

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

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

For the fiscal year ended December 31, 2008

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: 0-120510

UNIVERSAL TRUCKLOAD SERVICES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Michigan
(State or Other Jurisdiction of
Incorporation or Organization)

38-3640097
(I.R.S. Employer
Identification No.)

**12755 E. Nine Mile Road
Warren, Michigan 48089**
(Address, including Zip Code of Principal Executive Offices)

(586) 920-0100
(Registrant's telephone number, including area code)

Securities registered pursuant to section 12(b) of the Act: None

Securities registered pursuant to section 12(g) of the Act:

Common Stock, no par value
(TITLE OF CLASS)

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

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

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 if disclosure of delinquent filers pursuant to item 405 of Regulation S-K 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, or 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 (Do not check if a smaller reporting company)

Smaller reporting company

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

As of June 28, 2008, the last business day of the registrant's most recently completed second quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant, based upon the closing sale price of the common stock on June 27, 2008, as reported by The Nasdaq Stock Market, was approximately \$131.3 million (assuming, but not admitting for any purpose, that all directors and executive officers of the registrant are affiliates).

The number of shares of common stock, no par value, outstanding as of March 2, 2009, was 15,983,483.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following document, to the extent specified in this report, are incorporated by reference in Part III of this report:

Document	Incorporated by reference in:
Proxy Statement for 2009 Annual Meeting of Shareholders	Part III, Items 10 - 14

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2008 ANNUAL REPORT ON FORM 10-K
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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements and assumptions in this Form 10-K are forward-looking statements. These statements identify prospective information. Important factors could cause actual results to differ, possibly materially, from those in the forward-looking statements. In some cases you can identify forward-looking statements by words such as “anticipate,” “believe,” “could,” “estimate,” “plan,” “intend,” “may,” “should,” “will” and “would” or other similar words. You should read statements that contain these words carefully because they discuss our future expectations, contain projections of our future results of operations or of our financial position or state other “forward-looking” information. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by which, such performance or results will be achieved. Forward-looking information is based on information available at the time and/or management’s good faith belief with respect to future events, and is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. The factors listed in the section captioned “Risk Factors” in Item 1A in this Form 10-K, as well as any other cautionary language contained in this Form 10-K, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements.

Forward-looking statements speak only as of the date the statements are made. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect thereto or with respect to other forward-looking statements.

Unless the context indicates otherwise, “we,” “our” and “us” refers to Universal Truckload Services, Inc. and its subsidiaries.

PART I

ITEM 1: BUSINESS

Overview

We are a primarily non-asset based provider of transportation services to shippers throughout the United States and in the Canadian provinces of Ontario and Quebec. Our over-the-road trucking services include both flatbed and dry van operations and we provide rail-truck and steamship-truck intermodal support services. We also offer truck brokerage services, which allow us to supplement our capacity and provide our customers with transportation of freight not handled by our owner-operators.

We primarily operate through a contractor network of agents and owner-operators who provide us with approximately 3,400 tractors and approximately 2,800 trailers. At December 31, 2008, the Company had approximately 690 agents. Customer relationships are primarily managed by our agents who solicit freight business directly from shippers and also provide dispatch and other services to our owner-operators. Our owner-operators own, operate and maintain substantially all of the tractors and over 50% of the trailers used in our business. Some of our owner-operators also act as fleet contractors and provide us with multiple tractors and drivers. In return for their services, we pay our agents and owner-operators fixed commissions based on a percentage of the revenue they generate for us. This network of agents and owner-operators allows us to minimize our investment in tractors and trailers, manage our sales effort in a manner we believe is more efficient than employing a large sales staff, and maximize the variable portion of our cost structure. In addition, through our brokerage operations, we are able to expand our capacity by arranging for other carriers to transport shipments when we generate more freight shipments than our owner-operators can service.

We believe our commission schedule, prompt payment practices, industry reputation, financial stability, back office support and national freight network helps us to attract agents and owner-operators. In addition, we acquired the operations of 17 transportation companies between October 2000 and December 2008. We are continually evaluating new acquisition opportunities.

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We were incorporated in Michigan on December 11, 2001. Our principal executive offices are located at 12755 E. Nine Mile Road, Warren, Michigan 48089. Our website address is www.goutsi.com. The information contained on, or accessible through, our website is not a part of this Form 10-K.

Industry

According to the American Trucking Association, or ATA, the trucking industry was estimated at approximately \$649.3 billion in revenue in 2007 and accounted for approximately 84.1% of domestic spending on freight transportation. The trucking industry is highly competitive on the basis of service and price and is necessary in many industries operating in the United States. Customers generally choose truck transportation over other surface transportation modes due to the industry's higher levels of reliability, shipment integrity and speed.

The trucking industry includes both private fleets and "for-hire" carriers. Private fleets consist of trucks owned and operated by shippers that move their own goods and, according to the ATA, accounted for approximately \$292.1 billion of revenue in 2007. For-hire carriers include both truckload and less-than truckload operations. We primarily operate in the highly fragmented for-hire truckload segment of this market, which according to the ATA generated revenues of approximately \$357.2 billion in 2007. Truckload carriers dedicate an entire trailer to one customer from origin to destination and can be further classified by the trailing equipment they use to haul a customer's freight, such as dry van, temperature-controlled, tank or flatbed.

Our primary source of revenue results from hauling flatbed and dry van freight, which during the year ended December 31, 2008 accounted for \$646.5 million, or 85.1% of our revenues. We believe the private fleet market offers significant opportunities for expansion by for-hire carriers, such as ourselves, because shippers increasingly are focused on operating within and conserving capital for, their core competencies, which often do not include freight transportation. In our intermodal support services, which during the year ended December 31, 2008 accounted for \$113.0 million or 14.9% of our revenues, we believe that third party logistics companies, railroads and ocean carriers are increasingly seeking efficiencies gained by using companies with greater service offerings, capacity and geographic coverage than the smaller private operators upon which they have historically relied.

Recent economic trends have led to a consolidation of the truckload industry. We believe that the truckload market will continue to experience further consolidation due to a number of economic factors that have forced many smaller carriers to exit the business, merge or file for bankruptcy. These factors include rising insurance costs, scarcity of capital, volatility of fuel prices, increased prices for new environmentally friendly equipment, purchasing advantages available to larger carriers and customer demand for total service solutions that can only be provided by large carriers. As a result, we believe that larger, better-capitalized companies, like us, will have greater opportunities to gain market share and increase profit margins.

Non-Asset Based Strategy

We employ a primarily non-asset based business model. Substantially all tractors and over 50% of trailers are provided by our owner-operators. In addition, our use of agents reduces our need for sizable non-driver facilities. The primary physical assets we provide to our agents and owner-operators include a portion of our trailer fleet, our intermodal depot facilities, our headquarters facility and our management information systems. We believe that our business model offers the following advantages compared with primarily asset-based trucking companies that own significant tractor fleets and use an employee sales force:

- *Variable cost structure.* We pay our agents and owner-operators a percentage of the revenue they generate, which gives us flexibility to quickly adjust to increases or decreases in customer demand. Additionally, having a high proportion of variable costs reduces our risks of making fixed payments on under-utilized equipment and personnel and minimizes our exposure to fluctuating equipment values. In 2008, approximately 87.3% of our total operating expenses were variable in nature.
- *Reduced capital expenditures.* Limiting our investment in tractors and trailers reduces our capital needs and allows us to grow organically using relatively small amounts of cash. This allows us to conserve

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our financial resources to fund our expansion strategy, including acquisitions. Our operating revenues have grown from \$213.3 million in 2001 to \$759.5 million in 2008, while we have spent an aggregate of \$72.2 million on capital expenditures over the same period of time, excluding property and equipment acquired in connection with the acquisitions of businesses.

- *Higher financial returns.* Given similar operating performance, we believe that our low fixed costs and capital expenditure requirements will produce higher returns on our assets than many of our asset-based competitors. We manage our business with a view toward enhancing these returns. In 2008, we achieved a 7% return on average assets.
- *Entrepreneurial spirit.* Our agents and owner-operators are business owners who are compensated based on the revenue they produce. We believe this model gives our agents a strong incentive to seek new revenue opportunities. In addition, we believe that our owner-operators have a greater incentive to operate their equipment more reliably, efficiently and safely than would be the case with employee drivers using employer-provided equipment.

Although we believe our non-asset based business model is advantageous, there are certain disadvantages. Our use of owner-operators limits the pool of potential drivers and could constrain our growth. In addition, our variable cost structure does not allow us to take advantage of freight cycles as well as a fixed cost structure would. Thus, in times of very high economic activity and increasing freight rates, our profitability may not expand as much as that of an asset-based carrier. We share control over customer relationships with our agents and may be constrained in our ability to seek large national contracts. Overall, however, we believe our long experience with this business model and our growth, profitability, and financial returns demonstrate that we have adequately managed these risks.

Growth Strategy

We believe that our flexible business model offers us substantial opportunities to grow. By continuing to implement our strategy, we believe that we can continue to increase our revenues and profitability, while generating a higher return on assets than many of our asset-based competitors. The key elements of our strategy are as follows:

- *Grow our brokerage operations.* Our brokerage services have grown substantially, expanding to \$208.3 million in operating revenues in 2008 from \$25.7 million in 2001, a compound annual growth rate of 34.8%. In 2008, brokerage services accounted for 27.4% of our operating revenues. We encourage our agents to generate shipping contracts above the levels that can be accommodated by our owner-operators and provide the training and management information systems that enable our agents to broker these contracts to third party carriers. We intend to continue to grow this business because it requires little capital and gives our agents an opportunity to expand their revenues.
- *Make strategic acquisitions.* Acquisitions have been an important part of our growth and we continually evaluate strategic acquisition opportunities. Our acquisition plan is to focus on targets that are primarily non-asset based, but we also will consider companies that derive a portion of their business from asset-based operations. Since our predecessor was founded in 1981, we have successfully integrated 20 acquisitions, 17 of which we have consummated between October 2000 and December 2008. Our operational integration strategy is to centralize administrative functions of acquired businesses at our headquarters, while maintaining the localized operations of the acquired businesses and maintaining the target's network of agents and owner-operators. We believe that allowing most of our acquired businesses to continue to operate under their pre-acquisition names, in their original regions and with the same agents and owner-operators enables us to maintain the loyalty of the agents and owner-operators and continue pre-existing customer relationships.
- *Expand our network of agents and owner-operators.* Increasing the number of agents and owner-operators has also been driver of our historical growth. We intend to continue to recruit qualified

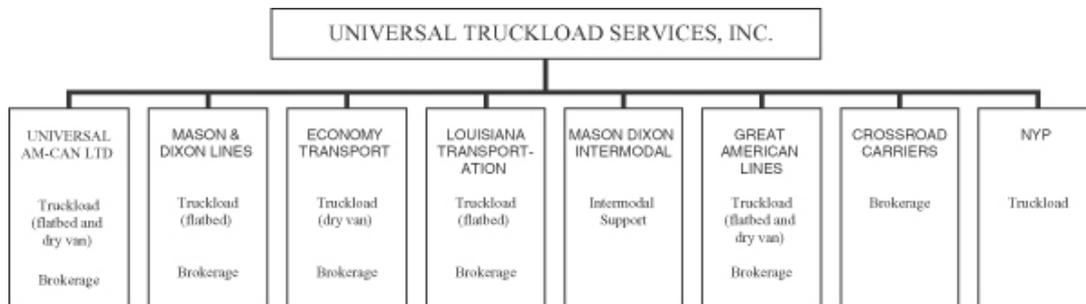
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agents and owner-operators in order to penetrate new markets and expand our operations in existing markets. Our agents typically focus on a small number of shippers in a particular market and are attuned to the specific transportation needs of that core group of shippers, while remaining alert to growth opportunities. With their detailed knowledge of local trucking markets, our agents also serve as an excellent platform for recruiting additional owner-operators. In addition, we believe that the current environment of increasing costs and industry consolidation has created substantial uncertainty for agents, owner-operators and shippers. This uncertainty has led to a desire within these constituencies to associate themselves with a stable company that has an established market presence, and we have successfully converted small independent trucking companies into agents and owner-operators.

- *Expand our intermodal support services.* Our intermodal support services have grown from \$28.9 million in operating revenues in 2001 to \$113.0 million in 2008, a compound annual growth rate of 21.5%. We intend to continue the growth of this business by expanding our service offerings, acquiring or renting additional intermodal facilities and also expanding our network of intermodal agents. We will evaluate future intermodal facility sites based on regional and international shipping volumes and market saturation. We currently operate eight full service container yards located in the mid-western and south-western United States. These facilities provide container and chassis inventory systems, full service repair facilities, and overhead lift capabilities. U.S. Customs has approved our Dearborn, Michigan facility as a container freight station. With the assistance of our container and chassis management services, we are able to offer steamship companies a neutral facility to store, repair, and track their equipment for future use. At our container freight station in Michigan, we can transfer bonded freight between overseas containers and other equipment for delivery to its final destination. We believe that providing container and chassis management as well as bonded customs services will allow us the opportunity to provide additional services for these customers.

Our Operations

We conduct our operations through our eight direct or indirect wholly owned operating subsidiaries under the brand names Universal Am-Can, Mason & Dixon Lines, Economy Transport, Louisiana Transportation, Mason Dixon Intermodal, Great American Lines, CrossRoad Carriers and NYP of Michigan, Inc. The diagram below shows the brands through which we conduct our business and the principal services provided by each entity.



We broadly group our services into the following three categories: truckload services, brokerage services and intermodal support services.

- *Truckload.* Our truckload operations represented approximately \$438.2 million, or 57.7%, of our operating revenues in 2008. We transport a wide variety of general commodities, including machinery, building materials, paper, food, consumer goods, automotive parts, furniture, steel and other metals on behalf of customers in various industries.
- *Brokerage.* Our brokerage operations represented approximately \$208.3 million, or 27.4%, of our operating revenues in 2008. We broker freight to third party transportation providers through our agent

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network at times when we generate more freight business than we can service with our available owner-operators. These transportation providers may include competing truckload carriers or, occasionally, shipper-owned and operated private motor carrier transport fleets with excess capacity.

- *Intermodal support services.* Our intermodal support services represented \$113.0 million or 14.9% of our operating revenues in 2008. Our intermodal support services are primarily short-to-medium distance delivery of rail and steamship containers between the railhead or port and the customer.

Independent Contractor Network

We utilize a network of agents and owner-operators located throughout the United States and in the Canadian provinces of Ontario and Quebec. These agents and owner-operators are independent contractors who earn a fixed commission calculated as a percentage of the revenue they generate for us and who bring an entrepreneurial spirit to our business. We believe that this gives them greater incentive to respond quickly to customer needs and market opportunities and, in the case of owner-operators, to operate their equipment more reliably, efficiently and safely than would be the case with employee-drivers.

Agents

Our agents provide the primary interaction with our shippers. Approximately 74.3% of the freight we hauled in 2008 was solicited and controlled by our agents, with the remaining 25.7% generated by company-managed terminals and our CrossRoad Carriers subsidiary. Of our approximately 690 agents, 409 generated more than \$100,000 of operating revenues and 157 generated more than \$1.0 million of operating revenues, in 2008. Our agents typically focus on a small number of shippers within a particular market and solicit most of their freight business from this core group. By focusing on a relatively small number of shippers, each agent is attuned to the specific transportation needs of that core group of shippers, while remaining alert to growth opportunities.

While the agent's most important function is to generate freight shipments, they also provide valuable terminal and dispatch services for our owner-operators and are an important source for recruitment of new owner-operators. Our agents use a company-provided software program to list available freight procured by the agent, dispatch owner-operators to haul the freight and provide all administrative information necessary for us to establish the credit arrangements for each shipper. Our agents do not have the authority to execute or fulfill shipping contracts on their own, as all shipping contracts are between one of our operating subsidiaries and the shipper directly, and we generally assume the liability for freight loss or damages.

We believe that our commission schedule, prompt payment practices, industry reputation, financial stability, back-office support and national freight network are attractive to agents and we have grown from 209 agents who generated more than \$100,000 of operating revenues in 2000 to 409 who generated more than \$100,000 of operating revenues in 2008. Our top 100 agents in 2008 generated 50.8% of our annual operating revenues. We generally pay our full-service agents a commission of 8% of revenue generated, excluding fuel surcharges. While we have signed agreements with most of our newer agents, we rely on verbal agreements with most of our long-term agents. We believe that very few of our agents work exclusively with us. The loss of any large-volume agent or a significant decrease in volume from one of these agents could have a materially adverse effect on our results of operations.

Owner-Operators

Owner-operators are individuals who own, operate and maintain one or more tractors that they either provide drivers for, or drive themselves. Our owner-operators provide us with approximately 3,400 tractors, which represent substantially all of the tractors used in our business. Owner-operators also may own trailers that they provide to us in addition to their tractor and driving services. Our owner-operators provide approximately 2,800 trailers, which represent over 50% of the trailers we use in our business. Owner-operators are responsible for all expenses of owning and operating their equipment, including the wages and benefits paid to any drivers, fuel, physical damage insurance, maintenance, fuel taxes, highway use taxes and debt service.

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We believe that our commission schedule, prompt payment practices, financial stability, back-office support and national freight network are attractive to owner-operators. The number of tractors provided by our owner-operators has grown from 2,266 at December 31, 2001 to 3,424 at December 31, 2008, a compound annual growth rate of 6.0%. We generally pay our owner-operators a commission of 75% of the revenue generated from the freight they haul, if both a tractor and trailer are supplied. We also pass on 100% of any fuel surcharges we receive and a portion of other accessorial charges (at the commission rate) to our owner-operators. Most owner-operators are recruited directly by our agents. All owner-operators enter into standard, short-term written contracts with one of our operating subsidiaries that can be terminated by either party on short notice.

Pursuant to our arrangements with the owner-operators, we maintain the federal and state licensing required for them to operate a motor coach carrier. We also provide insurance coverage for the owner-operators and are primarily liable to the shipper for damaged or lost freight and to third parties for personal injury claims arising out of accidents involving the owner-operators. We also administer the owner-operators' compliance with safety, vehicle licensing and fuel-tax reporting rules. Each owner-operator must meet our guidelines with respect to matters such as motor vehicle records, or MVR's, insurance, driving experience and past work history and must pass a federally mandated physical exam. Additionally, our owner-operators are also subject to pre-lease drug and alcohol screening and are subject to subsequent random testing.

Corporate Services

We oversee certain administrative functions at our headquarters, while all operations and sales efforts are performed by our operating subsidiaries, each of which functions as a distinct operational unit and is not dependant on the operations of any of the other subsidiaries. These administrative functions are primarily focused on providing support to our agents, which includes billing and collections, contractor settlements, management information systems, purchasing, safety, and risk management. In addition, we conduct our accounting, strategic planning and human resource management functions at our headquarters. The management information systems used by our agents and owner-operators in connection with our operations are centralized in our corporate administrative offices in Warren, Michigan. We provide systems that handle all billing with shippers, allow agents to list pending freight shipments and owner-operators with available capacity, and track particular shipments at various points in the shipping route. We rely on the proper operation of our management information systems. Any significant disruption or failure of these systems could have a materially adverse effect on our operations and results of operations.

Customers

We provide our truckload, brokerage and intermodal support services throughout the United States and in the Canadian provinces of Ontario and Quebec to a wide variety of shippers, including a number of *Fortune 500* and multi-national companies across a wide variety of industries. Our largest concentration of customers comes from the steel and automotive industries geographically located throughout the United States. In addition, a significant portion of our revenue results from our providing capacity to other transportation companies who aggregate loads from a variety of shippers in these and other industries. No single customer has accounted for more than 5% of our operating revenues in 2006, 2007 or 2008, and the aggregate operating revenues generated by our top ten customers did not account for more than 18% of our operating revenues in any such year. We believe the diversity of our customers and their industries lessens the impact of business cycles affecting any one company or industry.

Revenue Equipment

We offer our customers a wide range of transportation services by utilizing a diverse fleet of trailing equipment provided by us and our owner-operators. At December 31, 2008, our owner-operators provided us with approximately 3,400 tractors and 2,800 trailers. At December 31, 2008, the Company owned approximately 60 tractors and 1,600 trailers.

