Universal

Truckload Services, Inc.

2013 ANNUAL REPORT AND PROXY STATEMENT

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, 2013

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: 0-51142

UNIVERSAL TRUCKLOAD SERVICES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Michigan	**38-3640097**
(State or Other Jurisdiction of Incorporation or Organization)	**(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:

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 checkmark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for a shorter period that the registrant was required to submit and post such files). 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 29, 2013, 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 28, 2013, as reported by The Nasdaq Stock Market, was approximately $132.0 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 3, 2014, was 30,114,324.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following document when filed, 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 2014 Annual Meeting of Shareholders	Part III, Items 10 - 14

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EX-101.LAB XBRL Labels Linkbase Document

EX-101.PRE XBRLPresentation Linkbase Document

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", "us" and "Universal" refers to Universal Truckload Services, Inc. and its subsidiaries.

PART I

ITEM 1: BUSINESS

Overview

Universal is a leading asset-light provider of customized transportation and logistics solutions throughout the United States, Mexico and Canada. We provide our customers with supply chain solutions that can be scaled to meet their changing demands and volumes. We offer our customers a broad array of services across their entire supply chain, including transportation, value-added, and intermodal services. Our customized solutions and flexible business model are designed to provide us with a highly variable cost structure.

Our transportation services include dry van, flatbed, heavy haul, dedicated, refrigerated, shuttle and switching operations as well as full service domestic and international freight forwarding, customs brokerage, final mile and ground expedite. We offer our customers brokerage transportation for greater service options and additional capacity. Our value-added services, which are typically dedicated to individual customer requirements, include material handling, consolidation, sequencing, sub-assembly, cross-dock services, kitting, repacking, warehousing and returnable container management. Intermodal operations include rail-truck, steamship-truck and support services.

In October 2012, we acquired LINC Logistics Company ("LINC") whereby each outstanding share of LINC common stock was converted into the right to receive consideration consisting of 0.700 of a share of common stock of Universal and cash in lieu of fractional shares. This resulted in the issuance of 14,527,332 shares of Universal's common stock and borrowings of approximately $149.1 million to repay LINC's outstanding indebtedness and dividends payable. Universal and LINC were under common control, and as such, the financial statements of Universal have been retrospectively revised to reflect the accounts of LINC as if they had been consolidated for all previous periods. The acquisition significantly enhanced the company's position as a leading provider of third party transportation, value-added and intermodal services.

In December 2013, we acquired Westport USA Holding, LLC ("Westport") for $123.0 million in cash, subject to a working capital adjustment after closing. Pursuant to the terms of the Unit Purchase Agreement, Westport was acquired on a cash-free, debt-free basis. Based in Louisville, Kentucky, Westport provides value-added warehousing and component distribution services to U.S. manufacturers of Class 4-8 trucks, RVs and super-duty trucks. Westport also machines and distributes steering knuckles and axle components for the automotive industry.

We provide a comprehensive suite of transportation and logistics solutions that allow our customers and clients to reduce costs and manage their global supply chains more efficiently. We market our services through a direct sales and marketing network focused on selling our portfolio of transportation logistic services to large customers in specific industry sectors, through a network of agents who solicit freight business directly from shippers, and through company-managed facilities and full service freight forwarding and customs house brokerage offices. At December 31, 2013, we had an agent network totaling approximately 415 agents, and we operated 58 company-managed terminal locations and provided services at 43 logistics locations throughout the United States, Mexico and Canada.

We were incorporated in Michigan on December 11, 2001. Our common stock began trading on the NASDAQ Global Select Market under the symbol "UACL" on February 11, 2005, the date of our initial public offering. 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

The transportation and logistics services industry involves the management and transportation of materials and inventory throughout the supply chain. The logistics industry is an integral part of the global economy. Global logistics costs in 2012 totaled $8.3 trillion, or 11.5% of global GDP, according to estimates by Armstrong & Associates.

According to the American Trucking Associations, or ATA, revenue in the trucking industry in 2012 was estimated at approximately $642.1 billion and accounted for more than 80% of domestic spending on freight transportation. The trucking industry is highly competitive on the basis of service and price and is integral to 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.

As supply chains have become more complex, many companies have outsourced logistics functions to third-party logistics (3PL) providers. U.S. 3PL revenues in 2012 totaled $141.8 billion, according to Armstrong & Associates. Through outsourcing, companies can realize the following benefits: reduced supply chain costs, minimization of investment in non-core assets, increased operational flexibility, access to greater visibility in the supply chain and improved customer service. We believe that increased globalization of trade, security and regulatory concerns, demand for greater supply chain integration and visibility, and ongoing competitive pressures to reduce costs and improve customer service will continue to drive outsourcing decisions.

