Department of Education (ED).

Our undergraduate schools and programs are summarized in the following table:

Location	Brand	Date Training Commenced	Principal Programs
Arizona (Avondale)	UTI	1965	Automotive; Diesel & Industrial
Arizona (Phoenix)	MMI	1973	Motorcycle
California (Rancho Cucamonga)	UTI	1998	Automotive; Diesel & Industrial
California (Sacramento)	UTI	2005	Automotive; Diesel & Industrial; Collision Repair and Refinishing
Florida (Orlando)	UTI/MMI	1986	Automotive; Motorcycle; Marine
Illinois (Glendale Heights)	UTI	1988	Automotive; Diesel & Industrial
Massachusetts (Norwood)	UTI	2005	Automotive; Diesel & Industrial
North Carolina (Mooresville)	UTI/NASCAR Tech	2002	Automotive; Automotive with NASCAR
Pennsylvania (Exton)	UTI	2004	Automotive; Diesel & Industrial
Texas (Dallas/Ft. Worth)	UTI	2010	Automotive; Diesel & Industrial
Texas (Houston)	UTI	1983	Automotive; Diesel & Industrial; Collision Repair and Refinishing

Universal Technical Institute (UTI)

UTI offers automotive, diesel and industrial, and collision repair and refinishing programs that are accredited by the National Automotive Technicians Education Foundation (NATEF), a division of the Institute for Automotive Service Excellence (ASE). In order to apply for NATEF accreditation, a school must meet the NATEF curriculum requirements and have also graduated its first class. We offer the following programs under the UTI brand:

Automotive Technology. Established in 1965, the Automotive Technology program is designed to teach students how to diagnose, service and repair automobiles. The program ranges from 51 to 88 weeks in duration, and tuition ranges from approximately $29,100 to $39,600. Graduates of this program are qualified to work as entry-level service technicians in automotive dealer service departments or automotive repair facilities.

Diesel & Industrial Technology. Established in 1968, the Diesel & Industrial Technology program is designed to teach students how to diagnose, service and repair diesel systems and industrial equipment. The program is 45 to 57 weeks in duration and tuition ranges from approximately $27,050 to $34,300. Graduates of this program are qualified to work as entry-level service technicians in medium and heavy truck facilities, truck dealerships, or in service and repair facilities for marine diesel engines and equipment utilized in various industrial applications, including materials handling, construction, transport refrigeration or farming.

Automotive/Diesel Technology. Established in 1970, the Automotive/Diesel Technology program is designed to teach students how to diagnose, service and repair automobiles and diesel systems. The program ranges from 75 to 84 weeks in duration and tuition ranges from approximately $39,450 to $45,950. Graduates of this program typically can work as entry-level service technicians in automotive repair facilities, automotive dealer service departments, diesel engine repair facilities, medium and heavy truck facilities or truck dealerships. Beginning in April 2012, we discontinued enrollment in our legacy Automotive/Diesel Technology program, which was only available at our Avondale, Arizona; Houston, Texas and Glendale Heights, Illinois campuses. New students may enroll in our existing Automotive Technology or Automotive/Diesel and Industrial Technology programs at those campuses. Additionally, students who wish to complete a combined automotive and diesel program may enroll in our Automotive Technology and Diesel Technology II program, which is currently offered at our Avondale, Arizona and

Dallas/Ft. Worth, Texas campuses. In future years, we intend to continue integrating the Automotive Technology and Diesel Technology II curricula at our other automotive campuses beginning with another campus in calendar year 2013.

Automotive/Diesel & Industrial Technology. Established in 1970, the Automotive/Diesel & Industrial Technology program is designed to teach students how to diagnose, service and repair automobiles, diesel systems and industrial equipment. The program ranges from 75 to 100 weeks in duration and tuition ranges from approximately $37,050 to $48,100. Graduates of this program are qualified to work as entry-level service technicians in automotive repair facilities, automotive dealer service departments, diesel engine repair facilities, medium and heavy truck facilities, truck dealerships, or in service and repair facilities for marine diesel engines and equipment utilized in various industrial applications, including material handling, construction, transport refrigeration or farming.