Insurance

We maintain auto liability, workers compensation and general liability insurance with licensed insurance carriers. We are self-insured for all cargo and equipment damage claims. Insurance and claims expense represents premiums paid by us and the accruals made for claims within our self-insured retention amounts. The accruals are primarily related to auto liability, cargo and equipment damage claims. A liability is recognized for the estimated cost of all self-insured claims and for claims expected to exceed our policy limit, based on our knowledge of the facts and, in certain cases, opinions of outside counsel, including estimates of incurred but not reported claims based on historical experience. We may also make accruals for personal injury and property damage to third parties, and workers' compensation claims if a claim exceeds our insurance coverage.

To reduce our exposure to non-trucking use liability claims (claims incurred while the vehicle is being operated without a trailer attached or is being operated with an attached trailer which does not contain or carry any cargo), we require our owner-operators to maintain non-trucking use liability coverage, which we refer to as deadhead bobtail coverage, of \$2.0 million per occurrence.

In brokerage arrangements, our exposure to liability associated with accidents incurred by other third-party carriers, who haul freight on our behalf, is reduced by various factors including the extent to which the third party providers maintain their own insurance coverage. Our insurance and claims expense varies primarily based upon the frequency and severity of the Company's accident experience, the market for insurance, our coverage limits, and self-insured retention amounts.

Competitive Environment

We compete for truckload freight primarily in the U.S. markets of the transportation industry. The transportation industry is extremely competitive and fragmented. We compete with asset and non-asset based truckload carriers, intermodal transportation, logistics providers and, in some aspects of our business, with less-than-truckload carriers and railroads. We also compete with other motor carriers for owner-operators and agents.

Recent economic trends have led to a consolidation of the truckload industry. We believe that the truckload market will continue to experience further consolidation due to a number of economic factors that have forced many smaller carriers to exit the business, merge or file for bankruptcy. These factors include rising insurance costs, scarcity of capital, volatility of fuel prices, increased prices for new environmentally friendly equipment, purchasing advantages available to larger carriers and customer demand for total service solutions that can only be provided by large carriers.

Government Regulation

Our operations are regulated and licensed by various federal and state agencies. Interstate motor carrier operations are subject to safety and insurance requirements prescribed by the Federal Motor Carrier Safety Administration, or FMCSA. Such matters as weight and equipment dimensions also are subject to federal and state regulation. We operate in the United States throughout the 48 contiguous states pursuant to operating authority granted by the FMSCA and in various Canadian provinces pursuant to operation authority granted by the Ministries of Transportation and Communications in such provinces. To the extent that we conduct operations outside the United States, we are subject to the Foreign Corrupt Practices Act, which generally prohibits U.S. companies and their intermediaries from bribing foreign officials for the purpose of obtaining or retaining favorable treatment.

On January 4, 2004, new FMCSA hours-of-service regulations took effect. However, after nine months of operation under the new regulations, citizens' advocacy groups successfully challenged the new regulations in court, alleging that they were developed without properly considering issues of driver health. Subsequently, on October 1, 2005, the FMCSA again revised the hours of service regulations to address the concerns noted by the

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federal court. The only significant change effecting our operations is the new requirement that at least one of the two periods of a recognized sleeper berth break be at least 8 consecutive hours. Previously, a driver could accumulate the required 10-hour sleeper berth break in two separate periods as long as each period was at least 2 hours and the two periods combined equaled 10 hours. On July 24, 2007, the court struck down the 2005 FMCSA provisions relating to the 11-hour drive time and 34-hour restart provisions. In December 2007, the FMCSA submitted and passed an Interim Final Rule (IFR) preserving the 2005 drive time and restart provisions.

In November 2008, following the submission of additional data by FMCSA and a series of appeals and related court rulings, the FMCSA adopted the final provisions of its December 2007 IFR, which allows commercial motor carrier drivers to continue to drive up to 11 hours within a 14-hour workday and mandates at least 10 consecutive off-duty hours between workdays. The ruling also allows drivers to continue to restart their calculations of weekly on-duty time limits after having at least 34 consecutive hours off-duty. Advocacy groups may continue to challenge the final rule and we are unable to predict how a court may rule on such challenges. We will continue to monitor the actions of the FMCSA.

We are also subject to regulations relating to testing and specifications of equipment and product handling requirements. In addition, our owner-operators must comply with safety and fitness regulations promulgated by the FMCSA, including those relating to drug and alcohol testing.

Environmental

We are subject to various environmental laws and regulations and, among other things, our operations are subject to the risk of fuel spillage and the consequential environmental damage. If we are involved in a fuel spill or other accident involving hazardous substances, we are subject to substantial fines or penalties and to criminal and civil liability.

Laws and regulations concerning the discharge of pollutants into the air and water, the handling and disposal of hazardous materials, the investigation and remediation of property contamination, and other aspects of environmental protection are in effect wherever we operate. Our current operations do not involve material costs to comply with such laws and regulations, and they have not given rise to, and are not expected to give rise to, material liabilities under these laws and regulations for investigation or remediation of contamination.

Claims for environmental liabilities arising out of property contamination have been asserted against us and our predecessors from time to time. Such claims, in some instances, have been associated with businesses related to entities we acquired and have been based on conduct that occurred prior to our acquisition of those entities. While none of the claims identified to date have resulted in a material liability to us, additional environmental liabilities relating to any of our former operations or any entities we have acquired could be identified and give rise to claims against us involving significant losses.

In August 2005, UTS Realty, LLC, or Realty, purchased a container storage facility in Cleveland, Ohio. In connection with the acquisition of the property, Realty received indemnity from the seller from any and all claims, which Realty may incur as a direct consequence of any environmental condition of which the seller had actual knowledge as of the date of the acquisition of the property.

Seasonality

Our results of operations are subject to seasonal trends common to the trucking industry. Our results of operations in the first fiscal quarter of each year are typically lower than the other quarters, principally because some shippers reduce their shipments and the productivity of our owner-operators generally decreases during the winter season because inclement weather impedes operations. At the same time, our operating expenses generally increase because harsh weather creates higher accident frequency and increased claims.

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Employees

At December 31, 2008, we employed 649 individuals. None of our employees is represented by a collective bargaining unit. We believe that our employee relations are good.

Available Information

We make available free of charge on or through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission, or the SEC. Our website address is www.goutsi.com. The SEC maintains a website at www.sec.gov that contains the Company's current and periodic reports, proxy and information statements and other information filed electronically with the SEC.

ITEM 1A: RISK FACTORS

We primarily rely on owner-operators to provide transportation services to our customers, and continued reliance primarily on owner-operators, as well as reductions in our pool of available driver candidates could limit our growth.

The transportation services that we provide are primarily carried out by owner-operators who are generally responsible for paying for their own equipment, fuel and other operating costs. Our owner-operators provide substantially all of the tractors and over 50% of the trailers used in our business. Owner-operators make up a relatively small portion of the pool of all truck drivers. Thus, continued reliance primarily on owner-operators could limit our ability to grow. In addition, the following factors recently have combined to create a difficult operating environment for owner-operators:

- increases in the prices of new and used tractors;
- a tightening of financing sources available to owner-operators for the acquisition of equipment;
- high fuel prices; and
- increases in insurance costs.

In recent years, these factors have caused many owner-operators to join company-owned fleets or to exit the industry entirely. As a result of the smaller available pool of qualified owner-operators, the already strong competition among carriers for their services has intensified. Due to the difficult operating environment and intense competition, turnover among owner-operators in the trucking industry is high. In 2008, turnover among our owner-operators was approximately 92%. Additionally, our agreements with our owner-operators are terminable by either party upon short notice and without penalty. Consequently, we regularly need to recruit qualified owner-operators to replace those who have left our fleet. If we are unable to retain our existing owner-operators or recruit new owner-operators, it could have a materially adverse effect on our business and results of operations.

In the event that the current operating environment for owner-operators worsens, we could adjust our owner-operator compensation package or, alternatively, to acquire more of our own revenue equipment and seat it with employee drivers in order to maintain or increase the size of our fleet. The adoption of either of these measures could materially and adversely affect our financial condition and results of operations. If we are required to increase the compensation of owner-operators, our results of operations would be adversely affected to the extent increased expenses are not offset by higher freight rates. If we elect to purchase more of our own tractors and hire additional employee drivers, our capital expenditures would increase, we would incur additional employee benefits costs and depreciation, interest, and/or equipment rental expenses, our financial return on our assets would decline and we would be exposed to the risks associated with implementing a business model with which we have limited experience.

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We rely heavily upon our agents to develop customer relationships and to locate freight, and the loss of any agent or agents responsible for a significant portion of our revenue could adversely affect our revenue and results of operations.

We rely heavily upon our agents to market our transportation services, to act as intermediaries with customers and to recruit owner-operators. Although we employ a small field management staff that maintains direct relationships with some of our larger, national customers and is responsible for supporting, coordinating and supervising our agent's activities, the primary relationship with our customers generally is with our agents and not directly with us. We rely on verbal agreements with many of our agents and these verbal agreements do not obligate our agents to provide us with a specific amount of service or to refer freight exclusively to us. Our reliance on verbal agreements may increase the likelihood that we or our agents have a disagreement or a misunderstanding of our and their respective rights and obligations. In addition, in the event of a dispute with one of our agents, we may not be able to verify the terms of the agreement.

We compete with other trucking companies that utilize agent networks both to recruit quality agents and for the business that they generate, which typically involves both competition with respect to the freight rates that we charge shippers and the compensation paid to the agents. There can be no assurance that we will be able to retain our agents or that our agents will continue to refer to us the amount of business that they have in the past. In 2008, 157 of our agents generated more than \$1.0 million in operating revenues each and our five largest revenue-producing agents generated an aggregate of approximately 9.8% of our operating revenues. If we were to lose the service of an agent or agents responsible for a significant portion of our operating revenues or if any such agent or agents were to significantly reduce the volume of business that they refer to us, it would have a materially adverse effect on our operating revenues and results of operations. Further, if we were required to increase the compensation we pay to agents in order to retain, or maintain business volumes with them, our operating results would be adversely affected to the extent that we could not pass these increased costs on to our customers.

We self-insure for a significant portion of our potential liability for auto liability, workers' compensation and general liability claims. One or more significant claims, our failure to adequately reserve for such claims, or the cost of maintaining our insurance, could have a materially adverse impact on our financial condition and results of operations.

We maintain auto liability, workers compensation and general liability insurance with licensed insurance carriers. We are self-insured for all cargo and equipment damage claims.

The nature of our industry is that auto accidents occur and, when they do, they almost always result in equipment damage and they often result in injuries or death. Since January 1, 2000, less than 1% of our total casualty claims exceeded our insurance policy limits. If we experience claims that are not covered by our insurance or that exceed our reserves, or if we experience claims for which coverage is not provided, it could increase the volatility of our earnings and have a materially adverse effect on our financial condition and results of operations.

Our insurance premiums continue to increase over our historical levels and as a result we expect our insurance and claims expense to continue to increase over historical levels, even if we do not experience an increase in the number of insurance claims. Insurance carriers have significantly raised premiums for many businesses, including trucking companies. If this continues, the cost of maintaining our insurance would increase. In addition, if we decide to increase our insurance coverage in the future, our costs would be expected to further increase.

Our business is subject to general economic and business factors that are largely out of our control, any of which could have a materially adverse effect on our operating results.

Our business is dependent upon a number of general economic and business factors that may have a materially adverse effect on our results of operations. Many of these are beyond our control, including new equipment

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prices and used equipment values, interest rates, fuel taxes, tolls, and license and registration fees, all of which could increase the costs borne by our owner-operators, and capacity levels in the trucking industry, particularly in the market segments and geographic regions in which we operate.

We also are affected by recessionary economic cycles, changes in inventory levels, and downturns in customers' business cycles, particularly in market segments and industries where we have a significant concentration of customers, such as automotive, steel and other metals, building materials and machinery. Economic conditions may adversely affect our customers, their need for our services or their ability to pay for our services. Adverse changes in any of these factors could have a materially adverse effect on our business and results of operations.

We operate in a highly competitive and fragmented industry, and our business may suffer if we are unable to adequately address factors that may adversely affect our revenue and costs relative to our competitors.

Numerous competitive factors could impair our ability to maintain our current profitability. These factors include the following:

- we compete with many other truckload carriers of varying sizes and to a lesser extent, with less than truckload carriers and railroads, some of which have more equipment, a broader coverage network, a wider range of services and greater capital resources than we do;
- some of our competitors periodically reduce their freight rates to gain business, especially during times of reduced growth rates in the economy, which may limit our ability to maintain or increase freight rates, maintain our operating margins or maintain significant growth in our business;
- many customers reduce the number of carriers they use by selecting so-called "core carriers" as approved service providers, and in some instances we may not be selected;
- many customers periodically accept bids from multiple carriers for their shipping needs, and this process may depress freight rates or result in the loss of some of our business to competitors;
- the trend toward consolidation in the trucking industry may create other large carriers with greater financial resources and other competitive advantages relating to their size and with whom we may have difficulty competing;
- advances in technology require increased investments to remain competitive, and our customers may not be willing to accept higher freight rates to cover the cost of these investments;
- competition from Internet-based and other brokerage companies may adversely affect our relationships with our customers and freight rates; and
- economies of scale that may be passed on to smaller carriers by procurement aggregation providers may improve the ability of smaller carriers to compete with us.

Fluctuations in the price or availability of fuel and our ability to collect fuel surcharges may affect our ability to retain or recruit owner-operators.

Our owner-operators bear the costs of operating their tractors, including the cost of fuel and fuel taxes. The tractors operated by our owner-operators consume large amounts of diesel fuel. Diesel fuel prices fluctuate greatly due to economic, political and other factors beyond our control. For example, average weekly diesel fuel prices ranged from \$2.33 per gallon to \$3.88 per gallon in the fourth quarter 2008, compared with \$3.04 per gallon to \$3.44 per gallon in the fourth quarter of 2007. To address fluctuations in fuel prices, we seek to impose fuel surcharges on our customers and pass these surcharges on to our owner-operators. These arrangements will not fully protect our owner-operators from fuel price increases. If costs for fuel escalate significantly it could make it more difficult to attract additional qualified owner-operators and retain our current owner-operators. Our owner-operators also may seek higher compensation from us in the form of higher commissions, which could have a materially adverse effect on our results of operations. If we lose the services of a significant number of owner-operators or are unable to attract additional owner-operators, it could have a materially adverse effect on our business and results of operations.

We may not be able to successfully execute our acquisition strategy, which could cause our business and future growth prospects to suffer.

One component of our growth strategy is to pursue strategic acquisitions of truckload and other transportation companies that meet our acquisition criteria. However, suitable acquisition candidates may not be available on terms and conditions we find acceptable. In pursuing acquisitions, we compete with other companies, many of which may have greater resources than we do. If we are unable to secure sufficient funding for potential acquisitions, we may not be able to complete strategic acquisitions that we otherwise find desirable. Further, if we succeed in consummating strategic acquisitions, our business, financial condition and results of operations may be negatively affected because:

- some of the acquired businesses may not achieve anticipated revenues, earnings or cash flows;
- we may assume liabilities that were not disclosed to us or exceed our estimates;
- we may be unable to integrate acquired businesses successfully and realize anticipated economic, operational, and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical or financial problems;
- acquisitions could disrupt our ongoing business, distract our management and divert our resources;
- we may experience difficulties operating in markets in which we have had no or only limited direct experience;
- we may lose the customers, key employees, agents and owner-operators of the acquired company;
- we may finance future acquisitions by issuing common stock for some or all of the purchase price, which could dilute the ownership interests of our shareholders;
- we may incur additional debt related to future acquisitions; or
- we may acquire companies that derive a portion of their revenues from asset-based operations and experience unforeseen difficulties in integrating this unfamiliar business model.

If we are unable to retain our executive officers, our business and results of operations could be harmed.

We are highly dependent upon the services of our executive officers and the officers of our operating subsidiaries. We do not maintain key-man life insurance on any of these persons. The loss of the services of any of these individuals could have a materially adverse effect on our operations and future profitability. We also need to continue to develop and retain a core group of managers if we are to realize our goal of expanding our operations and continuing our growth. The market for qualified employees can be highly competitive, and we cannot assure you that we will be able to attract and retain the services of qualified executives, managers or other employees.

We operate in a highly regulated industry and increased costs of compliance with, liability for violation of, or changes in, existing or future regulations could have a materially adverse effect on our business.

The U.S. Federal Motor Carrier Safety Administration, or FMCSA, and various state and local agencies exercise broad powers over our business, generally governing such activities as authorization to engage in motor carrier operations, safety and insurance requirements. Our owner-operators must comply with the safety and fitness regulations promulgated by the FMCSA, including those relating to drug and alcohol testing and hours-of-service. There also are regulations specifically relating to the trucking industry, including testing and specifications of equipment and product handling requirements. These measures could disrupt or impede the timing of our deliveries and we may fail to meet the needs of our customers. The cost of complying with these regulatory measures, or any future measures, could have a materially adverse effect on our business or results of operations.

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On January 4, 2004, new FMCSA hours-of-service regulations took effect. However, after nine months of operation under the new regulations, citizens' advocacy groups successfully challenged the new regulations in court, alleging that they were developed without properly considering issues of driver health. Subsequently, on October 1, 2005, the FMCSA again revised the hours of service regulations to address the concerns noted by the federal court. The only significant change effecting our operations is the new requirement that at least one of the two periods of a recognized sleeper berth break be at least 8 consecutive hours. Previously, a driver could accumulate the required 10-hour sleeper berth break in two separate periods as long as each period was at least 2 hours and the two periods combined equaled 10 hours. Requiring a minimum 8 consecutive hour sleeper break will possibly result in a decline in miles per truck because, under the new rule, drivers will no longer have the flexibility to take a shorter sleeper berth break of less than 8 hours while waiting to load or unload at a customer facility. On July 24, 2007, the court struck down the 2005 FMCSA provisions relating to the 11-hour drive time and 34-hour restart provisions. On December 11, 2007, the FMCSA submitted and passed an Interim Final Rule (IFR) preserving the 2005 drive time and restart provisions. The IFR allows commercial motor carrier drivers to continue to drive up to 11 hours within a 14-hour workday and mandates the 10 consecutive off-duty hours between workdays with drivers allowed to restart their calculations of weekly on-duty time after having at least 34 consecutive hours off duty.

In November 2008, following the submission of additional data by FMCSA and a series of appeals and related court rulings, the FMCSA adopted the final provisions of its December 2007 IFR, which allows commercial motor carrier drivers to continue to drive up to 11 hours within a 14-hour workday and mandates at least 10 consecutive off-duty hours between workdays. The ruling also allows drivers to continue to restart their calculations of weekly on-duty time limits after having at least 34 consecutive hours off-duty. Advocacy groups may continue to challenge the final rule and we are unable to predict how a court may rule on such challenges. We will continue to monitor the actions of the FMCSA.

Our operations are subject to various environmental laws and regulations, the violation of which could result in substantial fines or penalties.

Our operations involve the risks of fuel spillage and environmental damage, among others, and we are subject to various environmental laws and regulations. If we are involved in a spill or other accident involving hazardous substances, or if we are found to be in violation of applicable laws or regulations, we could be subject to substantial fines or penalties and to criminal and civil liability, which could have a materially adverse effect on our business and operating results. In addition, claims for environmental liabilities arising out of property contamination have been asserted against us from time to time. Such claims, in some instances, have been associated with businesses related to entities or facilities we acquired and have been based on conduct that occurred prior to our acquisition of those entities or facilities. While none of the claims identified to date have resulted in a material liability to us, additional environmental liabilities relating to any of our former operations or any entities or facilities we have acquired could be identified and give rise to claims against us involving significant losses.

A determination by regulators that our agents and owner-operators are employees could expose us to various liabilities and additional costs.

From time to time, tax and other regulatory authorities have sought to assert that independent contractors in the trucking industry, such as our agents and owner-operators, are employees rather than independent contractors. There can be no assurance that these interpretations and tax laws that consider these persons independent contractors will not change or that these authorities will not successfully assert this position. If our agents or owner-operators are determined to be our employees, that determination could materially increase our exposure under a variety of federal and state tax, workers' compensation, unemployment benefits, labor, employment and tort laws, as well as our potential liability for employee benefits. Our business model relies on the fact that our agents and owner-operators are not deemed to be our employees, and exposure to any of the above increased costs would have a materially adverse effect on our business and operating results.

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Our business may be harmed by terrorist attacks, future war or anti-terrorism measures.