3PL providers deliver a number of services such as transportation, warehousing, supply chain management, inbound and outbound freight management, customs brokerage and distribution. In addition, 3PLs can provide other value-added services, ranging from packing and labeling to sequencing and sub-assembly, freight tracking and delivery, and ultimately, to fully embedded systems linked to customer enterprise resource planning suites that facilitate supply chain management. These services are aimed at improving supply chain efficiency and visibility, and differentiate 3PLs from transportation companies and basic warehousing operations.

We believe outsourcing of transportation and logistics services will continue to grow, including common outsourced logistics activities such as transportation, customs clearance, warehousing, shipment consolidation and freight forwarding. We also believe that companies will increasingly seek outsourced solutions for additional value-added logistics activities such as sub-assembly, sequencing, packaging, consolidation and deconsolidation and line-side inventory functions, creating attractive growth opportunities. As a result, we believe that larger, better-capitalized companies will have greater opportunities to gain market share and increase profit margins.

Our Operations

We broadly group our services into the following three service categories: transportation, value-added and intermodal support.

- *Transportation.* Transportation services represented approximately $707.0 million, or 68.4%, of our operating revenues in 2013. We transport a wide variety of general commodities, including automotive parts, machinery, building materials, paper, food, consumer goods, furniture, steel and other metals on behalf of customers in various industries. We use a variety of general use and specialized trailer types. Our transportation services are provided through a network of both union and non-union employee drivers, owner-operators, contract drivers, and third-party transportation providers. We broker freight to third party transportation providers to complement our available capacity. Our transportation services also include full service international freight forwarding, customs house brokerage services, and final mile and ground expedite services, which we refer to collectively as specialized services.
- *Value-added.* Value-added services represented approximately $195.1 million, or 18.9%, of our operating revenues in 2013. We operate, manage or provide transportation services at 43 logistics locations in the United States, Mexico and Canada. Our facilities and services are often directly integrated into the production processes of our customers and represent a critical piece of their supply chains. Seventeen facilities are located inside customer plants or distribution operations; the other facilities are generally located close to our customers' plants to optimize the efficiency of their component supply chains and production process. Our proprietary information technology platform is integrated with our customers' and their vendors' information technology networks, allowing real-time, end-to-end supply chain visibility. As a result of our close integration with our customers, most of our value-added services are contracted for the duration of our customers' production programs, which typically last three to five years.
- *Intermodal support.* Intermodal support services represented $131.4 million, or 12.7%, of our operating revenues in 2013. Our intermodal support services are primarily short-to-medium distance delivery of rail and steamship containers between the railhead or port and the customer and drayage services.

Our agreements with customers typically follow one of two patterns: transactional or contractual. Transactional agreements are associated with individual freight shipments coordinated by our agents, company-managed terminals and specialized services operations. For the years ended December 31, 2013 and 2012, transactional arrangements generated 68.3% and 72.0%, respectively, of total revenues. Contractual agreements comprise the balance of our revenues and are for the delivery of value-added services or transportation services that are on an exclusive basis. The pricing structure of value-added services contracts, which often are three to five years in duration, compensate for the physical resources and labor that support material handling, sequencing, sub-assembly and various other value-added processes, including both variable-cost and fixed-price components. Contract-based transportation services relate to dedicated truckload services and typically have a contract term of one year. Contracts are priced as if we are paid on a round-trip basis, eliminating the need for us to acquire customers with freight moving in opposing lanes in order to maintain utilization of our equipment. Transportation and intermodal services revenue is primarily derived from fees charged based on miles, but also includes billing for fuel surcharges, loading and unloading activities, container management and other related services. Fuel surcharges, where separately identifiable, comprise $118.6 million and $115.2 million of our total operating revenues in 2013 and 2012, respectively. Fees charged to customers by our full service international freight forwarding and customs house brokerage are based on the specific means of forwarding or delivering freight on a shipment-by-shipment basis.

Annual Report

Asset Light Strategy

We employ an asset-light business model that lowers our capital expenditure requirements and which we believe improves investment returns and cash flow generation. In general, our facilities used in our value-added services are leased on terms that are either substantially matched to our customers' contracts or are month-to-month or are provided to us by our customers. We also utilize owner-operators and third-party carriers to provide a significant portion of our transportation and specialized services. Approximately 82% of the tractors and 50% of the trailers used in our business are provided by our owner-operators. In addition, our use of agents reduces our need for sizable terminals. The primary physical assets we provide include a portion of our trailer fleet, our intermodal depot facilities, subassembly and warehousing equipment, our headquarters facility and our management information systems.