Collision Repair and Refinishing Technology (CRRT). Established in 1999, the CRRT program is designed to teach students how to repair non-structural and structural automobile damage as well as how to prepare cost estimates on all phases of repair and refinishing. The program is 51 weeks in duration and tuition ranges from approximately $29,350 to $31,850. Graduates of this program are qualified to work as entry-level technicians at OEM dealerships and independent repair facilities.

Motorcycle Mechanics Institute and Marine Mechanics Institute (collectively, MMI)

Motorcycle. Established in 1973, the MMI program is designed to teach students how to diagnose, service and repair motorcycles and all-terrain vehicles. The program ranges from 48 to 102 weeks in duration and tuition ranges from approximately $20,400 to $43,150. Graduates of this program are qualified to work as entry-level service technicians in motorcycle dealerships and independent repair facilities. MMI is supported by six major motorcycle manufacturers. We have agreements relating to motorcycle elective programs with American Honda Motor Co., Inc.; American Suzuki Motor Corp.; BMW of North America, LLC; Harley-Davidson Motor Co.; Kawasaki Motors Corp., U.S.A.; and Yamaha Motor Corp., USA. We have agreements for dealer training with American Honda Motor Co., Inc. and Harley-Davidson Motor Co. These motorcycle manufacturers support us through their endorsement of our curricula content, assisting in our course development, providing equipment and product donations, and instructor training. Certain of these agreements are verbal and may be terminated without cause by either party at any time.

Marine. Established in 1991, the MMI program is designed to teach students how to diagnose, service and repair boats. The program is 51 weeks in duration and tuition is approximately $25,750. Graduates of this program are qualified to work as entry-level service technicians for marine dealerships and independent repair shops, as well as for marinas, boat yards and yacht clubs. MMI is supported by several marine manufacturers and we have agreements relating to marine elective programs with American Honda Motor Co., Inc.; American Suzuki Motor Corp.; Mercury Marine, a division of Brunswick Corp.; Volvo Penta of the Americas, Inc. and Yamaha Motor Corp., USA. We have agreements for dealer training with American Honda Motor Co. Inc. and Mercury Marine, a division of Brunswick Corp. These marine manufacturers support us through their endorsement of our curricula content, assisting with course development, equipment and product donations, and instructor training. Certain of these agreements are verbal and may be terminated without cause by either party at any time.

NASCAR Technical Institute (UTI/NASCAR Tech)

Established in 2002, UTI/NASCAR Tech offers the same type of automotive training as other UTI locations, along with additional NASCAR-specific elective courses. In the NASCAR-specific elective courses, students have the opportunity to learn first-hand with NASCAR engines and equipment and to acquire specific skills required for entry-level positions in automotive and racing-related career opportunities. The programs range from 48 to 78 weeks in duration and tuition ranges from $30,200 to $42,850. Graduates of the Automotive Technology program and the Automotive Technology with NASCAR (the NASCAR program) at UTI/NASCAR Tech are qualified to work as entry-level service technicians in automotive repair facilities or automotive dealer

service departments. Graduates from the NASCAR program have additional opportunities to work in racing-related industries. In 2011 and 2010, approximately 21% and 18%, respectively, of the graduates from the NASCAR program have found employment opportunities to work in racing-related industries. Additionally, approximately 66% and 72%, respectively, of the 2011 and 2010 graduates from all programs at UTI/NASCAR Tech are working in the automotive service sector.

Advanced Training Programs

We offer advanced training programs in the form of manufacturer supported elective courses which may be added to a student s core Automotive, Diesel or Motorcycle undergraduate program, or as a post-graduate program, which are manufacturer specific advanced training programs (MSAT).

The manufacturer supported elective courses for the advanced training programs are offered at our campus locations and are paid for by the student. These electives are supported by Title IV funding. Additionally, qualifying student graduates have the opportunity to apply for enrollment in one of our MSAT programs. The MSAT programs, in most cases, are paid for by the manufacturer and/or its dealers in return for a commitment by the student to work for a dealer of that manufacturer for a certain period of time upon completion of the program. For both types of programs, the manufacturer typically assists us in the development of course content and curricula, while providing us with vehicles, equipment, specialty tools and parts at reduced prices or at no charge. This specialized training enhances the student s skills with a particular manufacturer s technology resulting in enhanced employment opportunities and potential for higher wages for our graduates.