In the aftermath of the terrorist attacks of September 11, 2001, federal, state and municipal authorities have implemented and continue to follow various security measures, including checkpoints and travel restrictions on large trucks. Such measures may have costs associated with them, which we or our owner-operators could be forced to bear, or may otherwise reduce the productivity of our owner-operators. For example, security measures imposed at bridges, tunnels, border crossings and other points on key trucking routes may cause delays and increase the non-driving time of our owner-operators, which could have a materially adverse effect on our operating results. In addition, war, risk of war or a terrorist attack also may have an adverse effect on the economy. A decline in economic activity could adversely affect our revenues or restrict our future growth. Instability in the financial markets as a result of terrorism or war also could affect our ability to raise capital. In addition, the insurance premiums charged for some or all of the coverage currently maintained by us could increase dramatically or such coverage could be unavailable in the future.

Our ability to grow may be affected if shippers refuse to use our services because we operate primarily through agents and owner-operators.

In our experience, certain high-volume shippers have determined that their freight must be hauled by carriers that use company drivers and equipment. Such shippers believe that they can obtain a more homogenous fleet and more control over service standards. Such policies could prevent us from pursuing certain business opportunities, which could adversely affect our growth and results of operations.

A decrease in intermodal volume shipments could adversely affect our business.

A portion of our business comes from the intermodal segment of the trucking market and we believe that by expanding our intermodal support services we have a substantial opportunity to grow our business. A decrease in intermodal transportation services resulting from general economic conditions or other factors such as work stoppages, price competition from other modes of transportation, or a disruption in steamship or rail service could have an adverse effect on these growth opportunities and have a materially adverse effect on our business.

Seasonality and the impact of weather can affect our operations.

The productivity of our owner-operators generally decreases during the winter season because some shippers reduce their shipments and inclement weather impedes operations. At the same time, our operating expenses generally increase because harsh weather creates higher accident frequency and increased claims.

We have incurred and will continue to incur increased costs as a result of being a public company.

As a public company, we have incurred and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002, as well as new rules subsequently implemented by the SEC and the NASDAQ National Market, have required changes in corporate governance practices of public companies. We expect new rules and regulations to continuously increase our legal and financial compliance costs and to make some activities more time-consuming and costly. We are continuously evaluating and monitoring developments with respect to these new laws, rules and regulations, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. The costs of compliance or our failure to comply with these laws, rules and regulations could adversely affect our reputation, financial condition, results of operation and the price of our common stock.

We may be required to write down goodwill and other intangible assets, causing our financial condition and results to be negatively impacted.

When we acquire a business, a portion of the purchase price is allocated to goodwill and other identifiable intangible assets. Goodwill represents the excess purchase price over the fair value of assets acquired in

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connection with the our acquisitions. At December 31, 2008, our goodwill and other identifiable intangible assets were approximately \$28.6 million. Under current accounting standards, if we determine goodwill or intangible assets are impaired, we would be required to write down the value of these assets. We are required to test goodwill for impairment annually or more frequently, whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit with goodwill below its carrying amount. We annually test goodwill impairment on the 1st day of our 3rd fiscal quarter. During the third quarter of 2008 we completed our impairment analysis and concluded that no impairment charge was necessary for the year ended December 31, 2008. We cannot provide assurance whether we will be required to take an impairment charge in the future. Any impairment charge would have a negative effect on our financial results.

We may be subject to additional impairment charges due to further declines in the fair value of our equity securities.

As of December 31, 2008, we held equity securities with a fair value of \$8.8 million as short term investments. Holding equity securities subjects us to fluctuations in the market value of our investment portfolio based on current market prices. Marketable securities are carried at fair value and are marked to market at the end of each quarter, with the unrealized gains and losses, net of tax, included as a component of accumulated other comprehensive income, unless the declines in value are judged to be other-than-temporary, in which case an impairment charge is included in the determination of net income. During 2008, the Company recorded pre-tax other-than-temporary impairment charges of \$3.6 million for marketable equity securities classified as available-for-sale. We may incur future impairment charges if declines in market values continue or worsen and impairments are no longer considered temporary.

Any disputes that arise between us and CenTra with respect to our past and ongoing relationships could harm our business operations.

Disputes may arise between CenTra and us in a number of areas relating to our past and ongoing relationships, including:

- labor, tax, employee benefit, indemnification and other matters arising from our separation from CenTra;
- employee retention and recruiting;
- the nature, quality and pricing of transitional services CenTra has agreed to provide us; and
- business opportunities that may be attractive to both CenTra and us.

We may not be able to resolve any potential conflicts, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party. The agreements we have entered into with CenTra may be amended upon agreement between the parties. While we are controlled by Matthew T. Moroun and Manuel J. Moroun, who also control CenTra, CenTra may be able to require us to agree to amendments to these agreements that may be less favorable to us than the original terms of the agreements.

ITEM 1B: UNRESOLVED SECURITIES & EXCHANGE COMMISSION STAFF COMMENTS

None.

ITEM 2: PROPERTIES

We are headquartered and maintain our corporate administrative offices in Warren, Michigan. We own our corporate administrative offices, as well as terminal yards in the following locations: Dearborn, Michigan; Columbus, Ohio; Reading, Ohio; Latty, Ohio; Cleveland, Ohio; Gary, Indiana; Millwood, West Virginia; Dallas, Texas and Garden City, Georgia; offices in Hammond, Indiana; Tampa, Florida; Houston, Texas and a condominium in Monroeville, Pennsylvania. As of December 31, 2008, our subsidiaries also leased 48 office, terminal and yard facilities in various cities and states. The leased facilities are generally leased on a month-to-month basis and 12 of these facilities are leased from affiliates of CenTra, an entity controlled by our majority shareholders. We believe that all of the properties we lease from affiliates of our majority shareholders are leased at market rates. We believe that all of the properties leased by us are suitable for their purposes and adequate to meet our needs.

ITEM 3: LEGAL PROCEEDINGS

The nature of our business routinely results in litigation incidental to the ordinary course of our business, primarily involving claims for personal injury and property damage incurred in the transportation of freight. Based on knowledge of the facts and, in certain cases, opinions of outside counsel, we believe all such litigation is adequately covered by insurance or otherwise reserved for and that adverse results in one or more of those cases would not have a materially adverse effect on our financial condition, operating results and cash flows.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were voted on by security holders during the fourth quarter of 2008.

PART II**ITEM 5: MARKET FOR THE REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

Our common stock is traded on The NASDAQ Global Select Market under the symbol “UACL”. Our common stock began trading on February 11, 2005, the date of our initial public offering. Prior to such date, there was no public market for our common stock. The following table shows the reported high and low sales prices of our common stock for the periods indicated

<u>Fiscal Period</u>	<u>2008</u>		<u>2007</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
First Quarter	\$ 22.20	\$ 16.34	\$ 28.51	\$ 21.92
Second Quarter	\$ 25.17	\$ 18.95	\$ 27.76	\$ 18.93
Third Quarter	\$ 27.85	\$ 20.63	\$ 23.62	\$ 16.25
Fourth Quarter	\$ 24.36	\$ 12.40	\$ 23.87	\$ 15.83

The reported last sale price per share of the Common Stock as quoted through the NASDAQ Global Select Market on March 2, 2009 was \$12.09 per share. The number of shareholders of record on March 2, 2009, was 4. However, we estimate that we have a significantly greater number of shareholders because a substantial number of our common shares are held by brokers or dealers for their customers.

Dividends

Historically, we have not paid dividends and no dividends or distributions on our common stock were paid during 2006, 2007 or 2008. However, on February 25, 2009, the board of directors declared a special one-time cash dividend of \$1.00 per common share payable to stockholders of record on March 7, 2009. As a result of the special dividend, a total of approximately \$16.0 million will be paid on our 16.0 million common shares outstanding. We currently intend to retain any future earnings to finance the growth, development and expansion of our business and do not anticipate paying cash dividends in the future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, any legal or contractual restrictions on the payment of dividends and other factors the board of directors deems relevant.

Limitations on our ability to pay dividends are described under the section captioned “Liquidity and Capital Resources—Unsecured Line of Credit” in Item 7 of this Form 10-K.

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Equity Compensation Plan Information

We maintain one stock incentive plan, the 2004 Stock Incentive Plan. In December 2004, our Board of Directors approved, effective upon completion of our initial public offering, the issuance of 260,000 stock options to employees under such plan. These options were issued on February 11, 2005. Through December 31, 2008, 4,983 of these options were exercised and 65,017 were forfeited. For more information on the 2004 Stock Incentive Plan, see Note 14 to the Consolidated Financial Statements, included in Item 8 of this report. The following table presents information related to securities authorized for issuance under this plan at December 31, 2008:

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance</u>
Equity compensation plans approved by security holders	0	\$ 0	0
Equity compensation plans not approved by security holders	190,000	\$ 22.50	240,000
Total	190,000	\$ 22.50	240,000

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information regarding the Company's purchases of its Common Stock during the period from September 28, 2008 to December 31, 2008, the Company's fourth fiscal quarter:

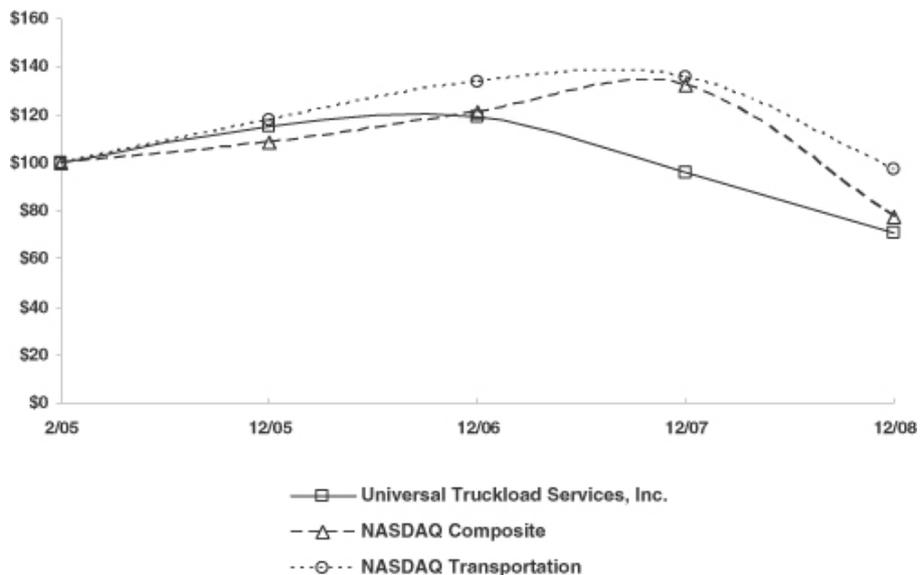
<u>Fiscal Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Program</u>	<u>Maximum Number of Shares that May Yet be Purchased Under the Program</u>
September 28, 2008			34,300	765,700
Sept. 28, 2008 – Oct. 25, 2008	47,300	\$ 14.33	81,600	718,400
Oct. 26, 2008 – Nov. 22, 2008	29,300	13.52	110,900	689,100
Nov. 23, 2008 – Dec. 31, 2008	4,200	15.19	115,100	684,900
Total	80,800	\$ 14.08	115,100	684,900

On November 6, 2007, the Company announced that it had been authorized to purchase up to 800,000 shares of its Common Stock from time to time in the open market. No specific expiration date has been assigned to the authorization.

Performance Graph

The graph below matches the cumulative 46-month total return of holders of Universal Truckload Services, Inc.'s common stock with the cumulative total returns of the NASDAQ Composite index and the NASDAQ Transportation index. The graph assumes that the value of the investment in the company's common stock and in each of the indexes (including reinvestment of dividends) was \$100 on 2/10/05 and tracks it through 12/31/2008.

COMPARISON OF 46 MONTH CUMULATIVE TOTAL RETURN*
Among Universal Truckload Services, Inc., The NASDAQ Composite Index
And The NASDAQ Transportation Index



*\$100 invested on 2/10/05 in stock & 1/31/05 in index-including reinvestment of dividends.
Fiscal year ending December 31.

	2/05	12/05	12/06	12/07	12/08
Universal Truckload Services, Inc.	100.00	115.00	118.75	95.80	70.80
NASDAQ Composite	100.00	108.13	121.18	132.31	77.09
NASDAQ Transportation	100.00	117.80	133.51	135.58	97.28

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

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ITEM 6: SELECTED FINANCIAL DATA

The following table sets forth the selected historical financial and operating data as of and for the periods presented. The selected historical balance sheet data at December 31, 2008, 2007, 2006, 2005, and 2004 and the selected historical statement of income data for the years ended December 31, 2008, 2007, 2006, 2005, and 2004 have been derived from our audited consolidated financial statements. The selected historical financial and operating data presented below should be read in conjunction with the information included under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and related notes included elsewhere in this Form 10-K. The following financial and operating data may not be indicative of our future performance.

	Year ended December 31,				
	2008	2007	2006	2005	2004
(in thousands, except per share information, operating data and percentages)					
Statements of Income Data:					
Operating revenues	\$ 759,517	\$ 680,359	\$ 641,627	\$ 531,339	\$ 362,016
Operating expenses:					
Purchased transportation	592,982	520,064	491,840	406,367	269,687
Commissions expense	47,333	45,081	40,360	34,678	27,354
Other operating expense	9,510	9,429	8,642	6,596	5,268
Selling, general and administrative	52,036	48,418	46,137	37,354	27,640
Insurance and claims	21,388	21,178	15,828	14,334	9,602
Depreciation and amortization	9,638	8,163	5,730	4,344	3,913
Total operating expenses	<u>732,887</u>	<u>652,333</u>	<u>608,537</u>	<u>503,673</u>	<u>343,464</u>
Income from operations	26,630	28,026	33,090	27,666	18,552
Interest and non-operating expense (income), net	2,375	(944)	(1,043)	(425)	777
Income before provision for income taxes	24,255	28,970	34,133	28,091	17,775
Provision for income taxes	9,369	11,134	13,124	10,924	6,657
Net income	<u>\$ 14,886</u>	<u>\$ 17,836</u>	<u>\$ 21,009</u>	<u>\$ 17,167</u>	<u>\$ 11,118</u>
Earnings per common share:					
Basic	\$ 0.93	\$ 1.11	\$ 1.30	\$ 1.12	\$ 1.11
Diluted	0.93	1.11	1.30	1.12	1.11
Average common shares outstanding:					
Basic	16,073	16,115	16,118	15,372	10,023
Diluted	16,077	16,122	16,159	15,372	10,023
Cash dividends per common share (1)	\$ —	\$ —	\$ —	\$ 4.99	\$ 0.31
Balance Sheet Data (end of year):					
Cash and cash equivalents	\$ 28,767	\$ 5,416	\$ 5,008	\$ 5,342	\$ 904
Total assets	211,547	207,188	190,900	158,666	106,544
Line of credit and long-term debt, including current portion	820	910	1,000	—	37,998
Total shareholders’ equity (deficit)	164,477	151,442	134,453	113,172	(16,825)
Other Financial Data (unaudited):					
Pretax margin	3.2%	4.3%	5.3%	5.3%	4.9%
EBITDA (2)	\$ 33,881	\$ 36,811	\$ 39,509	\$ 32,370	\$ 22,465
Capital expenditures (3)	\$ 10,108	\$ 14,774	\$ 15,530	\$ 11,626	\$ 5,007
Return on average assets (4)	7.1%	9.0%	12.0%	12.9%	12.8%
Operating Data (unaudited):					
Number of agents (5)	409	425	395	357	359
Average number of tractors provided by owner-operators	3,618	3,776	3,420	2,754	2,306
Number of employees	649	642	644	494	460
Operating revenues per loaded mile (6)	\$ 2.74	\$ 2.34	\$ 2.36	\$ 2.21	\$ 1.90
Operating revenues per load (6)	\$ 1,175	\$ 1,031	\$ 1,032	\$ 966	\$ 922
Average length of haul (in miles) (6)	429	439	437	436	484
Number of loads (6)	531,716	529,497	492,305	453,676	349,453

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- (1) Does not include \$6.4 million of in-kind distributions paid to CenTra in 2004.
- (2) EBITDA represents earnings from continuing operations before interest, taxes, depreciation and amortization. Our management believes that the presentation of EBITDA included in this Form 10-K provides useful information to investors regarding our results of operations because it assists in analyzing and benchmarking the performance and value of our business. Although our management uses EBITDA as a financial measure to assess the performance of our business compared to that of others in our industry, the use of EBITDA is limited because it does not include certain material costs, such as depreciation, amortization and interest, necessary to operate our business. EBITDA is not measured under generally accepted accounting principles and, when analyzing our operating performance, investors should use EBITDA in addition to, not as an alternative for, operating income, net income and cash flows from operating activities. Investors also should note that our presentation of EBITDA may not be comparable to similarly titled measures used by other companies.

EBITDA is calculated in the following manner for each of the periods presented:

	Year ended December 31,				
	2008	2007	2006 (in thousands)	2005	2004
Net income	\$14,886	\$17,836	\$21,009	\$17,167	\$11,118
Add (subtract):					
Interest (income) expense, net	(12)	(322)	(354)	(65)	777
Provision for income taxes	9,369	11,134	13,124	10,924	6,657
Depreciation and amortization	9,638	8,163	5,730	4,344	3,913
EBITDA	<u>\$33,881</u>	<u>\$36,811</u>	<u>\$39,509</u>	<u>\$32,370</u>	<u>\$22,465</u>

- (3) Excludes property and equipment acquired in connection with the acquisition of businesses in each period as follows: \$7.7 million in 2004, \$3.8 million in 2006, and \$1.2 million in 2008. 2005 excludes \$4.9 million in trailers acquired in a trailer exchange with CenTra.
- (4) Net income divided by total average assets during the period. Average assets are the sum of our total assets at the end of the fiscal year and our total assets at the end of the prior fiscal year divided by two.
- (5) Includes only those agents who generated at least \$100,000 in operating revenues during the period indicated.
- (6) Includes fuel surcharges and excludes operating data from our intermodal support services and the operating results of CrossRoad Carriers in order to improve the relevance of the statistical data related to our truckload and brokerage services and improve the comparability to our peer companies.

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a primarily non-asset based provider of transportation services to shippers throughout the United States and in the Canadian provinces of Ontario and Quebec. We offer flatbed and dry van trucking services, as well as rail-truck and steamship-truck intermodal and truck brokerage services. We primarily operate through a contractor network of independent sales agents and owner-operators of tractors and trailers. In return for their services, we pay our agents and owner-operators a percentage of the revenue they generate for us.

Our owner-operators provided us with approximately 3,400 tractors and approximately 2,800 trailers, which represented substantially all of the tractors and over 50% of the trailers used in our business. Our use of agents and owner-operators reduces our need to provide non-driver facilities and tractor and trailer fleets. The primary physical assets we provide to our agents and owner-operators include a portion of our trailer fleet, our headquarters facility, our management information systems and our intermodal depot facilities. Our business model provides us with a highly variable cost structure, allows us to grow organically using relatively small amounts of cash, gives us a higher return on assets compared to many of our asset-based competitors and preserves an entrepreneurial spirit among our agents and owner-operators that we believe leads to improved operating performance. In 2008, approximately 87.3% of our total operating expenses were variable in nature. Our capital expenditures for 2008 were \$10.1 million. In 2008, our return on average assets was 7.1%.

Over the past seven years, our operating revenues have increased to \$759.5 million in 2008 from \$213.3 million in 2001, a compounded annual growth rate of 19.9%. Our net income has increased to \$14.9 million in 2008 from \$5.2 million in 2001, a compounded annual growth rate of 16.2%. We have achieved this growth through a mixture of organic growth and acquisitions. We expect to continue to make strategic acquisitions of companies that complement our non-asset based business model, as well as companies that derive a portion of their revenues from asset based operations. We believe that our willingness to expand our business to include a portion of asset based operations will expand the universe of potential acquisition targets, as most companies that we consider acquiring use a combination of asset based and non-asset based operations. We also intend to continue our organic growth, primarily by recruiting new agents and increasing the productivity of our existing agents. We believe that increasing our agent network is critical to our ability to penetrate new shipping markets and also to expand our network of owner-operators.

In January 2005, we acquired Xtreme Trucking, LLC, or Xtreme, for \$100,000 in cash. Xtreme is a regional provider of truckload and brokerage services primarily in the Southern United States.

In October 2005, we acquired Marc Largent, Inc., or Largent, for \$873,000 in cash. Largent is a regional provider of intermodal services primarily in the Western United States.

In November 2005, we acquired Diamond Logistics of Houston, Inc., or Diamond, for \$475,000 in cash. We were also required to pay additional cash consideration to the former owners of Diamond based on a percentage of revenues generated through November 2008 totaling \$72,000. Diamond is a regional provider of intermodal services primarily in the Southwestern United States.

In January 2006, we acquired certain assets of Assure Intermodal, LLC, or Assure, for \$2,730,000 in cash. We are also required to pay additional cash consideration to the former owner of Assure based on a percentage of revenues generated through January 2009. Assure is a regional provider of intermodal services primarily in the Southern United States.

In February 2006, we acquired certain assets of Djewels, Inc., or Djewels, for \$1,100,000 in cash. We are also required to pay additional cash consideration to the former owners of Djewels based on a percentage of revenues generated through February 2009. Djewels is a regional provider of intermodal services primarily in the Western United States.

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In July 2006, we acquired certain assets of Noble and Pitts, Inc., or Noble & Pitts, for \$9,000,000 in cash. Noble & Pitts provides primarily flatbed and brokerage trucking services throughout the United States and operates through a contractor network of independent sales agents and owner-operators.

In July 2006, we acquired certain assets of TriStar Express N.C., Inc., or TriStar, for \$3,200,000 in cash. We are also required to pay additional cash consideration to the former owners of TriStar based on a percentage of revenues generated through July 2009. TriStar is a regional provider of intermodal and brokerage services primarily in the Western United States and operates through a contractor network of independent owner-operators.

In September 2006, we acquired certain assets of Mallard Transport, Inc., or Mallard, for \$2,500,000 in cash. Mallard provides primarily flatbed and brokerage trucking services primarily in the Southeastern United States and operates through a contractor network of owner-operators.

In November 2007, we acquired certain assets of Glenn National Carriers, Inc., or Glenn, for \$2,241,000. We are also required to pay additional cash consideration to the former owners of Glenn based on a percentage of revenues generated through November 2010. Glenn provides primarily van and brokerage trucking services throughout the United States and operates through a contractor network of independent sales agents and owner-operators.

In January 2008, we acquired certain assets of Trimodal, Inc., or Trimodal, for \$1,777,000 through an Asset Purchase Agreement. Trimodal is a regional provider of intermodal services in the Midwestern United States. Trimodal operates as part of Mason Dixon Intermodal, Inc.

In June 2008, we acquired certain assets of Overnite Express, Inc., or Overnite, for \$1,976,000 through an Asset Purchase Agreement. We are also required to pay cash consideration to the former owners of Overnite based on a percentage of revenues generated during the period from July 1, 2008 to June 30, 2010. Overnite is a regional provider of van trucking services in the Midwestern United States. Overnite operates as part of Universal Am-Can, Ltd.

Revenues and Expenses

Operating Revenues. We generate substantially all of our revenues through fees charged to customers for the transportation of freight. We also derive revenue from fuel surcharges, loading and unloading activities, equipment detention, container storage and other services. Our revenue growth has been primarily driven by increases in the volume of freight shipped. Generally, we are paid by the mile for our services. The main factors that affect our shipping rates are competition, available truck capacity, and economic market conditions. We recognize our revenues at the time of delivery to the receiver's location.

Purchased transportation. Purchased transportation represents the amount we pay our owner-operators or other third party equipment providers to haul freight and includes the amount of fuel surcharges that we pass through to our owner-operators. The amount of the purchased transportation we pay to our owner-operators is primarily based on a contractually agreed-upon percentage of our revenue for each load hauled. Purchased transportation is the largest component of our costs and increases or decreases proportionately with changes in the amount of revenue generated by our owner-operators and other third party providers. We recognize purchased transportation expenses at the time we recognize the associated revenue.

Commissions expense. Commissions expense represents the amount we pay our agents for generating shipments on our behalf. The commissions we pay to our agents are generally established through informal oral agreements and are based on a percentage of revenue generated by each load hauled. Traditionally, commissions increase or decrease in proportion to the revenues generated through our agents. We recognize commission expenses at the time we recognize the associated revenue.

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Other operating expense. Other operating expenses represent the repair, tires and parts expenses primarily related to the maintenance of company owned/leased trailers and lift equipment, and operating taxes and licenses, net of the rental income we receive from leasing our trailers to our owner-operators. We recognize these expenses as they are incurred and the rental income as it is earned.

Selling, general and administrative. Employee compensation and benefits historically have accounted for over 60% of our selling, general and administrative expense. Other components of selling, general and administrative expense include customer bad debt allowance, communications and rent expense.

Insurance and claims. Insurance and claims expense represents our insurance premiums and the accruals we make for claims within our self-insured retention amounts. Our insurance premiums are generally calculated based on the size of our tractor fleet. Our accruals have primarily related to cargo and property damage claims. We may also make accruals for personal injuries and property damage to third parties, physical damage to our equipment, and workers' compensation claims if we experience a claim in excess of our insurance coverage. To reduce our exposure to non-trucking use liability claims (claims incurred while the vehicle is being operated without a trailer attached or is being operated with an attached trailer which does not contain or carry any cargo), we require our owner-operators to maintain non-trucking use liability coverage, which we refer to as deadhead bobtail coverage, of \$2.0 million per occurrence. Our exposure to liability associated with accidents incurred by other third party providers who haul freight on our behalf is reduced by various factors including the extent to which they maintain their own insurance coverage. Our insurance expense varies primarily based upon the frequency and severity of our accident experience, the market for insurance, our coverage limits and our self-insured retention amounts.

Depreciation and amortization. Depreciation and amortization expense relates primarily to the depreciation of trailers, management information services equipment, buildings and equipment. On January 1, 2005, we revised the estimated salvage value of our trailers. Previously we estimated that trailers had no salvage value at the end of their useful life of seven years. However, based on our evaluation of the current market conditions for used trailers, we estimate that our trailers will have a salvage value equal to 20% of their original cost. As a result, the estimated salvage value for all trailers owned as of January 1, 2005 has been revised to equal 20% of their original cost. Additionally for any trailers acquired after January 1, 2005 we will use an estimated salvage value of 20% of their original costs.

Results of Operations

The following table sets forth items derived from our consolidated statements of income for the years ended December 31, 2008, 2007, and 2006, presented as a percentage of operating revenues:

	Year Ended December 31,		
	2008	2007	2006
Operating revenues	100%	100%	100%
Operating expenses:			
Purchased transportation	78.1	76.4	76.7
Commissions expense	6.2	6.6	6.3
Other operating expenses	1.3	1.4	1.3
Selling, general and administrative	6.9	7.1	7.2
Insurance and claims	2.8	3.1	2.5
Depreciation and amortization	1.3	1.2	0.9
Total operating expenses	<u>96.5</u>	<u>95.9</u>	<u>94.8</u>
Operating income	3.5	4.1	5.2
Interest and non-operating income (expense), net	(0.3)	0.1	0.2
Income before provision for income taxes	3.2	4.3	5.3
Provision for income taxes	1.2	1.6	2.0
Net income	<u>2.0%</u>	<u>2.6%</u>	<u>3.3%</u>

2008 Compared to 2007

Operating revenues. Operating revenues increased by \$79.2 million, or 11.6%, to \$759.5 million for 2008 from \$680.4 million for 2007. Approximately, \$38.5 million of the increase in operating revenues is attributable to our acquisitions made since the fourth quarter of 2007. The increase in operating revenues relating to these acquisitions consisted of a \$25.5 million increase in truckload operations, a \$3.9 million increase in brokerage operations, and a \$9.1 million increase in intermodal operations. The remaining increase of \$40.7 million was principally a result of increased fuel surcharges and higher operating revenues per loaded mile. Our operating revenue per loaded mile, excluding fuel surcharges, from our combined truckload and brokerage operations increased to \$2.39 for 2008 from \$2.12 for 2007. Additionally, fuel surcharges increased by \$35.5 million or 54.0% to \$101.3 million in 2008 from \$65.8 million in 2007. These increases were partially offset by a decrease in the number of loads in our truckload and intermodal operations. Excluding the effects of acquisitions made since the 4th quarter 2007, revenue from our truckload operations increased by \$10.6 million, or 2.6%, to \$412.7 million for 2008 from \$402.1 million for 2007. Excluding the effects of our acquisitions since 4th quarter 2007, revenue from our brokerage operations increased by \$32.6 million, or 19.0%, to \$204.4 million for 2008 compared to \$171.8 million for 2007. Excluding the effects of our 2008 acquisitions, revenue from our intermodal support services decreased by \$2.5 million, or 2.4%, to \$103.9 million for 2008 from \$106.5 million for 2007.

Purchased transportation. Purchased transportation increased by \$72.9 million or 14.0% to \$593.0 million for 2008 from \$520.1 million for 2007. As a percentage of operating revenues, purchased transportation expense increased to 78.1% for 2008 from 76.4% for 2007. The absolute increase was primarily due to the growth in our operating revenues. Purchased transportation expense generally increases or decreases in proportion to the revenues generated through owner-operators and other third-party carriers. The increase in purchased transportation as a percentage of revenue was primarily due to a \$35.5 million increase in fuel surcharges, which are passed through to owner-operators, a greater mix of brokerage revenue, which historically yield higher purchased transportation rates as compared to truckload and intermodal revenue, and a lower mix of intermodal revenue, which historically yield lower transportation rates compared to truckload and brokerage revenue.

Commissions expense. Commissions expense increased by \$2.3 million, or 5.0%, to \$47.3 million for 2008 from \$45.1 million for 2007. As a percentage of operating revenues, commissions expense decreased to 6.2% for 2008 compared to 6.6% for 2007. The absolute increase was primarily due to the growth in our operating revenues. The decrease in commissions expense as a percent of revenues is primarily the result of a \$35.5 million increase in fuel surcharges included in operating revenues, which are passed to our owner-operators at 100%, thus no commissions are paid. Excluding fuel surcharges, as a percentage of revenues, commissions expense decreased slightly by 0.1% to 7.2% for 2008 compared to 7.3% for 2007.

Other operating expense. Other operating expense increased by \$0.1 million, or 0.9%, to \$9.5 million for 2008 from \$9.4 million for 2007. As a percentage of operating revenues, other operating expense decreased slightly in 2008 to 1.3% from 1.4% for 2007. The absolute increase was primarily due to the additional operating expenses attributable to our acquisitions made in 2008.

Selling, general and administrative. Selling, general and administrative expense increased by \$3.6 million, or 7.5%, to \$52.0 million for 2008 from \$48.4 million for 2007. As a percentage of operating revenues, selling, general and administrative expense decreased to 6.9% for 2008 from 7.1% for 2007. The absolute increase in selling, general and administrative expense was primarily the result of a \$2.2 million increase in salaries, wages and benefit cost attributed to our acquisitions made since 4th quarter 2007, \$1.0 million increase in building rents from additional rental costs related to our 2008 acquisitions and general rent increases, and an increase in travel costs for training and acquisition related travel of \$0.4 million.

Insurance and claims. Insurance and claims expense increased by \$0.2 million, or 1.0%, to \$21.4 million for 2008 from \$21.2 million for 2007. As a percentage of operating revenues, insurance and claims decreased to 2.8% for 2008 from 3.1% for 2007. The absolute increase was due primarily to an increase in auto liability insurance premiums and claims expense and an increase in cargo claim expense.

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Depreciation and amortization. Depreciation and amortization increased by \$1.5 million, or 18.1%, to \$9.6 million for 2008 from \$8.2 million for 2007. As a percent of operating revenues, depreciation and amortization increased to 1.3% for 2008 compared to 1.2% for 2007. The absolute increase was primarily the result of a \$0.9 million increase in depreciation on our capital expenditures and additional equipment acquired in connection with our 2008 acquisitions and a \$0.6 million increase in amortization expense relating to our acquisitions since 4th quarter 2007.

Other non-operating income (expense). Other non-operating expense for 2008 was \$2.4 million compared to other non-operating income of \$0.6 million for 2007. Included in other non-operating expense in 2008 were \$3.6 million of pre-tax charges for other-than-temporary impairments of marketable equity securities classified as available-for-sale. Excluding these charges, there was an increase in other non-operating income of \$633 thousand or 102% which was primarily the result of increased dividends on available-for-sale investments.

Interest income, net. Net interest income for 2008 was \$12 thousand compared to net interest income of \$322 thousand for 2007. The decrease in net interest income of \$310 thousand or 96.1% resulted from a decrease in interest rates on our invested balances and an increase in interest expense of \$81 thousand resulting from the Company drawing down \$19.0 million on its available line of credit during the fourth quarter of 2008.

Provision for income taxes. Provision for income taxes decreased by \$1.8 million, or 15.9%, to \$9.4 million for 2008 from \$11.1 million for 2007. The effective income tax rate was 38.6% for 2008 compared to 38.4% for 2007, based upon our income before provision for income taxes.

2007 Compared to 2006

Operating revenues. Operating revenues increased by \$38.8 million, or 6.0%, to \$680.4 million for 2007 from \$641.6 million for 2006. Approximately, \$26.6 million of the increase in operating revenues is attributable to our acquisitions made in 2006 and 2007. The increase in operating revenues relating to these acquisitions consisted of a \$17.6 million increase in truckload operations, a \$3.1 million increase in brokerage operations, and a \$5.9 million increase in intermodal operations. The remaining increase of \$12.1 million was principally a result of increased freight volumes and fuel surcharges. Our operating revenue per loaded mile, excluding fuel surcharges, from our combined truckload and brokerage operations decreased slightly to \$2.12 for 2007 from \$2.13 for 2006. Additionally, fuel surcharges increased by \$5.0 million or 8.3% to \$65.8 million in 2007 from \$60.8 million in 2006. Excluding the effects of acquisitions made in the 3rd quarter of 2006 and 4th quarter 2007, revenue from our truckload operations increased by \$9.2 million, or 2.5%, to \$384.4 million for 2007 from \$375.2 million for 2006. Excluding the effects of our 2nd quarter 2006 acquisitions, revenue from our brokerage operations decreased by \$1.8 million, or 1.1%, to \$168.7 million for 2007 compared to \$170.5 million for 2006. Excluding the effects of our 2006 and 2007 acquisitions, revenue from our intermodal support services increased by \$4.7 million, or 4.9%, to \$100.5 million for 2007 from \$95.8 million for 2006.

Purchased transportation. Purchased transportation increased by \$28.3 million or 5.7% to \$520.1 million for 2007 from \$491.8 million for 2006. As a percentage of operating revenues, purchased transportation expense decreased to 76.4% for 2007 from 76.7% for 2006. The absolute increase was primarily due to the growth in our operating revenues. Purchased transportation expense generally increases or decreases in proportion to the revenues generated through owner-operators and other third-party carriers. The decrease in purchased transportation as a percentage of revenue was primarily due to a greater mix of intermodal revenue, which historically yield lower purchased transportation rates as compared to truckload and brokerage revenue, and a lower mix of brokerage revenue, which historically yield higher transportation rates compared to truckload and intermodal revenue. The decrease in purchased transportation was partially offset by a \$5.0 million increase in fuel surcharges, which are passed through to owner-operators.

Commissions expense. Commissions expense increased by \$4.7 million, or 11.7%, to \$45.1 million for 2007 from \$40.4 million for 2006. As a percentage of operating revenues, commissions expense increased to 6.6% for 2007

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compared to 6.3% for 2006. The absolute increase was primarily due to the growth in our operating revenues. The increase in commissions expense as a percent of revenues is primarily the result of an increase in revenue generated by agencies compared to revenues generated by Company owned terminals, which do not earn commissions.

Other operating expense. Other operating expense increased by \$0.8 million, or 9.1%, to \$9.4 million for 2007 from \$8.6 million for 2006. As a percentage of operating revenues, other operating expense increased slightly in 2007 to 1.4% from 1.3% for 2006. The absolute increase was primarily due to the inclusion of operating expenses from our acquisitions made in 2006 and 2007, and additional fuel tax expense recorded as a result of a fuel tax audit completed during 2007.

Selling, general and administrative. Selling, general and administrative expense increased by \$2.3 million, or 4.9%, to \$48.4 million for 2007 from \$46.1 million for 2006. As a percentage of operating revenues, selling, general and administrative expense decreased slightly to 7.1% for 2007 from 7.2% for 2006. The absolute increase in selling, general and administrative expense was primarily the result of a \$0.7 million increase in our bad debt expense and a \$0.8 million increase in our legal and professional services fees.

Insurance and claims. Insurance and claims expense increased by \$5.4 million, or 33.8%, to \$21.2 million for 2007 from \$15.8 million for 2006. As a percentage of operating revenues, insurance and claims increased to 3.1% for 2007 from 2.5% for 2006. The absolute increase was due primarily to an increase in insurance premiums resulting from the growth in our owner-operator provided fleet of tractors, which are covered under our liability insurance policies, an increase in insurance rates, and an increase in our auto liability claims expense resulting from the severity of claims incurred.

Depreciation and amortization. Depreciation and amortization increased by \$2.5 million, or 42.4%, to \$8.2 million for 2007 from \$5.7 million for 2006. As a percent of operating revenues, depreciation and amortization increased to 1.2% for 2007 compared to 0.9% for 2006. The absolute increase was primarily a result of a \$1.7 million increase in depreciation on our 2006 and 2007 capital expenditures and a \$0.7 million increase in amortization expense relating to our 2006 and 2007 acquisitions.

Other non-operating income. Non-operating income for 2007 was \$622 thousand compared to \$689 thousand for 2006. The decrease of \$67 thousand or 9.7% was primarily the result of decreased dividends on available-for-sale investments, which was partially offset by an increase in realized gains on available-for-sale securities.

Interest income, net. Net interest income for 2007 was \$322 thousand compared to net interest income of \$354 thousand for 2006. The decrease in net interest income of \$32 thousand or 9.0% resulted from slightly lower average balances of cash available for investing in 2007.

Provision for income taxes. Provision for income taxes decreased by \$2.0 million, or 15.2%, to \$11.1 million for 2007 from \$13.1 million for 2006. For 2007 and 2006, we had an effective income tax rate of 38.4%, based upon our income before provision for income taxes. We do not expect any material change to our effective income tax rate in future periods.

Liquidity and Capital Resources

Our primary sources of liquidity are the funds generated by operations and our revolving unsecured line of credit with KeyBank.

We employ a primarily non-asset based operating strategy. Substantially all of the tractors and more than 50% of the trailers utilized in our business are provided by our owner-operators and we have no capital expenditure requirements relating to this equipment. As a result, our capital expenditure requirements are limited in comparison to most large trucking companies which maintain sizable fleets of owned tractors and trailers, requiring significant capital expenditures.

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In 2008, we have made capital expenditures totaling \$10.1 million. These expenditures can be segregated into equipment purchases totaling \$5.9 million and real property acquisitions totaling \$4.2 million. Equipment purchases consist primarily of tractors, trailers, computer equipment and other miscellaneous equipment. Real property acquisitions consist of land and buildings and land improvements.

In 2009, exclusive of acquisitions, we expect to incur capital expenditures of \$3.2 million to \$6.0 million relating to real property acquisitions, renovations and improvements to our existing facilities and the acquisition of additional terminal yards or container facilities. We also expect to incur capital expenditures of \$1.6 million to \$2.1 million for tractors, trailers and other equipment.

Additionally, in the 1st quarter of 2009, we expect to pay a special cash dividend of \$16.0 million. The Company intends to use cash and cash equivalents to fund this payment and expects to maintain sufficient liquidity for operational needs after funding this payment.

We expect that our working capital and available borrowings will be sufficient to meet our capital commitments and fund our operational needs for at least the next twelve months. Based on the availability under our line of credit and other financing sources and assuming the continuation of our current level of profitability, we do not expect that we will experience any liquidity constraints in the foreseeable future.

We continue to evaluate business development opportunities, including potential acquisitions that fit our strategic plans. There can be no assurance that we will identify any opportunities that fit our strategic plans or will be able to execute any such opportunities on terms acceptable to us. Any such opportunities will be financed from available cash on hand and our unsecured line of credit.

On March 31, 2008, the Company closed the \$20.0 million line of credit with First Tennessee Bank because the Company had completed its transition of banking activities to KeyBank.