Electives

Pursuant to written agreements, we offer the following advanced training elective programs for the following OEMs using vehicles, equipment, specialty tools and curricula provided by the OEMs:

American Honda Motor Company, Inc. We provide the Honda PACT elective at our Glendale Heights, Illinois campus.

BMW of North America, LLC. We provide BMW s FastTrack Program at the BMW training center in Ontario, California, and at our Avondale, Arizona and Orlando, Florida campuses.

Cummins Rocky Mountain, a subsidiary of Cummins, Inc. We provide the Cummins Qualified Technician Program elective at our Avondale, Arizona and Houston, Texas campuses.

Daimler Trucks N.A. We provide the Daimler Trucks Finish First elective at our Avondale, Arizona campus.

Ford Motor Co. We provide the Ford Accelerated Credential Training elective at all UTI campuses except our Dallas/Ft. Worth, Texas campus.

Mercedes-Benz USA, LLC. We provide the Mercedes-Benz ELITE *START* program at our Rancho Cucamonga, California and Norwood, Massachusetts campuses.

Navistar International Corp. We provide the International Truck Elective Program at our Glendale Heights, Illinois campus.

Nissan North America, Inc. We provide the Nissan Automotive Technician Training elective at our Houston, Texas; Mooresville, North Carolina; Sacramento, California; Orlando, Florida and Norwood, Massachusetts campuses.

Toyota Motor Sales, U.S.A., Inc. We provide the Toyota Professional Automotive Technician elective at our Glendale Heights, Illinois; Exton, Pennsylvania and Sacramento, California campuses.

Manufacturer specific advanced training programs

Our manufacturer specific advanced training programs are intended to offer in-depth instruction on specific manufacturers products, qualifying a graduate for employment with a dealer seeking highly specialized, entry-level technicians with brand-specific skills. Students who are highly ranked graduates of an automotive or diesel

program may apply to be selected for these programs. The programs range from 10 to 24 weeks in duration. Pursuant to written agreements, we offer the following MSAT programs using vehicles, equipment, specialty tools and curricula provided by the OEMs:

BMW of North America, LLC. We provide BMW s Service Technician Education Program (STEP) and Mini Service Technical Education Program (MINI STEP). Both programs are provided at our Orlando, Florida campus and at the BMW training centers in Ontario, California, and Woodcliff Lake, New Jersey. STEP is also provided at our Avondale, Arizona campus. This agreement expires on December 31, 2014 and may be terminated for cause by either party.

Navistar International Corp. We provide the International Truck Education Program training program at our Glendale Heights, Illinois, Exton, Pennsylvania, and Sacramento, California campuses. This agreement expires on December 31, 2014 and may be terminated without cause by either party.

Porsche Cars of North America, Inc. We provide the Porsche Technician Apprenticeship Program at the Porsche Training Center in Atlanta, Georgia. This agreement expires September 30, 2013 and may be renewed by mutual agreement.

Volvo Cars of North America, LLC. We provide Volvo s Service Automotive Factory Education program training at our Avondale, Arizona campus. This agreement expires on December 31, 2012.

Dealer/Industry Training

Technicians in all of the industries we serve are in regular need of training or certification on new technologies. Manufacturers are outsourcing a portion of this training to education providers such as UTI. We currently provide dealer technician training to manufacturers such as: American Honda Motor Co., Inc.; BMW of North America, LLC; Ford Motor Co.; Harley-Davidson Motor Co. and Mercedes-Benz USA, LLC.

Industry Relationships

We have a network of industry relationships that provide a wide range of strategic and financial benefits, including product/financial support, licensing and manufacturer training.

Product/Financial Support. Product/financial support is an integral component of our business strategy and is present throughout our schools. In these relationships, sponsors provide their products, including equipment and supplies, at reduced or no cost to us, in return for our use of those products in the classroom. Additionally, they may provide financial sponsorship to either us or to our students. Product/financial support is an attractive marketing opportunity for sponsors because our classrooms provide them with early access to the future end-users of their products. As students become familiar with a manufacturer s products during training, they may be more likely to continue to use the same products upon graduation. Our product support relationships allow us to minimize the equipment and supply costs in each of our classrooms and significantly reduce the capital outlay necessary for operating and equipping our campuses.