Unsecured Line of Credit

The Company and KeyBank National Association, or KeyBank, entered into a First Amendment to Loan Agreement and First Amendment to Promissory Note, or the Agreement, dated October 28, 2008 for the period October 28, 2008 to October 27, 2009, amending the previous loan agreement dated October 29, 2007 for the period October 29, 2007 to October 28, 2008, which terminated due to the expiration of its term. Under the amended Agreement with KeyBank, our maximum permitted borrowings and letters of credit in the aggregate may not exceed \$20 million. The line of credit is unsecured, and bears interest at a rate equal to the lesser of the Prime Rate minus 1.75% or LIBOR plus 1.05% (effective rate of 1.5% at December 31, 2008). The Agreement governing our unsecured line of credit contains various financial and restrictive covenants to be maintained by us including requiring us to maintain a tangible net worth of at least \$100 million, a debt to tangible net worth ratio not to exceed 1 to 1, and quarterly net profits of at least one dollar. For purposes of this Agreement, tangible net worth is defined as total assets, excluding all intangible assets, less total debt. The Agreement also may, in certain circumstances, limit our ability to pay dividends or distributions. The Agreement also contains customary representations and warranties, affirmative and negative covenants and events of default. As of December 31, 2008, the Company was in compliance with its debt covenants. The Company did not have any amounts outstanding under its line of credit at December 31, 2008, and there were \$839,000 letters of credit issued against the line. The Agreement will not restrict our ability to pay the special dividend of \$16.0 million as approved by the Board of Directors on February 25, 2009.

Discussion of Cash Flows

At December 31, 2008, we had cash and cash equivalents of \$28.8 million compared to \$5.4 million at December 31, 2007. The increase in cash and cash equivalents of \$23.4 million in 2008 resulted from \$34.5 million in cash generated from operations, offset by \$9.9 million in cash used in investing activities and \$1.2 million in cash used in financing activities.

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The \$34.5 million in cash provided by operations was primarily attributed to \$14.9 million of net income and \$9.6 million of non-cash charges for depreciation and amortization, \$3.6 million of impairment charges on marketable securities classified as available-for-sale, \$1.5 million of non-cash charges for bad debt expense, and a decrease in the working capital position of the Company of \$7.1 million. The decrease in the working capital position is primarily the result of a decrease in accounts receivable and related amounts payable to drivers due to the lower revenue volumes near the close of 2008 and a decrease in prepaid expenses and other due to lower prepaid insurance and rents.

The \$9.9 million in net cash used in investing activities for 2008 consisted primarily of capital expenditures of \$10.1 million and \$4.3 million for the acquisition of businesses. In addition, the Company purchased and sold marketable securities totaling \$12.5 million and \$17.3 million, respectively.

In the 1st quarter of 2009, we expect to pay a special cash dividend of \$16.0 million. The Company expects to use cash and cash equivalents to fund this payment.

Contractual Obligations

The following summarizes our contractual obligations at December 31, 2008, and the effect such obligations are expected to have on our liquidity and cash flow in future periods (in thousands):

<u>Contractual Obligations</u>	<u>Total</u>	<u>Payments due by period</u>			
		<u>Less Than 1 Year</u>	<u>1 – 3 Years</u>	<u>3 – 5 Years</u>	<u>More Than 5 Years</u>
Long-Term Debt	\$ 820	\$ 90	\$ 730	\$—	\$ —
Operating Lease Obligations	3,187	1,744	1,443	—	—
Purchase Obligations	2,792	2,792	—	—	—
Total	<u>\$6,799</u>	<u>\$ 4,626</u>	<u>\$2,173</u>	<u>\$—</u>	<u>\$ —</u>

The long-term debt represents the amount due under the loan from the County of Cuyahoga, Ohio, upon maturity and the un-forgiven amounts to be forgiven provided the Company meets the conditions for forgiveness at each measurement period. The above purchase obligations relate to firm purchase commitments for properties and trailers. As of December 31, 2008, the total amount of gross unrecognized tax benefits was \$537,000. This amount is not included in the above table as the Company cannot reasonably estimate the timing of cash settlements, if any, with taxing authorities.

Off-Balance Sheet Arrangements

In connection with the 2006 acquisition of Assure, we are required to pay cash consideration to the former owners of Assure based on a percentage of revenues generated through January 2009.

In connection with the 2006 acquisition of Djewels, we are required to pay cash consideration to the former owner of Djewels based on a percentage of revenues generated through February 2009.

In connection with the 2006 acquisition of TriStar, we are required to pay cash consideration to the former owners of TriStar based on a percentage of revenues generated through July 2009.

In connection with the 2007 acquisition of Glenn, we are required to pay cash consideration to the former owners of Glenn based on a percentage of revenues generated through November 2010.

In connection with the 2008 acquisition of Overnite, we are required to pay cash consideration to the former owners of Overnite based on a percentage of revenues generated through June 2010.

Legal Matters

We are subject to various legal proceedings and other contingencies, the outcomes of which are subject to significant uncertainty. We accrue for estimated losses if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. We use judgment and evaluate, with the assistance of legal counsel, whether a loss contingency arising from litigation should be disclosed or recorded. The outcome of legal proceedings is inherently uncertain and so typically a loss cannot be reasonably estimated. Accordingly, if the outcome of legal proceedings are different than is anticipated by us, we would have to record a charge for the matter, generally in the full amount at which it was resolved, in the period resolved, negatively impacting our results of operations and financial position for the period.

Critical Accounting Policies

Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, operating revenues and operating expenses.

Critical accounting policies are those that are both (1) important to the portrayal of our financial condition and results of operations and (2) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. In order to provide an understanding about how our management forms its judgments about future events, including the variables and assumptions underlying the estimates, and the sensitivity of those judgments to different circumstances, we have identified our critical accounting policies below.

Allowance for Uncollectible Receivables

The allowance for potentially uncollectible receivables is based on a combination of historical data, cash payment trends, specific customer issues, write-off trends, general economic conditions and other factors. Management continuously monitors these factors to arrive at the estimate of accounts receivable that may be ultimately uncollectible. The receivables analyzed include trade receivables, as well as loans and advances made to owner-operators. Past due balances over 240 days and over \$5,000 are reviewed individually for collectability. All other balances are reviewed on a pooled basis. This analysis requires us to make significant estimates. Changes in the facts and circumstances that these estimates are based upon and changes in the general economic environment could result in a material change to the allowance for uncollectible receivables. These changes include, but are not limited to, deterioration of customers' financial position, changes in our relationships with our customers, agents and owner-operators and unforeseen issues relating to individual receivables.

Insurance and Claim Costs

We maintain auto liability, workers compensation and general liability insurance with licensed insurance carriers. We are self-insured for all cargo and equipment damage claims. Insurance and claims expense represents premiums paid by us and the accruals made for claims within our self-insured retention amounts. A liability is recognized for the estimated cost of all self-insured claims including an estimate of incurred but not reported claims based on historical experience and for claims expected to exceed the our policy limits. In addition, we are responsible for all of the legal expenses related to claims.

As of December 31, 2008, we did not have any reserves for workers' compensation or general liability claims. We do establish reserves for anticipated losses and expenses related to cargo and equipment damage claims and auto liability claims. The reserves consist of specific reserves for all known claims and an estimate for claims incurred but not reported, and losses arising from known claims ultimately settling in excess of insurance

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coverage using loss development factors based upon industry data and past experience. In determining the reserves, we specifically review all known claims and record a liability based upon our best estimate of the amount to be paid. In making our estimate, we consider the amount and validity of the claim, as well as our past experience with similar claims. In establishing the reserve for claims incurred but not reported, we consider our past claims history, including the length of time it takes for claims to be reported to us. Based on our past experience, the time between when a claim occurs and when it is reported to us is short. As a result, we believe that the number of incurred but not reported claims at any given point in time is small. These reserves are periodically reviewed and adjusted to reflect our experience and updated information relating to specific claims. If we experience claims that are not covered by our insurance or that exceed our estimated claim reserve, it could increase the volatility of our earnings and have a materially adverse effect on our financial condition and results of operations.

Valuation of Long-Lived Asset, including Goodwill and Intangible Assets

Under Statement of Financial Accounting Standards, or SFAS, No. 142 “*Goodwill and Other Intangible Assets*”, we are required to test goodwill for impairment annually or more frequently, whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit with goodwill below its carrying amount. We annually test goodwill impairment on the 1st day of our 3rd fiscal quarter. Goodwill represents the excess purchase price over the fair value of assets acquired in connection with the our acquisitions. We continually assess whether any indicators of impairment exist, which requires a significant amount of judgment. Such indicators may include a sustained significant decline in our share price and market capitalization; a decline in our expected future cash flows; a significant adverse change in legal factors or in the business climate; unanticipated competition; overall weaknesses in our industry; and slower growth rates. Adverse changes in these factors could have a significant impact on the recoverability of goodwill and could have a material impact on our consolidated financial statements. The goodwill impairment test is a two-step test. Under the first step, we compare the fair value of each of the Company’s reporting units with goodwill to their related carrying values. If the fair value of a reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and we must perform step two of the impairment test. Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit’s goodwill over the implied fair value of that goodwill. Determining the fair value of a reporting unit requires the use of significant estimates and assumptions. The Company estimates the fair value of its reporting units utilizing the income approach through the application of a discounted cash flow analysis. Key assumptions used to determine the fair value of each reporting unit are: (a) future expected cash flows; (b) estimated residual growth rates; and (c) discount rates, which were based on the Company’s best estimates of the after-tax weighted-average cost of capital of 14.8%. Additionally, the Company considers its market capitalization in comparison to the fair value of its reporting units. During the third quarter of 2008, we completed our goodwill impairment testing and determined that the fair value of each reporting unit with goodwill exceeded the carrying value of its net assets. Accordingly, no impairment loss was recognized.

We evaluate the carrying value of long-lived assets, other than goodwill, for impairment by analyzing the operating performance and anticipated future cash flows for those assets, whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable. We evaluate the need to adjust the carrying value of the underlying assets if the sum of the expected cash flows is less than the carrying value. Our projection of future cash flows, the level of actual cash flows, the methods of estimation used for determining fair values and salvage values can impact impairment. Any changes in management’s judgments could result in greater or lesser annual depreciation and amortization expense or impairment charges in the future. Depreciation and amortization of long-lived assets is calculated using the straight-line method over the estimated useful lives of the assets.

Other-than-temporary Impairments

Periodically, we review all available-for-sale securities for other-than-temporary impairment in accordance with SFAS No. 115 “*Accounting for Certain Investments in Debt and Equity Securities*” and SEC Staff Accounting

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Bulletin, or SAB, No. 59, which has been codified as SAB Topic 5.M “*Other Than Temporary Impairment of Certain Investments in Debt and Equity Securities*”. An impairment that is an other-than-temporary impairment is a decline in the fair value of a security below its cost basis attributable to factors that indicate the cost basis in the security may not be recoverable in the near term. The determination of an other-than-temporary impairment is a subjective process, and requires judgment and assumptions that could affect the timing of loss realization. We consider several factors including the severity and duration of the decline, the financial condition and near-term prospects of the specific issuers and the industries in which they operate, and our ability intent and ability to hold these securities for a sufficient period of time to allow for a recovery. If, in our judgment, the impairment is determined to be other-than-temporary impairment, the cost basis of the security is written down to the then-current market value, and the unrealized loss is transferred from accumulated other comprehensive loss as an immediate reduction of current earnings. Gross unrealized holding losses of \$1.6 million as of December 31, 2008 have not been recognized in earnings as these impairments in value were judged to be temporary. We may incur future impairment charges if declines in market values continue or worsen and impairments are no longer considered temporary.

Recently Issued Accounting Pronouncements Not Currently Effective

In December 2007, the FASB issued SFAS No. 141 (revised 2007), “*Business Combinations*”, or SFAS 141R, which replaces SFAS No. 141. This Statement establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination, measures contingent consideration at the acquisition-date fair value and requires transaction costs to be recognized as expense in the period in which they are incurred. SFAS 141R is effective for the Company January 1, 2009, and will be applicable prospectively for business combinations with an acquisition date on or after January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, “*Noncontrolling Interests in Consolidated Financial Statements—an Amendment of Accounting Research Bulletin No. 51*”, or SFAS 160. This Statement establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent’s ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also establishes reporting requirements to provide disclosures to clearly identify and distinguish between the interest of the parent and the interests of the noncontrolling owner. SFAS 160 is effective for the Company as of January 1, 2009. The Company believes once adopted, SFAS 160 will not have a significant impact on the Company’s financial statements.

In February 2008, the FASB issued FASB Staff Position (FSP) FAS 157-2, “*Effective Date of FASB Statement No. 157*,” delays the effective date of Statement 157 until fiscal years beginning after November 15, 2008 for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. FSP FAS 157-2 is effective for the Company as of January 1, 2009. The Company is in the process of evaluating the impact, if any, of applying these provisions on its financial position and results of operations.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our market risk is affected by changes in interest rates. Our unsecured line of credit with Key Bank bears interest at a floating rate equal to the lesser of the Prime Rate minus 1.75% or LIBOR plus 1.05%. Accordingly, changes in the Prime Rate or LIBOR would affect the interest rate on and therefore our cost under the line of credit. We currently do not have an outstanding balance under our line of credit.

Included in cash and cash equivalents is \$26.4 million in short-term investment grade instruments. The interest rates on these instruments are adjusted to market rates at least monthly. In addition, we have the ability to put these instruments back to the issuer at any time. Accordingly, any future interest rate risk on these short-term investments would not be material.

We did not have any interest rate swap agreements as of December 31, 2008.

Commodity Price Risk

Fluctuations in fuel prices can affect our profitability by affecting our ability to retain or recruit owner-operators. Our owner-operators bear the costs of operating their tractors, including the cost of fuel. The tractors operated by our owner-operators consume large amounts of diesel fuel. Diesel fuel prices fluctuate greatly due to economic, political and other factors beyond our control. To address fluctuations in fuel prices, we seek to impose fuel surcharges on our customers and pass these surcharges on to our owner-operators. Historically, these arrangements have not fully protected our owner-operators from fuel price increases. If costs for fuel escalate significantly it could make it more difficult to attract additional qualified owner-operators and retain our current owner-operators. If we lose the services of a significant number of owner-operators or are unable to attract additional owner-operators, it could have a materially adverse effect on our financial condition and results of operations.

Short Term Investments

The Company from time to time invests cash in excess of its current needs in marketable securities, much of which is held in equity securities, which are actively traded on public exchanges. Holding equity securities subjects the Company to fluctuations in the market value of its investment portfolio based on current market prices. A drop in market prices or other unstable market conditions could cause a loss in the value of the Company's short term investments.

Marketable securities are carried at fair value and are marked to market at the end of each quarter, with the unrealized gains and losses, net of tax, included as a component of accumulated other comprehensive income, unless the declines in value are judged to be other-than-temporary, in which case an impairment charge would be included in the determination of net income. Gross unrealized holding losses of \$1.6 million as of December 31, 2008 have not been recognized in earnings as these impairments in value were judged to be temporary. We may incur future impairment charges if declines in market values continue or worsen and impairments are no longer considered temporary. See Part II, Item 8, Note 1(e) of "Notes to Consolidated Financial Statements."

As of December 31, 2008 the fair value of equity securities held as short term investments was \$8.8 million compared to \$8.4 million at December 31, 2007. The increase during the year ended December 31, 2008 represents additional purchases of \$5.8 million, partially offset by other-than-temporary charges of \$3.6 million on our remaining holdings, sales of \$0.8 million, and other net unrealized holding losses of \$1.0 million. A 10% decrease in the market price of our marketable equity securities would cause a corresponding 10% decrease in the carrying amounts of these securities, or approximately \$880 thousand.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Universal Truckload Services Inc.:

We have audited the accompanying consolidated balance sheets of Universal Truckload Services, Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Universal Truckload Services, Inc. and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Universal Truckload Services, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 11, 2009 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Detroit, Michigan
March 11, 2009

UNIVERSAL TRUCKLOAD SERVICES, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2008 and 2007
(In thousands, except share data)

	<u>2008</u>	<u>2007</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 28,767	\$ 5,416
Marketable securities	8,808	17,961
Accounts receivable—net of allowance for doubtful accounts of \$4,486 and \$3,874, respectively	70,590	86,626
Due from CenTra and affiliates	—	44
Prepaid income taxes	—	239
Prepaid expenses and other	4,189	4,768
Deferred income taxes	5,759	3,197
Total current assets	<u>118,113</u>	<u>118,251</u>
Property and equipment	87,305	77,588
Less accumulated depreciation	(25,971)	(20,439)
Property and equipment—net	<u>61,334</u>	<u>57,149</u>
Goodwill	11,891	11,031
Intangible assets—net of accumulated amortization of \$9,260 and \$6,165, respectively	16,682	17,121
Other assets	3,527	3,636
Total assets	<u>\$ 211,547</u>	<u>\$ 207,188</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable, including related party amounts of \$156 and \$465, respectively	20,219	29,975
Accrued expenses and other current liabilities	19,421	18,468
Income taxes payable	365	—
Due to CenTra and affiliates	35	—
Total current liabilities	<u>40,040</u>	<u>48,443</u>
Long-term liabilities:		
Long-term debt	820	910
Deferred income taxes	5,351	5,146
Other long-term liabilities	859	1,247
Total long-term liabilities	<u>7,030</u>	<u>7,303</u>
Shareholders' equity:		
Common stock, no par value. Authorized 40,000,000 shares; 16,122,483 shares issued; 16,007,383 and 16,093,283 shares outstanding at December 31, 2008 and December 31, 2007, respectively	16,122	16,122
Paid-in capital	79,914	79,914
Treasury stock, at cost; 115,100 and 29,200 shares at December 31, 2008 and December 31, 2007, respectively	(1,703)	(480)
Retained earnings	70,898	56,012
Accumulated other comprehensive (loss)—unrealized holding loss on available-for-sale securities, net of taxes of \$475 and \$82, respectively	(754)	(126)
Total shareholders' equity	<u>164,477</u>	<u>151,442</u>
Total liabilities and shareholders' equity	<u>\$ 211,547</u>	<u>\$ 207,188</u>

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.
CONSOLIDATED STATEMENTS OF INCOME
Years ended December 31, 2008, 2007, and 2006
(In thousands, except per share data)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating revenues:			
Truckload, including related party amounts of \$201, \$467 and \$604, respectively	\$438,203	\$402,082	\$375,194
Brokerage	208,289	171,814	170,576
Intermodal	113,025	106,463	95,857
Total operating revenues	<u>759,517</u>	<u>680,359</u>	<u>641,627</u>
Operating expenses:			
Purchased transportation, including related party amounts of \$6,377, \$13,235 and \$14,574, respectively	592,982	520,064	491,840
Commissions expense	47,333	45,081	40,360
Other operating expense, net, including related party amounts of \$28, \$376 and \$768, respectively	9,510	9,429	8,642
Selling, general, and administrative, including related party amounts of \$3,782, \$2,615 and \$1,826, respectively	52,036	48,418	46,137
Insurance and claims, including related party amounts of \$15,289, \$14,436 and \$12,472, respectively	21,388	21,178	15,828
Depreciation and amortization	9,638	8,163	5,730
Total operating expenses	<u>732,887</u>	<u>652,333</u>	<u>608,537</u>
Income from operations	26,630	28,026	33,090
Other non-operating income (expense)	(2,387)	622	689
Interest income	150	379	399
Interest expense	(138)	(57)	(45)
Income before provision for income taxes	24,255	28,970	34,133
Provision for income taxes	9,369	11,134	13,124
Net income	<u>\$ 14,886</u>	<u>\$ 17,836</u>	<u>\$ 21,009</u>
Earnings per common share:			
Basic	\$ 0.93	\$ 1.11	\$ 1.30
Diluted	\$ 0.93	\$ 1.11	\$ 1.30
Average common shares outstanding:			
Basic	16,073	16,115	16,118
Diluted	16,077	16,122	16,159

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
AND COMPREHENSIVE INCOME (LOSS)
Years ended December 31, 2008, 2007, and 2006
(In thousands)

	<u>Common stock</u>	<u>Paid-in capital</u>	<u>Treasury stock</u>	<u>Retained earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total</u>
Balances—January 1, 2006	\$16,118	\$79,806	\$ —	\$17,167	\$ 81	\$ 113,172
Comprehensive income						
Net income	—	—	—	21,009	—	21,009
Unrealized gain on available for sale investments, net of income taxes of \$(163)	—	—	—	—	272	272
Total comprehensive income						21,281
Balances—December 31, 2006	\$16,118	\$79,806	\$ —	\$38,176	\$ 353	\$134,453
Comprehensive income						
Net income	—	—	—	17,836	—	17,836
Unrealized loss on available for sale investments, net of income taxes of \$302	—	—	—	—	(479)	(479)
Total comprehensive income						17,357
Purchases of treasury stock	—	—	(480)	—	—	(480)
Exercise of stock options	4	108	—	—	—	112
Balances—December 31, 2007	\$16,122	\$79,914	\$ (480)	\$56,012	\$ (126)	\$151,442
Comprehensive income						
Net income	—	—	—	14,886	—	14,886
Unrealized loss on available for sale investments, net of income taxes of \$393	—	—	—	—	(628)	(628)
Total comprehensive income						14,258
Purchases of treasury stock	—	—	(1,223)	—	—	(1,223)
Balances—December 31, 2008	<u>\$16,122</u>	<u>\$79,914</u>	<u>\$(1,703)</u>	<u>\$70,898</u>	<u>\$ (754)</u>	<u>\$164,477</u>

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2008, 2007, and 2006
(In thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:			
Net income	\$ 14,886	\$ 17,836	\$ 21,009
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	9,638	8,163	5,730
Other-than-temporary impairment of marketable securities	3,642	—	—
Gain on sale of marketable equity securities	(303)	(228)	—
Loss on disposal of property and equipment	72	90	88
Bad debt expense	1,483	1,573	867
Deferred income taxes	(1,964)	1,730	332
Change in assets and liabilities:			
Accounts receivable and due from CenTra & affiliates	14,597	(5,759)	(10,784)
Prepaid expenses and other	927	(2,177)	4,955
Accounts payable and accrued expenses	(8,461)	(1,017)	7,606
Due to CenTra	—	—	(1,542)
Net cash provided by operating activities	<u>34,517</u>	<u>20,211</u>	<u>28,261</u>
Cash flows from investing activities:			
Capital expenditures	(10,108)	(14,774)	(15,530)
Proceeds from the sale of property and equipment	419	1,333	455
Purchases of marketable securities	(12,485)	(15,593)	(26,539)
Proceeds from sale of marketable securities	17,278	12,410	31,100
Payment of earnout obligations related to acquisitions	(794)	(1,078)	(1,051)
Acquisitions of businesses	(4,253)	(1,733)	(18,030)
Net cash used in investing activities	<u>(9,943)</u>	<u>(19,435)</u>	<u>(29,595)</u>
Cash flows from financing activities:			
Long-term debt borrowings	—	—	1,000
Proceeds from exercise of stock options	—	112	—
Purchases of treasury stock	(1,223)	(480)	—
Net cash (used in) provided by financing activities	<u>(1,223)</u>	<u>(368)</u>	<u>1,000</u>
Net increase (decrease) in cash	23,351	408	(334)
Cash and cash equivalents—January 1	5,416	5,008	5,342
Cash and cash equivalents—December 31	<u>\$ 28,767</u>	<u>\$ 5,416</u>	<u>\$ 5,008</u>
Supplemental cash flow information:			
Cash paid for interest	<u>\$ 138</u>	<u>\$ 57</u>	<u>\$ 44</u>
Cash paid for income taxes	<u>\$ 10,866</u>	<u>\$ 9,401</u>	<u>\$ 9,072</u>
Fair value of assets acquired, including goodwill	\$ 4,433	\$ 2,693	\$ 19,014
Payment of acquisitions obligations	500	—	—
Acquisition obligations	(680)	(508)	(500)
Liabilities assumed	—	(452)	(484)
Net cash paid	<u>\$ 4,253</u>	<u>\$ 1,733</u>	<u>\$ 18,030</u>

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS—CONTINUED
Years ended December 31, 2008, 2007, and 2006
(In thousands)

Non-cash financing transactions (Note 9):

During 2008 and 2007, the Company recorded the forgiveness of the loan from the County of Cuyahoga at a rate of \$90,000 per annum as a reduction of the loan and as a reduction of the underlying land improvements.

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008, 2007, and 2006

(1) Summary of Significant Accounting Policies

(a) Business

Universal Truckload Services, Inc., referred to herein as UTSI or the Company, through its subsidiaries, operates as an owner-operator and agency based truckload motor carrier in the United States and in the Canadian provinces of Ontario and Quebec. Our over-the-road trucking services include both flatbed and dry van operations and we provide rail-truck and steamship-truck intermodal support services. We also offer truck brokerage services, which allow us to supplement our capacity and provide our customers with transportation of freight not handled by our owner-operators.

(b) Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Universal Am-Can Ltd., or UACL, The Mason & Dixon Lines, Inc., or MADL, Mason Dixon Intermodal, Inc., or MDII, Economy Transport, Inc., or ECON, Louisiana Transportation, Inc., or LTI, Great American Lines, Inc., or GAML, CrossRoad Carriers, Inc., or CRC, and NYP of Michigan, Inc., or NYP. In 2008, the Company completed two acquisitions through its UACL and MDII operating subsidiaries. The accounts of the acquired companies are included from the date of acquisition through December 31, 2008 (see Note 2). All significant intercompany accounts and transactions have been eliminated.

Through December 31, 2004, UTSI was a wholly owned subsidiary of CenTra, Inc. On December 31, 2004, CenTra distributed all of UTSI's common stock to Matthew T. Moroun and a trust controlled by Manuel J. Moroun, collectively the Morouns, the sole shareholders of CenTra, Inc. CenTra, Inc., its subsidiaries and affiliates are referred to as "CenTra." Subsequent to the initial public offering in 2005, the Morouns retained and continue to hold a controlling interest in UTSI. The accompanying consolidated financial statements present the historical financial position, results of operations, and cash flows of the Company and are not necessarily indicative of what the financial position, results of operations, or cash flows would have been had the Company operated as an unaffiliated company during the periods presented.

(c) Use of Estimates

The preparation of the consolidated financial statements requires management of the Company to make a number of estimates and assumptions related to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment and intangible assets; other-than-temporary impairment of marketable securities; valuation allowances for receivables and deferred income tax assets; and liabilities related to insurance and claim costs. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term, highly liquid investments with an original maturity of three months or less.

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2008, 2007, and 2006

(1) Summary of Significant Accounting Policies—continued

(d) Cash and Cash Equivalents—continued

It is the policy of the Company to record checks issued in excess of funds on deposit as accounts payable for balance sheet presentation, and include the changes in these positions as cash flows from operations in the statements of cash flows. At December 31, 2008, funds on deposit were in excess of checks issued and no reclassification was necessary. Accounts payable included reclassification of checks issued in excess of funds on deposit in the amount of \$9.6 million at December 31, 2007. The change in the reclassified amounts of checks issued in excess of funds on deposit of \$(9.6) million, \$(1.6) million, and \$2.9 million for 2008, 2007, and 2006, respectively, is included in cash flows from operations in the statements of cash flows.

(e) Marketable Securities

Marketable securities, all of which are available for sale, consist of common and preferred stocks at December 31, 2008, and common and preferred stocks, variable demand rate notes and auction rate securities at December 31, 2007. Marketable securities are carried at fair value, with unrealized gains and losses, net of related income taxes, reported as accumulated other comprehensive income (loss), except for losses from impairments which are determined to be other-than-temporary. Realized gains and losses, and declines in value judged to be other-than-temporary on available-for-sale securities, if any, are included in the determination of net income and are included in non-operating income (expense). Fair values are based on quoted market and dealer quoted prices at the reporting date. Interest and dividends on available-for-sale securities are included in non-operating income (expense). During the years ended December 31, 2008, 2007 and 2006, the Company received proceeds of approximately \$17.3 million, \$12.4 million, and \$31.1 million for the sale of marketable securities with a combined cost of approximately \$17.2 million, \$12.2 million, and \$31.1 million resulting in a realized gain of approximately \$118,000, \$228,000, and \$0, respectively.

The cost, gross unrealized holding gains, gross unrealized holding losses, and fair value of available-for-sale securities by type as of December 31, 2008 and 2007 were as follows (in thousands):

	Amortized Cost	Gross unrealized holding gains	Gross unrealized holding (losses)	Fair Value
At December 31, 2008				
Equity Securities	\$ 10,037	\$ 327	\$ (1,556)	\$ 8,808
At December 31, 2007				
Auction Rate Securities	\$ 4,000	\$ —	\$ —	\$ 4,000
Variable Rate Demand Notes	5,540	—	—	5,540
Equity Securities	8,629	658	(866)	8,421
	<u>\$ 18,169</u>	<u>\$ 658</u>	<u>\$ (866)</u>	<u>\$ 17,961</u>

Included in equity securities at December 31, 2008 are \$8.3 million of securities with a cumulative loss position of \$1.6 million, the impairment of which the Company considers to be temporary. The Company considers several factors in its determination as to whether declines in value are judged to be temporary or other-than-temporary, including the severity and duration of the decline, the financial condition and near-term prospects of the specific issuers and the industries in which they operate, and

UNIVERSAL TRUCKLOAD SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2008, 2007, and 2006

(1) **Summary of Significant Accounting Policies—continued**

(e) **Marketable Securities—continued**

our intent and ability to hold these securities. We may incur future impairment charges if declines in market values continue and/or worsen and impairments are no longer considered temporary.

There were no equity securities in a cumulative loss position for a period of 12 months or greater as of December 31, 2008; however, during 2008, the Company recorded pre-tax other-than-temporary impairment charges of \$3.6 million for marketable equity securities classified as available-for-sale. These charges resulted primarily from our equity holdings in the financial sector, which have experienced severe declines in their respective stock prices. As such, the amortized cost basis of these securities has been adjusted to fair value, and the charges have been included in other non-operating expense in the statements of income for the year ended December 31, 2008.

(f) **Accounts Receivable**

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical write-off experience and the aging of its current outstanding accounts receivable. Past due balances over 240 days and \$5,000 are reviewed individually for collectability. Balances are considered past due based on original invoiced terms. All other balances are reviewed on a pooled basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

(g) **Property and Equipment**

Property and equipment are stated at cost and depreciated on the straight-line basis over estimated useful lives of seven years for trailers and tractors, five years for computers and office equipment, five years for miscellaneous equipment, and the remaining lease term for leasehold improvements. Annually, the Company evaluates the salvage value, useful life, and annual depreciation of trailers based on the current market environment and its recent experience with disposition values. The amounts recorded for depreciation expense were \$6,543,000, \$5,623,000, and \$3,937,000 for the years ended December 31, 2008, 2007, and 2006, respectively.

(h) **Intangible Assets**

Intangible assets consist of the cost of customer and agent relationships that have been acquired in business combinations. The gross amount recorded for the agent contracts and customer relationships is \$25,942,000 and \$23,286,000 at December 31, 2008 and 2007, respectively. The agent contracts and customer relationships are being amortized over periods ranging from seven to fifteen years which represents the expected average life of the customer and agent relationships. As of December 31, 2008, the weighted average amortization period for customer and agent relationships was approximately 9 years. Accumulated amortization is \$9,260,000 and \$6,165,000 as of December 31, 2008 and 2007, respectively. The amounts recorded for amortization expense were \$3,095,000, \$2,540,000, and \$1,793,000 for the years ended December 31, 2008, 2007, and 2006, respectively.

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2008, 2007, and 2006

(1) **Summary of Significant Accounting Policies—continued**

(h) **Intangible Assets—continued**

Estimated amortization expense by year is as follows (in thousands):

2009	\$ 3,107
2010	3,090
2011	3,031
2012	2,576
2013	1,620
Thereafter	3,258
Total	<u>\$ 16,682</u>

(i) **Goodwill**

Goodwill represents the excess purchase price over the fair value of assets acquired in connection with the Company's acquisitions. Under Statement of Financial Accounting Standards, or SFAS, No. 142 "Goodwill and Other Intangible Assets", UTSI is required to test goodwill for impairment annually (on the first day of the Company's third fiscal quarter) or more frequently, whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit with goodwill below its carrying amount. The annual impairment test is performed on the Company's 1st day of its 3rd fiscal quarter. This step is done by initially comparing the fair value of each of the Company's reporting units with goodwill to their related carrying values. Determining the fair value of a reporting unit requires the use of significant estimates and assumptions. The Company estimates the fair value of its reporting units utilizing the income approach through the application of a discounted cash flow analysis. Key assumptions used to determine the fair value of each reporting unit as of the Company's annual testing date were: (a) future expected cash flows; (b) estimated residual growth rates and (c) discount rates, which were based on the Company's best estimates of the after-tax weighted-average cost of capital. Additionally, the Company considers its market capitalization in comparison to the fair value of its reporting units. During the third quarter of 2008, UTSI completed its goodwill impairment testing and determined that the fair value of each reporting unit with goodwill exceeded the carrying value of the net assets of each reporting unit. Accordingly, no impairment loss was recognized.

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2008, 2007, and 2006

(1) Summary of Significant Accounting Policies—continued

(i) Goodwill—continued

The changes in the carrying amount of goodwill for the years ended December 31, 2007 and 2008 are as follows (in thousands):

Balance as of January 1, 2007	\$10,179
Purchase Price Adjustments	(84)
Additional Contingent Consideration paid for:	
CRCI	384
Largent	6
Diamond	19
TriStar	147
Djewels	380
Total	<u>936</u>
Balance as of December 31, 2007	11,031
Business Acquisitions	616
Additional Contingent Consideration paid for:	
Diamond	9
TriStar	147
Djewels	88
Total	<u>244</u>
Balance as of December 31, 2008	<u>\$11,891</u>

(j) Income Taxes

Deferred income taxes are provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

To allocate the responsibilities for pre-spin-off tax liabilities of CenTra and UTSI and to address other tax matters, UTSI entered into a tax separation agreement with CenTra on December 31, 2004. Under the terms of the agreement, CenTra will generally indemnify UTSI from any liability for (1) income taxes relating to the CenTra consolidated group for any taxable period ending on or before the date of the spin-off other than taxes specifically allocable to UTSI based on the amount of taxes UTSI would otherwise owe based on its taxable income, computed as if it filed a separate consolidated return and (2) taxes resulting from the spin-off. UTSI will generally indemnify CenTra from all liability for federal income taxes allocable to UTSI as described above and all other taxes allocable to UTSI for any taxable period ending on or before the distribution date. UTSI also will indemnify CenTra for all taxes allocable to it for any taxable period, or portion thereof, ending after the spin-off.

The tax separation agreement also addresses other tax-related matters, including refunds, the preparation and filing of tax returns, and tax contests. CenTra has prepared and filed all income tax

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2008, 2007, and 2006

(1) Summary of Significant Accounting Policies—continued

(j) Income Taxes—continued

returns of its businesses, including UTSI's business, for all periods ending on or before December 31, 2004. UTSI will prepare all tax returns relating to its other taxes that have not been filed before December 31, 2004 and all tax returns for periods commencing after that date. Historically, the Company has been responsible for filing separate state income tax returns for itself and its subsidiaries.

Through December 31, 2004, the Company filed a consolidated U.S. federal income tax return with CenTra, who determined income taxes for its subsidiaries on a separate return basis. Effective for all periods subsequent to January 1, 2005, the Company has filed a separate U.S. federal income tax return. The Company is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2005. In addition, the Company files income tax returns in various state and local jurisdictions. Historically, the Company has been responsible for filing separate state and local income tax returns for itself and its subsidiaries. The Company is no longer subject to state income tax examinations for years before 2002.

Beginning with the adoption of FASB Interpretation No., or FIN, 48 *Accounting for Uncertainty in Income Taxes (an interpretation of FASB Statement No. 109)* on January 1, 2007, the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

(k) Freight Revenue and Related Expenses

The Company is the primary obligor when rendering its truckload, brokerage and intermodal services and assumes the corresponding credit risk with customers. As such, revenue and the related purchased transportation and commissions are recognized on a gross basis when evidence of an arrangement exists, delivery has occurred at the receiver's location, the revenue and related expenses are fixed or determinable and collectability is reasonably assured. Fuel surcharges of \$101,258,000, \$65,833,000 and \$60,773,000 for the years ended December 31, 2008, 2007, and 2006, respectively, are included in operating revenues and purchased transportation.

(l) Insurance & Claim Costs

Insurance and claims expense represents premiums paid by the Company and the accruals made for claims within the Company's self-insured retention amounts. The accruals are primarily related to auto liability, cargo and equipment damage claims. A liability is recognized for the estimated cost of all self-insured claims including an estimate of incurred but not reported claims based on historical experience and for claims expected to exceed the Company's policy limits. The Company may also make accruals for personal injury and property damage to third parties, and workers' compensation claims if a claim exceeds UTSI's insurance coverage. Such accruals are based upon individual cases and estimates of ultimate losses, incurred but not reported losses, and losses arising from known claims ultimately settling in excess of insurance coverage using loss development factors based upon industry data and past experience. Since the reported accrual is an estimate, the ultimate liability may be different from the amount recorded. If adjustments to previously established accruals are required, such amounts are included in operating expenses in the current period. The Company maintains insurance with licensed insurance carriers.

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2008, 2007, and 2006

(1) Summary of Significant Accounting Policies—continued

(l) Insurance & Claim Costs—continued

In brokerage arrangements, the Company's exposure to liability associated with accidents incurred by other third-party carriers, who haul freight on the Company's behalf, is reduced by various factors including the extent to which the third party providers maintain their own insurance coverage. The Company's insurance expense varies primarily based upon the frequency and severity of the Company's accident experience, the market for insurance, the Company's coverage limits, and self-insured retention amounts.

(m) Repairs and Maintenance

Repairs and maintenance costs are expensed as incurred.

(n) Tires

Tires purchased as part of trailers are capitalized as part of the cost of the equipment. Replacement tires are charged to expense when placed in service.

(o) Segment Information

UTSI operates in one reportable segment. The Company provides truckload transportation and related services for a wide range of general commodities over irregular routes using dry and specialty vans and un-sided trailers, including flatbed, drop deck, and specialty. Such transportation services are provided to customers throughout the United States and Canada.

(p) Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents, marketable securities and accounts receivable. The Company places its cash and cash equivalents and marketable securities with high quality financial institutions. The Company performs ongoing credit evaluations of its customers and generally does not require collateral. The Company's customers are generally concentrated in the automotive, building materials, machinery and metals industries. Concentration of credit risk relating to accounts receivable is limited by the diversity and number of the Company's customers with no customer balance representing more than 10% of the Company's accounts receivable.

(q) Fair Value of Financial Instruments

For cash equivalents, marketable securities, accounts receivables, accounts payable, and accrued expenses, the carrying amounts are reasonable estimates of fair value as the assets are readily redeemable or short-term in nature and the liabilities are short-term in nature. Available-for-sale investments, consisting of equity securities, variable rate demand notes and auction rate securities, are carried at fair market value as determined by quoted market and dealer quoted prices. The fair value of the long-term debt with the County of Cuyahoga approximates its carrying value based on current rates available for similar issues. The carrying amounts for the line of credit, if any, would approximate fair value because the interest rates are adjusted frequently.

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2008, 2007, and 2006

(1) **Summary of Significant Accounting Policies—continued**

(r) **Share based Payments**

The Company accounts for share-based payments under the provisions of SFAS No. 123R, “*Share-Based Payment*”, which was adopted on January 1, 2006. The Company records compensation expense for stock or stock options granted on or after January 1, 2006. The Company adopted SFAS 123R using the modified version of prospective application, which required the Company to recognize compensation cost on a prospective basis. As of January 1, 2006 the Company did not have any unvested options and no options were granted in 2008 or 2007. As such, no compensation expense was recorded.

(s) **New Accounting Standards**

In December 2007, the FASB issued SFAS No. 141 (revised 2007), “*Business Combinations*”, or SFAS 141R, which replaces SFAS No. 141. SFAS141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination, measures contingent consideration at the acquisition-date fair value and requires transaction costs to be recognized as expense in the period in which they are incurred. SFAS 141R is effective for the Company January 1, 2009, and will be applicable prospectively for business combinations with an acquisition date on or after January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, “*Noncontrolling Interests in Consolidated Financial Statements—an Amendment of Accounting Research Bulletin No. 51*”, or SFAS 160. SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent’s ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also establishes reporting requirements to provide disclosures to clearly identify and distinguish between the interest of the parent and the interests of the noncontrolling owner. SFAS 160 is effective for the Company as of January 1, 2009. The Company believes once adopted, SFAS 160 will not have a significant impact on the Company’s financial statements.

In February 2007, the FASB issued SFAS No. 159, “*The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115*”, or SFAS 159. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value and report unrealized gains and losses on these instruments in earnings. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 was effective for us on January 1, 2008. The adoption of SFAS 159 did not have an impact on our financial position, results of operations, or cash flows.