An example of a product/financial support relationship is:

Snap-on Tools. As a premier tool provider to the industry, we have been able to form a strategic agreement with Snap-on Tools. Upon graduation from our undergraduate programs, students receive a Snap-on Tools entry-level tool set having an approximate retail value of $1,000, which can become valuable as a student establishes their career. We purchase these tool sets from Snap-on Tools at a discount from their list price pursuant to a written agreement which expires in April 2017. In the context of this relationship, we have granted Snap-on Tools exclusive access to our campuses to display tool related advertising, and we have agreed to use Snap-on Tools equipment to train our students. We receive credits from Snap-on Tools for student tool kits that we purchase and any additional purchases made by our students. We can then redeem those credits in multiple ways, which historically has been to purchase Snap-on Tools equipment and tools for our campuses at the full retail list price.

Licensing. Licensing agreements enable us to establish meaningful relationships with key industry brands. We pay a licensing fee and, in return, receive the right to use a particular industry participant s name or logo in our promotional materials and on our campuses. We believe that our current and potential students generally identify favorably with the recognized brand names licensed to us, enhancing our reputation and the effectiveness of our marketing efforts.

An example of a licensing arrangement is:

NASCAR. We have a licensing arrangement with NASCAR and are its exclusive education provider for automotive technicians. The agreement expires on December 31, 2017 and may be terminated for cause by either party at any time prior to its expiration. This relationship provides us with access to the network of NASCAR sponsors, presenting us with the opportunity to enhance our product support relationships. In July 2002, NASCAR Technical Institute opened in Mooresville, North Carolina where students have the opportunity to take NASCAR-specific elective courses that were developed through a collaboration of NASCAR crew chiefs and motorsports industry leaders. The popular NASCAR brand name combined with the opportunity to learn on high-performance cars is a powerful recruiting and retention tool. It also provides students with the opportunity to learn first-hand with NASCAR engines and equipment and to acquire specific skills required for entry-level positions in automotive and racing-related career opportunities.

Manufacturer Training. Manufacturer training relationships provide benefits to us that impact each of our education programs. These relationships support entry-level training tailored to the needs of a specific manufacturer, as well as continuing education and training of experienced technicians. In both the entry-level and continuing education programs, students receive training and manufacturer certification on a given manufacturer s products. In return, the manufacturer supplies vehicles, equipment, specialty tools and parts and assistance in developing curricula. Students who receive the entry-level training may earn manufacturer certification to work on that manufacturer s products when they complete the program. The manufacturer certification typically leads to both improved employment opportunities and the potential for higher wages. The continuing education programs for experienced technicians are paid for by the manufacturer and often take place in our facilities, allowing the manufacturer to avoid the costs associated with establishing its own dedicated facility. Manufacturer training relationships lower the capital investment necessary to equip our classrooms and provide us with a significant marketing advantage. In addition, through these relationships, manufacturers are able to increase the pool of skilled technicians available to service and repair their products.

Examples of manufacturer training relationships include:

Mercedes-Benz USA, LLC. This is an example of a student-paid elective program. We offer the Mercedes-Benz ELITE *START* elective program at our Rancho Cucamonga, California and Norwood, Massachusetts campuses. The Mercedes-Benz Program uses training and course materials as well as training vehicles and equipment provided by Mercedes-Benz.

American Honda Motor Co., Inc. This is an example of a dealer technician training program paid for by the manufacturer or dealer. We provide marine and motorcycle training for experienced American Honda technicians utilizing training materials and curricula provided by American Honda. Our instructors provide marine and motorcycle dealer training at American Honda-authorized training centers across the United States. We oversee the administration of the motorcycle training program, including technician enrollment. Additionally, American Honda supports our campus Hon Tech training program by donating equipment and providing curricula.

Porsche Cars of North America, Inc. This is an example of an MSAT program paid for by the OEM. We have a written agreement with Porsche Cars of North America, Inc. whereby we provide the Porsche Technician Apprenticeship Program at the Porsche Training Center in Atlanta, Georgia using vehicles, equipment, specialty tools and curricula provided by Porsche. The written agreement expires September 30, 2013 and may be renewed by mutual agreement.

Student Recruitment Model

Our student recruitment efforts begin with our commitment to positive ou