In September 2006, the FASB issued SFAS No. 157, “*Fair Value Measurement.*”, or SFAS 157. SFAS157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The Statement applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. SFAS 157 was effective for us on

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2008, 2007, and 2006

(1) Summary of Significant Accounting Policies—continued

(s) New Accounting Standards—continued

January 1, 2008. The adoption of SFAS 157 did not have an impact on our financial position, results of operations, or cash flows, but did expand our disclosures regarding fair value.

In February 2008, the FASB issued FASB Staff Position FAS 157-2, “*Effective Date of FASB Statement No. 157*,” delays the effective date of Statement 157 until fiscal years beginning after November 15, 2008 for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis.

On January 1, 2009, the Company will be required to apply the provisions of Statement 157 to fair value measurements of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The Company is in the process of evaluating the impact, if any, of applying these provisions on its financial position and results of operations.

(t) Long-Lived Assets

In accordance with SFAS No. 144, “*Accounting for the Impairment or Disposal of Long-Lived Assets*”, long-lived assets, such as property, plant, and equipment and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Company first compares the undiscounted cash flows expected to be generated by a long-lived asset to its carrying value. If the carrying value of the long-lived asset is deemed not to be recoverable on an undiscounted cash flow basis, an impairment charge is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market prices and independent third-party appraisals. Any changes in management’s judgments could result in greater or lesser annual depreciation expense or impairment charges in the future.

(u) Contingent Consideration

Contingent consideration is evaluated in accordance with Emerging Issues Task Force, or EITF, Issue 95-8, “*Accounting for Contingent Consideration Paid to the Shareholders of an Acquired Enterprise in a Purchase Business Combination*” to determine whether contingent consideration is, in substance, additional purchase price of the acquired enterprise or compensation for services, use of property or profit sharing.

(2) Acquisitions

In 2008, UTSI acquired the following companies for a total cost of \$3,753,000.

- On January 14, 2008, the Company acquired certain assets of Trimodal, Inc., or Trimodal, for \$1,777,000 through an Asset Purchase Agreement. Trimodal is a regional provider of intermodal services in the Midwestern United States. The Company used cash and marketable securities on hand to finance the acquisition. Trimodal operates as part of Mason Dixon Intermodal, Inc.

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2008, 2007, and 2006

(2) **Acquisitions—(Continued)**

- On June 13, 2008, the Company acquired certain assets of Overnite Express, Inc., or Overnite, for \$1,976,000 through an Asset Purchase Agreement. Additionally, the Company is required to pay cash consideration to the former owners of Overnite based on a percentage of revenues generated during the period from July 1, 2008 to June 30, 2010. As of December 31, 2008, the total of the additional consideration paid to the former owners of Overnite was approximately \$104,000. Additional consideration, up to the Company remaining estimate of \$576,000, paid to the former owners of Overnite will be treated as an additional cost of acquiring Overnite and will be recorded as a reduction of an earn-out liability. Any additional consideration paid in excess of the recorded earn-out liability at December 31, 2008 will be treated as an additional cost of acquiring Overnite and will be recorded as goodwill. Overnite is a regional provider of van trucking services in the Midwestern United States. Overnite operates as part of Universal Am-Can, Ltd.

The pro forma effect of these acquisitions has been omitted, as the effect is immaterial to the Company's results of operations, financial position and cash flows. The allocation of the purchase price of these companies is as follows (in thousands):

Equipment	\$1,226
Intangible assets	2,656
Goodwill (tax deductible)	551
Accrued Liabilities	(680)
	<u>\$3,753</u>

The intangible assets acquired represent the acquired companies' customer relationships and are amortized over a period of seven years.

In November 2007, the Company acquired certain assets of Glenn National Carriers, Inc., or Glenn, for \$2,241,000. We are also required to pay additional cash consideration to the former owners of Glenn based on a percentage of revenues generated through November 2010. As of December 31, 2008 and 2007, the total of the additional consideration paid to the former owners of Glenn was approximately \$270,000 and \$13,000, respectively. Additional consideration, up to the Company remaining estimate of \$182,000, paid to the former owners of Glenn will be treated as an additional cost of acquiring Glenn and will be recorded as a reduction of an earn-out liability. Any additional consideration paid in excess of the recorded earn-out liability at December 31, 2008 will be treated as an additional cost of acquiring Glenn and will be recorded as goodwill. Glenn provides primarily van and brokerage trucking services throughout the United States and operates through a contractor network of independent sales agents and owner-operators. The Company used cash and marketable securities on hand to finance the acquisition. Glenn operates as part of UACL.

The pro forma effect of the acquisition has been omitted as the effect is immaterial to UTSI's results of operations, financial position and cash flows. The allocation of the initial purchase price of the Glenn acquisition based on the assets acquired and liabilities assumed is as follows (in thousands):

Intangible asset	\$2,693
Accrued liabilities	(452)
	<u>\$2,241</u>

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2008, 2007, and 2006

(2) Acquisitions—(Continued)

The intangible asset acquired represents the acquired company's customer relationships and is amortized over a period of seven years.

In 2006, UTSI acquired the following five companies for a total cost of \$18,530,000:

- Assure Intermodal, LLC, or Assure, for \$2,730,000 on January 3, 2006. The Company acquired certain assets of Assure through an Asset Purchase Agreement. Additionally, UTSI is required to pay cash consideration to the former owners of Assure based on a percentage of revenues generated during the period from January 3, 2006 to January 2, 2009. As of December 31, 2008 and 2007, the total of the additional consideration paid to the former owners of Assure was approximately \$400,000 and \$299,000, respectively. Additional consideration, up to the Company remaining estimate of \$26,000, paid to the former owners of Assure will be treated as an additional cost of acquiring Assure and will be recorded as a reduction of an earn-out liability. Any additional consideration paid in excess of the recorded earn-out liability at December 31, 2008 will be treated as an additional cost of acquiring Assure and will be recorded as goodwill. Assure is a regional provider of intermodal services primarily in the Southern United States. The Company used cash and marketable securities on hand to finance the acquisition. Assure operates as part of MDII.
- Djewels, Inc., or Djewels, for \$1,100,000 on February 13, 2006. The Company acquired certain assets of Djewels through an Asset Purchase Agreement. Additionally, UTSI is required to pay cash consideration to the former owner of Djewels based on a percentage of revenues generated during the period from February 13, 2006 to February 12, 2009. As of December 31, 2008 and 2007, the total of the additional consideration paid to the former owners of Djewels was approximately \$592,000 and \$505,000, respectively. These additional amounts have been recorded as goodwill. Any additional consideration paid to the former owner of Djewels, which the Company estimates to be approximately \$11,000, will be treated as an additional cost of acquiring Djewels and will be recorded as goodwill. Djewels is a regional provider of intermodal services primarily in the Western United States. The Company used cash and marketable securities on hand to finance the acquisition. Djewels operates as part of MDII.
- Noble and Pitts, Inc., or Noble & Pitts, for \$9,000,000 on July 10, 2006. The Company acquired certain assets of Noble & Pitts through an Asset Purchase Agreement. Noble and Pitts provides primarily flatbed and brokerage trucking services throughout the United States and operates through a contractor network of independent sales agents and owner-operators. The Company used cash and marketable securities on hand to finance the acquisition. Noble and Pitts operates as part of MADL.
- TriStar Express N.C., Inc., or TriStar, for \$3,200,000 on July 31, 2006. The Company acquired certain assets of TriStar through an Asset Purchase Agreement. Additionally, UTSI is required to pay cash consideration to the former owners of TriStar based on a percentage of revenues generated during the period from August 1, 2006 to July 31, 2009. As of December 31, 2008 and 2007, the total of the additional consideration paid to the former owners of TriStar was approximately \$363,000 and \$216,000, respectively. These additional amounts have been recorded as goodwill. Any additional consideration paid to the former owners of TriStar, which the Company estimates to be approximately \$86,000, will be treated as an additional cost of acquiring TriStar and will be recorded as goodwill. TriStar is a regional provider of intermodal and brokerage services primarily in the Western United States and operates through a contractor

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2008, 2007, and 2006

(2) Acquisitions—(Continued)

network of independent owner-operators. The Company used cash and marketable securities on hand to finance the acquisition. TriStar operates as part of MDII.

- Mallard Transport, Inc., or Mallard, for \$2,500,000 on September 25, 2006. The Company acquired certain assets of Mallard through an Asset Purchase Agreement. Mallard provides primarily flatbed and brokerage trucking services primarily in the Southeastern United States and operates through a contractor network of owner-operators. The Company used cash and marketable securities on hand to finance the acquisition. Mallard operates as part of UACL.

The following unaudited pro forma historical results of operations for the year ended December 31, 2006 is presented as if the Company had acquired Assure, Djewels, Noble & Pitts, TriStar, and Mallard on January 1, 2006 (in thousands, except per share amounts):

	2006
Operating revenues	\$ 678,323
Net income	22,480
Earnings per share:	
Basic	\$ 1.39
Diluted	\$ 1.39
Average common shares outstanding:	
Basic	16,118
Diluted	16,159

The allocation of the initial purchase price of these companies based on the assets acquired and liabilities assumed is as follows (in thousands):

Equipment	\$ 3,779
Intangible assets	8,587
Goodwill (tax deductible)	5,640
Other assets	1,008
Accrued liabilities	(484)
	<u>\$18,530</u>

The intangible assets acquired represent the acquired companies' customer relationships and are amortized over a period of seven years.

(3) Transactions with CenTra and Affiliates

Through December 31, 2004, UTSI was a wholly owned subsidiary of CenTra, Inc. On December 31, 2004, CenTra distributed all of UTSI's common stock to the sole shareholder of CenTra, the Morouns. Subsequent to the initial public offering in 2005, the Morouns retained and continue to hold a controlling interest in UTSI.

CenTra provides management services to UTSI, including legal, human resources, and tax services. The cost of these services is based on the utilization of the specific services. Management believes the allocation methods are reasonable. However, the costs of these services charged to UTSI are not necessarily indicative of the costs that would have been incurred if UTSI had internally performed or

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2008, 2007, and 2006

(3) Transactions with CenTra and Affiliates—(Continued)

acquired these services as a separate unaffiliated entity. The amounts charged to UTSI for the years ended December 31, 2008, 2007 and 2006 are presented in the table which follows.

In addition to the management services described above, UTSI reimburses CenTra and affiliates for other services. Following is a schedule of services provided and amounts paid to CenTra and affiliates for the years ended December 31 (in thousands):

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Management services	\$ 950	\$ 155	\$ 155
Building and terminal rents (month to month basis)	870	546	489
Maintenance services	28	376	768
Trailer rents	16	32	32
Health insurance	1,962	1,914	1,396
Total	<u>\$3,826</u>	<u>\$3,023</u>	<u>\$2,840</u>

An affiliate of CenTra charged UTSI approximately \$15,289,000, \$14,436,000 and \$12,472,000 in 2008, 2007 and 2006, respectively, for personal liability and property damage insurance.

Operating revenues for the years ended December 31, 2008, 2007, and 2006 include approximately \$201,000, \$467,000, and \$604,000, respectively, of freight services provided to CenTra. Purchased transportation includes \$6,361,000, \$13,203,000 and \$14,542,000, of transportation services provided by CenTra to CrossRoad Carriers for the years ended December 31, 2008, 2007 and 2006, respectively. As of December 31, 2008, amounts payable due to CenTra and affiliates was \$35,000. Additionally, included in accounts payable were amounts due to CenTra of \$156,000 and \$465,000 as of December 31, 2008 and 2007, respectively. Related accounts receivable due from CenTra and affiliates as of December 31, 2007 was \$44,000.

In November 2008, the Company purchased a facility and property located in Houston, TX, from Crown Enterprises, Inc., or the Seller, a related party, for \$3.5 million. The Company utilized an unrelated third party appraiser to determine fair value in this transaction. Louisiana Transportation, Inc., an operating subsidiary of the Company, previously occupied this property under a lease with the Seller, and intends to continue use this facility as its corporate headquarters.

In March 2007, the Company sold its former corporate headquarters located in Warren, MI, to Linc Logistics Company, a related party, for \$1.2 million, an amount which approximated the market and carrying value. The sale included the property, building, and all improvements.

In September 2007, the Company purchased 118 used trailers at fair market value from GLS Leasco, Inc., a related party, for \$1.0 million in cash. The Company utilized an unrelated third party appraiser to determine fair value in this transaction.

Prior to 2007, the Company provided certain computer services to a subsidiary of CenTra. Amounts charged for such services totaled \$214,000 for the year ended December 31, 2006 and is reflected as a reduction of selling, general, and administrative expenses in the statements of income.

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2008, 2007, and 2006

(4) Retirement Plans

The Company maintains a 401(k) plan for its employees. Employees may make 401(k) contributions subject to Internal Revenue Code limitations. Effective June 1, 2005, the plan was amended to allow employees of GAML to participate. The plan matches contributions up to \$600 for employees who are not considered highly compensated. The expense for the Company match in 2008, 2007, and 2006 was \$51,000, \$55,000 and \$70,000, respectively.

GAML maintained a Simplified Employee Pension Plan, which covers all full-time employees. Eligibility requirements include completion of one year of service and attaining the age of 21. Contributions to the plan were at management's discretion. No contributions were made under this plan for the years ended December 31, 2008, 2007 or 2006.

(5) Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts. Following is a summary of the activity in the allowance for doubtful accounts for the years ended December 31 (in thousands):

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Balance at beginning of year	\$3,874	\$3,264	\$2,472
Bad debt expense	1,483	1,573	867
Uncollectible accounts written off	(871)	(963)	(75)
Balance at end of year	<u>\$4,486</u>	<u>\$3,874</u>	<u>\$3,264</u>

(6) Property and Equipment

Property and equipment at December 31 consists of the following (in thousands):

	<u>2008</u>	<u>2007</u>
Trailers	\$ 32,313	\$ 27,859
Tractors	8,738	8,584
Computer equipment and software	2,506	2,133
Office and miscellaneous equipment	6,163	5,649
Land and buildings	33,553	29,426
Construction in process	4,032	3,937
	<u>87,305</u>	<u>77,588</u>
Less accumulated depreciation and amortization	(25,971)	(20,439)
Total	<u>\$ 61,334</u>	<u>\$ 57,149</u>

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2008, 2007, and 2006

(7) Income Taxes

The provision for income taxes attributable to income from continuing operations for the years ended December 31 consists of the following (in thousands):

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Current:			
U.S. Federal	\$ 9,766	\$ 8,135	\$10,817
State	1,568	1,269	1,975
Deferred:			
U.S. Federal	(1,751)	1,497	300
State	(214)	233	32
Total	<u>\$ 9,369</u>	<u>\$11,134</u>	<u>\$13,124</u>

The Company also recorded income taxes directly to shareholders' equity relating to unrealized gains (losses) on available-for-sale investments in the amount of \$(393,000), \$(302,000), and \$163,000 for the years ended December 31, 2008, 2007, and 2006, respectively.

Deferred income tax assets and liabilities at December 31 consist of the following (in thousands):

	<u>2008</u>		<u>2007</u>	
	<u>Current</u>	<u>Long-term</u>	<u>Current</u>	<u>Long-term</u>
Deferred tax assets:				
Allowance for doubtful accounts	\$ 1,176	\$ —	\$ 956	\$ —
Marketable securities	1,408	—	—	—
Accrued expenses	4,517	—	3,680	—
Total	<u>7,101</u>	<u>—</u>	<u>4,636</u>	<u>—</u>
Deferred tax liabilities:				
Prepaid expenses	(1,342)	—	(1,439)	—
Property and equipment	—	(5,943)	—	(5,399)
Other assets	—	592	—	253
Total	<u>(1,342)</u>	<u>(5,351)</u>	<u>(1,439)</u>	<u>(5,146)</u>
Net deferred tax asset (liability)	<u>\$ 5,759</u>	<u>\$ (5,351)</u>	<u>\$ 3,197</u>	<u>\$ (5,146)</u>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income (both ordinary income and taxable capital gains) during the periods in which those temporary differences reverse. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Valuation allowances are established when necessary to reduce deferred tax assets when it is more likely than not that a portion or all of the deferred tax assets will not be realized. Based upon the level of historical taxable income, reversal of existing taxable temporary differences, projections for future taxable income over the periods in which the deferred tax assets are expected to reverse, and the Company's ability to generate future capital gains, management believes it is more likely than not that the Company will realize the benefits of

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2008, 2007, and 2006

(7) Income Taxes—(Continued)

these deductible differences. Thus no valuation allowance has been established. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income are reduced or capital gains are not realized.

Income tax expense attributable to income from continuing operations differs from the statutory rates as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Federal statutory rate	35%	35%	35%
State—net of federal benefit	4	3	3
Effective tax rate	<u>39%</u>	<u>38%</u>	<u>38%</u>

In June 2006, the FASB issued FIN 48, which clarifies the accounting for uncertainty in income taxes recognized in the financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We adopted FIN 48 on January 1, 2007. The adoption did not have a significant impact on the provision for unrecognized tax benefits.

As of December 31, 2008, the total amount of unrecognized tax benefit was \$537,000, of which \$349,000 would impact the effective tax rate if recognized. Any prospective adjustments to our accrual for uncertain tax positions will be recorded as an increase or decrease to the provision for income taxes and would impact our effective tax rate. At December 31, 2008, there are no positions for which it is reasonably possible that the total amounts of unrecognized tax benefits would significantly increase or decrease within 12 months. The Company recognizes interest related to unrecognized tax benefits in income tax expense and penalties in other operating expenses. As of December 31, 2008, the amount of accrued interest and penalties was \$45,000 and \$57,000, respectively.

The changes in the Company's unrecognized tax benefits during the years ended December 31 are as follows (in thousands):

	<u>2008</u>	<u>2007</u>
Unrecognized tax benefit—beginning of year	\$468	\$295
Increase related to prior year tax positions	—	75
Increase related to current year tax positions	79	98
Decrease due to settlements with taxing authorities	(10)	—
Decrease due to lapse of statutes	—	—
Unrecognized tax benefit—end of year	<u>\$537</u>	<u>\$468</u>

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2008, 2007, and 2006

(8) Accrued Expenses

Accrued expenses consist of the following items at December 31 (in thousands):

	<u>2008</u>	<u>2007</u>
Auto liability claims	\$ 5,900	\$ 4,450
Driver escrow liabilities	4,727	4,347
Payroll related items	3,237	3,027
Commissions	1,076	1,577
Cargo claims	1,135	1,453
Taxes, interest, and insurance	849	1,107
Other	2,862	2,507
Total	<u>\$19,786</u>	<u>\$18,468</u>

(9) Debt

The Company and KeyBank National Association, or KeyBank entered into a First Amendment to Loan Agreement and First Amendment to Promissory Note, or the Agreement, dated October 28, 2008 for the period October 28, 2008 to October 27, 2009, amending the previous loan agreement dated October 29, 2007 for the period October 29, 2007 to October 28, 2008, which terminated due to the expiration of its term. Under the amended Agreement with KeyBank, our maximum permitted borrowings and letters of credit in the aggregate may not exceed \$20 million. The line of credit is unsecured, and bears interest at a rate equal to the lesser of the Prime Rate minus 1.75% or LIBOR plus 1.05% (effective rate of 1.5% at December 31, 2008). The Agreement governing our unsecured line of credit contains various financial and restrictive covenants to be maintained by us including requiring us to maintain a tangible net worth of at least \$100 million, a debt to tangible net worth ratio not to exceed 1 to 1, and quarterly net profits of at least one dollar. For purposes of this Agreement, tangible net worth is defined as total assets, excluding all intangible assets, less total debt. The Agreement also may, in certain circumstances, limit our ability to pay dividends or distributions. The Agreement also contains customary representations and warranties, affirmative and negative covenants and events of default. As of December 31, 2008, the Company was in compliance with its debt covenants. The Company did not have any amounts outstanding under its line of credit at December 31, 2008, and there were \$839,000 letters of credit issued against the line.

The previous loan agreement with KeyBank was unsecured and permitted maximum borrowings and letters of credit in the aggregate not to exceed \$20 million. The unsecured line of credit bore interest at a rate equal to the lesser of the Prime Rate minus 1.75% or LIBOR plus 1.05% (effective rate of 5.5% at December 31, 2007). The agreement contained various financial and restrictive covenants to be maintained by us including requiring us to maintain a tangible net worth of at least \$85.0 million, a debt to tangible net worth ratio not to exceed 1 to 1, and quarterly net profits of at least one dollar. For purposes of this agreement, tangible net worth is defined as total assets, excluding all intangible assets, less total debt. The agreement also may, in certain circumstances, limit our ability to pay dividends or distributions. The agreement also contains customary representations and warranties, affirmative and negative covenants and events of default. The Company did not have any amounts outstanding under its line of credit at December 31, 2007, and there were \$6,400 letters of credit issued against the line.

On May 1, 2006, UTS Realty, LLC, or Realty, received a \$1,000,000 loan from the County of Cuyahoga, Ohio, or the County, to be used for improvements to its Cleveland, Ohio container storage

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2008, 2007, and 2006

(9) Debt—(Continued)

facility. The loan agreement requires quarterly interest payments at an annual rate of 5.0%. Through January 31, 2011, subject to certain conditions, the County will forgive \$450,000 of the principal amount owed. On January 31, 2007, the Company began recording the forgiveness as a reduction in the cost of the underlying improvements at a rate of \$90,000 per annum. The remaining principal of \$550,000 is due at maturity. As of December 31, 2008 and 2007, the outstanding balance under the loan was \$820,000 and \$910,000, respectively. The loan matures on January 31, 2011; however, at Realty's option, the maturity date may be extended until January 31, 2021. In connection with this loan, Realty and the Company entered into an environmental indemnity agreement with the County and the Company issued an \$820,000 standby letter of credit that expires February 14, 2009. Under the terms of the environmental indemnity agreement, Realty and the Company have agreed to indemnify the County, without limitation, against any loss attributable to the generation, storage, release or presence of Regulated Materials, as defined in the environmental indemnity agreement, at the container storage facility. In connection with the acquisition of the Cleveland, Ohio property in August 2005, Realty received indemnity from the seller from any and all claims, which Realty may incur as a direct consequence of any environmental condition of which the seller had actual knowledge as of the date of the acquisition of the property. The Company believes the fair value of this debt approximates the carrying value based on current rates available for similar issues.

Universal Truckload Services, Inc. and First Tennessee Bank National Association entered into a Loan Agreement dated November 28, 2006 for the period November 28, 2006 to May 31, 2008. On March 31, 2008, the Company closed the line of credit with First Tennessee Bank because the Company had completed its transition of banking activities to KeyBank. Under the unsecured line of credit with First Tennessee Bank the maximum permitted borrowings and letters of credit in the aggregate may not exceed \$20.0 million at any one time. The line of credit is unsecured, and bears interest at a rate equal to LIBOR plus 1.65% (effective rate of 6.9% at December 31, 2007). As of December 31, 2007, there were no borrowings outstanding under our line of credit and \$951,500 of letters of credit issued against the line.

(10) Operating Leases

The Company leases office space, terminal yards and equipment under non-cancelable operating leases. Total rent expense amounted to approximately \$2,794,000, \$1,821,000, and \$2,149,000 for 2008, 2007 and 2006, respectively. It is expected that in the ordinary course of business that leases will be renewed or replaced as they expire. Future minimum rental payments under non-cancelable operating leases having initial or remaining terms in excess of one year are as follows (in thousands):

2009	\$1,744
2010	662
2011	453
2012	328
2013	—
Thereafter	—
Total	<u>\$3,187</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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(11) Comprehensive Income

Comprehensive income includes the following for the years ended December 31 (in thousands):

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net income	\$14,886	\$17,836	\$21,009
Other comprehensive income (loss):			
Unrealized holding gains (losses) on available-for-sale investments arising during the period, net of income tax of \$1,728, \$302, and \$(163), respectively	(2,750)	(479)	272
Reclassification adjustment for losses on available-for-sale investments reclassified into income, net of tax of \$(1,335)	2,122	—	—
Net gain (loss) recognized in other comprehensive income (loss)	<u>(628)</u>	<u>(479)</u>	<u>272</u>
Total comprehensive income	<u>\$14,258</u>	<u>\$17,357</u>	<u>\$21,281</u>

The unrealized holding loss on available-for-sale investments for 2008 represents the mark-to-market adjustment of \$1,021,000 net of related income taxes of \$393,000. The unrealized holding loss on available-for-sale investments for 2007 represents the mark-to-market adjustment of \$781,000 net of related income taxes of \$302,000. The unrealized holding gain on available-for-sale investments for 2006 represents the mark-to-market adjustment of \$435,000 net of related income taxes of \$163,000.

(12) Fair Value Measurements

Effective January 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements", which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company's adoption of SFAS No. 157 did not have a material impact on our financial position, results of operations, or cash flows. The Company has segregated all financial assets that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2008, 2007, and 2006

(12) Fair Value Measurements—(Continued)

the inputs used to determine the fair value at the measurement date in the table below. FASB Staff Position FAS 157-2 delayed the effective date for all non-financial assets and liabilities that are not required or permitted to be measured at fair value on a recurring basis until January 1, 2009.

Effective January 1, 2008, the Company adopted SFAS No. 159, “*The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115*”, which provides entities the option to measure many financial instruments and certain other items at fair value. Entities that choose the fair value option will recognize unrealized gains and losses on items for which the fair value option was elected in earnings at each subsequent reporting date. The Company has currently chosen not to elect the fair value option for any items that are not already required to be measured at fair value in accordance with U.S. generally accepted accounting principles.

The following table summarizes the Company’s assets measured at fair value on a recurring basis (in thousands):

	December 31, 2008			Fair Value Measurement
	Level 1	Level 2	Level 3	
Assets				
Cash equivalents	\$26,353	\$ —	\$ —	\$ 26,353
Available-for-sale securities	8,808	—	—	8,808
Total Assets	<u>\$35,161</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 35,161</u>

The valuation techniques used to measure fair value for the items in the table above are as follows:

- Cash equivalents—This category consists of money market funds which are listed as Level 1 assets and measured at fair value based on quoted prices for identical instruments in active markets.
- Available-for-sale securities—Included within this asset category are equity securities. Equity securities consisting of stocks which are actively traded on public exchanges are listed as Level 1 assets. Fair value was measured based on quoted prices for identical securities in active markets.

(13) Contingencies

There are pending actions arising during the ordinary conduct of business. In the opinion of the Company, the liability, if any, arising from these actions will not have a material effect on the Company’s financial position, results of operations or cash flows.

(14) Stock Based Compensation

In December 2004, UTSI’s board of directors adopted the 2004 Stock Incentive Plan, or the Plan, which became effective upon completion of the Company’s initial public offering. The Plan allows for the issuance of a total of 500,000 shares. The grants may be made in the form of restricted stock bonuses, restricted stock purchase rights, stock options, phantom stock units, restricted stock units, performance share bonuses, performance share units or stock appreciation rights. On February 11,

UNIVERSAL TRUCKLOAD SERVICES, INC.
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December 31, 2008, 2007, and 2006

(14) Stock Based Compensation—(Continued)

2005, UTSI granted 260,000 options to certain of its employees. The stock options granted vested immediately, have a life of seven years and have an exercise price of \$22.50 per share. Prior to January 1, 2006, the Company accounted for stock options issued under the Plan pursuant to the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. No stock-based employee compensation was reflected in net income prior to fiscal year 2006, as all options granted under the Plan had an exercise price equal to the fair market value of the underlying common stock on the date of grant. The total intrinsic value of all outstanding options as of December 31, 2008 and 2007 was \$0 and \$0, respectively. The total intrinsic value of stock options exercised in 2007 was \$4,725.

The following table summarizes the stock option activity and related information for the period indicated:

	<u>Options</u>	<u>Weighted Average Exercise Price</u>
Balance at January 1, 2007	250,000	\$ 22.50
Granted	—	—
Exercised	4,983	22.50
Expired	—	—
Forfeited	—	—
Balance at December 31, 2007	<u>245,017</u>	<u>\$ 22.50</u>
Granted	—	—
Exercised	—	—
Expired	—	—
Forfeited	55,017	22.50
Balance at December 31, 2008	<u>190,000</u>	<u>\$ 22.50</u>
Exercisable at December 31, 2008	<u>190,000</u>	<u>\$ 22.50</u>

(15) Earnings Per Share

Basic earnings per common share amounts are based on the weighted average number of common shares outstanding, and diluted earnings per share amounts are based on the weighted average number of common shares outstanding plus the incremental shares that would have been outstanding upon the assumed exercise of all dilutive stock options. As of December 31, 2008, there were 4,500 weighted average dilutive stock options included in the denominator for the calculation of diluted earnings per share.

For the years ended December 31, 2008 and 2007, 190,000 options and 245,000 options to purchase shares of common stock, respectively, were excluded from the calculation of diluted earnings per share because such options were anti-dilutive. For the year ended December 31 2006, there were no options outstanding to purchase shares of common stock excluded from the calculation of diluted earnings per share because of antidilution.

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(16) Quarterly Financial Data (unaudited)

	2008			
	1 st quarter	2 nd quarter (in thousands, except per share information)	3 rd quarter	4 th quarter
Operating revenue	\$ 170,135	\$ 199,420	\$ 212,994	\$ 176,968
Operating income	5,211	7,761	8,802	4,856
Income before income taxes	5,464	5,746	8,851	4,194
Provision for income taxes	2,120	2,243	3,445	1,561
Net income	<u>\$ 3,344</u>	<u>\$ 3,503</u>	<u>\$ 5,406</u>	<u>\$ 2,633</u>
Earnings per common share:				
Basic	\$ 0.21	\$ 0.22	\$ 0.34	\$ 0.16
Diluted	\$ 0.21	\$ 0.22	\$ 0.34	\$ 0.16
Average common shares outstanding:				
Basic	16,088	16,088	16,088	16,028
Diluted	16,088	16,088	16,106	16,028

	2007			
	1 st quarter	2 nd quarter (in thousands, except per share information)	3 rd quarter	4 th quarter
Operating revenue	\$ 158,876	\$ 178,179	\$ 171,776	\$ 171,528
Operating income	5,097	7,539	8,235	7,155
Income before income taxes	5,291	7,676	8,426	7,577
Provision for income taxes	2,108	2,958	3,295	2,773
Net income	<u>\$ 3,183</u>	<u>\$ 4,718</u>	<u>\$ 5,131</u>	<u>\$ 4,804</u>
Earnings per common share:				
Basic	\$ 0.20	\$ 0.29	\$ 0.32	\$ 0.30
Diluted	\$ 0.20	\$ 0.29	\$ 0.32	\$ 0.30
Average common shares outstanding:				
Basic	16,118	16,118	16,118	16,104
Diluted	16,140	16,122	16,118	16,104

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

There were no changes in or disagreements with accountants on accounting and financial disclosure during the fiscal years 2007 or 2008.

ITEM 9A: CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2008, our disclosure controls and procedures were effective in causing the material information required to be disclosed in the reports that it files or submits under the Exchange Act to be recorded, processed, summarized and reported, to the extent applicable, within the time periods required for us to meet the SEC filing deadlines for these reports specified in the SEC's rules and forms.

Internal Controls

There have been no changes in our internal controls over financial reporting during the quarter ended December 31, 2008 identified in connection with our evaluation that has materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Universal Truckload Services, Inc., or the Company, is responsible for establishing and maintaining effective internal controls over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act, as amended.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Management, with the participation of the Company's principal executive and principal financial officers, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. This assessment was performed using the criteria established under the *Internal Control-Integrated Framework* established by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO.

Based on the assessment performed using the criteria established by COSO, management has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2008.

KPMG LLP, the independent registered public accounting firm that audited the financial statements included in this Annual Report on Form 10-K for the fiscal year ended December 31, 2008, has issued an audit report on the effectiveness of the Company's internal control over financial reporting. Such report appears immediately below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Universal Truckload Services, Inc.:

We have audited Universal Truckload Services, Inc.'s internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Universal Truckload Services, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Universal Truckload Services, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Universal Truckload Services, Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2008, and our report dated March 11, 2009 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Detroit, Michigan
March 11, 2009

ITEM 9B: OTHER INFORMATION

Not applicable.

PART III

ITEM 10: DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this Item concerning the Directors and Executive Officers of the Company is set forth under the captions “Election of Directors,” “Directors of the Company,” “Information Regarding Board of Directors and Committees,” and “Executive Officers of the Company” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Company’s definitive Proxy Statement for its annual meeting of shareholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2008, and is incorporated herein by reference. The information required by this Item concerning Director Independence, the Company’s Audit Committee and the Audit Committee’s Financial Expert is set forth under the caption “Information Regarding Board of Directors and Committees” and “Report of the Audit Committee” in the Company’s definitive Proxy Statement for its annual meeting of shareholders filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

We have adopted a Code of Business Conduct and Ethics that applies to all our directors, executive and financial officers and employees. The Code of Business Conduct and Ethics has been posted on our website at www.goutsi.com in the Investor Relations section under Corporate Governance and is available free of charge through our website. We will post information regarding any amendment to, or waiver from, our Code of Business Conduct and Ethics for executive and financial officers and directors on our website in the Company section under the Investor Relations section under Corporate Governance.

ITEM 11: EXECUTIVE COMPENSATION

The information required by this Item is set forth under the captions “Compensation of Directors,” “Compensation of Executive Officers,” “Compensation and Stock Option Committee Report on Executive Compensation,” “Compensation Committee Interlocks and Insider Participation” and “Key Executive Employment Protection Agreements” in the Company’s definitive Proxy Statement for its annual meeting of shareholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2008, and is incorporated herein by reference.

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item pursuant to Item 201(d) of Regulation S-K is set forth under the caption “Market for Registrants Common Equity and Related Stockholder Matters” in Part II, Item 5 of this report, and is incorporated by reference herein.

The information required by this Item pursuant to Item 403 of Regulation S-K is set forth under the captions “Security Ownership by Management and Others” and “Equity Compensation Plan Information,” in the Company’s definitive Proxy Statement for its annual meeting of shareholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2008, and is incorporated herein by reference.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is set forth under the captions “Transactions With Management and Others” and “Transactions With Management and Others and Certain Business Relationships” and “Compensation Committee Interlocks and Insider Participation,” in the Company’s definitive Proxy Statement for its annual meeting of shareholders filed with the Securities and Exchange Commission within 120 days of December 31, 2008, and is incorporated herein by reference.

ITEM 14: PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is set forth under the captions “Report of the Audit Committee” and “Ratification of Appointment of Independent Registered Public Accounting Firm” in the Company’s definitive Proxy Statement for its annual meeting of shareholders filed with the Securities and Exchange Commission within 120 days of December 31, 2008, and is incorporated herein by reference.

PART IV**ITEM 15: EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(1) Financial Statements

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Consolidated Statements of Income	38
Consolidated Statements of Shareholders' Equity and Comprehensive Income (Loss)	39
Consolidated Statements of Cash Flows	40
Notes to Consolidated Financial Statements	42

(2) Financial Statement Schedules

Financial statement schedules have been omitted since they are either not required, not applicable, or the information is otherwise included elsewhere in this Form 10-K.

(3) Exhibits

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
3.2	Amended and Restated Bylaws, as amended effective November 1, 2007 (Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on December 3, 2007 (Commission File No. 000-51142))
4.1	Registration Rights Agreement, dated as of December 31, 2004, among the Registrant, Matthew T. Moroun and The Manuel J. Moroun Trust (Incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 filed on January 7, 2005 (Commission File No. 333-120510))
4.2	Specimen Common Share Certificate (Incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
10.1+	Employment Agreement, dated as of September 13, 2008, by and between Universal Truckload Services, Inc. and Don Cochran (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 16, 2008 (Commission File No. 000-51142))
10.2+	Employment Agreement, dated as of September 13, 2008, by and between Universal Truckload Services, Inc. and Bob Sigler (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on September 16, 2008 (Commission File No. 000-51142))
10.3	Tax Separation Agreement, dated as of December 31, 2004, between CenTra, Inc. and the Registrant (Incorporated by reference to Exhibit 10.14 to the Registrant's Registration Statement on Form S-1 filed on January 7, 2005 (Commission File No. 333-120510))
10.4+	Universal Truckload Services, Inc. Incentive Compensation Plan C, Calendar Years 2004—2006, as extended for 2007—2009, (Incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K filed on March 30, 2005 (Commission File No. 000-51142))
10.5	Loan Agreement, dated as of October 29, 2007, between Universal Truckload Services, Inc. and KeyBank National Association. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on November 1, 2007 (Commission File No. 000-51142))

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<u>Exhibit No.</u>	<u>Description</u>
10.6	First Amendment to Loan Agreement and First Amendment to Promissory Note, dated as of October 28, 2008, between Universal Truckload Services, Inc. and KeyBank National Association. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 29, 2008 (Commission File No. 000-51142))
21.1*	Subsidiaries of Universal Truckload Services, Inc.
23.1*	Consent of KPMG LLP
24*	Powers of Attorney (see signature page)
31.1*	Chief Executive Officer certification, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Chief Financial Officer certification, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Chief Executive Officer and Chief Financial Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith.

** Furnished herewith

+ Indicates a management contract, compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Universal Truckload Services, Inc.
(Registrant)

By: /s/ ROBERT E. SIGLER
Robert E. Sigler, Vice President, Chief
Financial Officer, Secretary and Treasurer

Date: March 11, 2009

POWER OF ATTORNEY

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Donald B. Cochran and Robert E. Sigler, jointly and severally, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ DONALD B. COCHRAN</u> Donald B. Cochran	President, Chief Executive Officer and Director (Principal Executive Officer)	March 11, 2009
<u>/s/ ROBERT E. SIGLER</u> Robert E. Sigler	Vice President, Chief Financial Officer, Secretary and Treasurer (Principal Financial and Accounting Officer)	March 11, 2009
<u>/s/ MATTHEW T. MOROUN</u> Matthew T. Moroun	Chairman of the Board	March 11, 2009
<u>/s/ MANUEL J. MOROUN</u> Manuel J. Moroun	Director	March 11, 2009
<u>/s/ JOSEPH J. CASAROLL</u> Joseph J. Casaroll	Director	March 11, 2009
<u>/s/ DANIEL C. SULLIVAN</u> Daniel C. Sullivan	Director	March 11, 2009
<u>/s/ RICHARD P. URBAN</u> Richard P. Urban	Director	March 11, 2009
<u>/s/ TED B. WAHBY</u> Ted B. Wahby	Director	March 11, 2009

Subsidiaries of Universal Truckload Services, Inc.

<u>Name</u>	<u>State of Incorporation</u>
Universal Am-Can, Ltd.	DE
The Mason & Dixon Lines, Inc.	DE
Mason Dixon Intermodal, Inc.	MI
Louisiana Transportation, Inc.	MI
Economy Transport, Inc.	MI
UTS Leasing, Inc.	WY
UTS Realty, LLC	MI
UTS Finance, Inc.	MI
Great American Lines, Inc.	MI
CrossRoad Carriers Intermodal, Inc.	MI
NYP of Michigan, Inc.	MI
UT Rent A Car, Inc.	MI
Universal Service Center Company	MI
Universal Logistics, Inc.	MI

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Universal Truckload Services, Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-123385) on Form S-8 of Universal Truckload Services, Inc. and subsidiaries of our reports dated March 11, 2009, with respect to the consolidated balance sheets of Universal Truckload Services, Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2008, and the effectiveness of internal control over financial reporting as of December 31, 2008, which reports appear in the December 31, 2008 annual report on Form 10-K of Universal Truckload Services, Inc. and subsidiaries.

Detroit, Michigan
March 11, 2009

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT**

I, Donald B. Cochran, certify that:

1. I have reviewed this annual report on Form 10-K of Universal Truckload Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2009

/s/ DONALD B. COCHRAN

Donald B. Cochran

President and Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT**

I, Robert E. Sigler, certify that:

1. I have reviewed this annual report on Form 10-K of Universal Truckload Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2009

/s/ ROBERT E. SIGLER

Robert E. Sigler

Vice President, Chief Financial Officer, Secretary and Treasurer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Universal Truckload Services, Inc., or the Company, on Form 10-K for the year ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Donald B. Cochran, as Chief Executive Officer of the Company, and I, Robert E. Sigler, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, respectively, that (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2009

/s/ DONALD B. COCHRAN

Donald B. Cochran
President and Chief Executive Officer

/s/ ROBERT E. SIGLER

Robert E. Sigler
Vice President, Chief Financial Officer, Secretary and Treasurer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.