We believe our asset-light business model is highly scalable and will continue to support our growth with comparatively modest capital expenditure requirements. Our asset-light model, combined with a disciplined approach to contract structuring and pricing, creates a highly flexible cost structure that allows us to expand and contract quickly in response to changes in demand from our customers. We believe that our business model offers the following advantages compared with primarily asset-based companies that own significant facilities and tractor fleets and use fixed employee sales and work forces:

- *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. Substantially all of our operating facilities are either provided to us by customers, leased by us on a month-to-month basis, or leased by us on terms that match the related customer contracts to the greatest extent possible. This approach reduces our investment in fixed assets and enhances our operating flexibility. Additionally, our balanced labor structure, including union, non-union, and contract labor pools, allows us to provide customized and cost-effective solutions that accommodate our customers' labor strategies. Having a high proportion of variable costs reduces our risks of making fixed payments on under-utilized facilities, equipment and personnel and minimizes our exposure to fluctuating equipment values.

- *Targeted capital expenditures.* Limiting our investment in facilities, tractors and trailers or, alternatively, recovering investment costs through customer contracts, reduces our capital needs and allows us to grow organically with relatively modest capital investment. This allows us to devote our financial resources to fund our expansion strategy, including acquisitions. As a percentage of operating revenues, our capital expenditures were 1.6%, 2.9% and 3.0%, during each of the years ending December 31, 2013, 2012 and 2011, respectively.

- *Higher financial returns.* Given similar operating performance, we believe that our low fixed costs and modest capital expenditure requirements will generate returns on investment that equal or exceed many of our asset-based competitors. We manage our business with a view toward enhancing these returns.

- *Entrepreneurial spirit.* Our agents and owner-operators are business owners who are compensated based on the revenue they produce. We believe this portion of our model gives our agents a strong incentive to seek new revenue opportunities.

Although we believe our asset-light business model can generate above-average financial performance, there are certain disadvantages. Our significant 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 to the extent possible with fixed investments in capacity. Thus, in times of high economic activity and increasing freight rates, our profitability may not expand as much as that of an asset-based carrier. Overall, however, we believe our extensive 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 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:

- *Expand our network of agents and owner-operators.* Increasing the number of agents and owner-operators has been a driver of our historical growth in transactional transportation services. We intend to continue to recruit qualified 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 serve as a 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.
- *Continue to capitalize on strong industry fundamentals and outsourcing trends in the U.S. 3PL market***.** According to Armstrong & Associates, gross revenue for the U.S. 3PL market grew at a compound annual rate of 10.0% since 1996 to $141.8 billion in 2012. We believe long-term industry growth will be supported by manufacturers seeking to outsource non-core logistics functions to cost-effective third-party providers that can efficiently manage increasingly complex global supply chains. We intend to leverage our integrated suite of transportation and logistics services, our network of facilities in the United States, Mexico and Canada, our long-term customer relationships, and our reputation for operational excellence to capitalize on favorable industry fundamentals and growth expectations.
- *Target further penetration of key customers in the North American automotive industry.* The automotive industry is one of the largest users of global outsourced logistics services, providing us growth opportunities with both existing and new customers. In 2013, this sector comprised approximately 34% of our operating revenues. We intend to capitalize on anticipated continued growth in outsourcing of higher value logistics services in the automotive sector such as sub-assembly and sequencing, which link directly into production lines and require specialized capabilities, technological expertise and strict quality controls. We believe we are well positioned to capitalize on this increased outsourcing activity as a result of our extensive experience and enduring customer relationships. We regularly pursue opportunities to further penetrate our core automotive customer base by leveraging our position in the supply chains of our Original Equipment Manufacturer (OEM) customers to extend our services to their suppliers and by cross-selling a wide range of transportation and specialized services to existing customers. For instance, these opportunities occur where we provide sequencing services from our facility to an OEM. Typically, our facility is located within five miles of the OEM's plant. If the OEM requires its suppliers, which are often hundreds of miles away, to keep inventory near the plant and deliver small quantities of materials or goods several times a day, the suppliers may engage us to perform those services. This cross-selling of services has led to multiple vendor managed inventory contracts with the OEM's suppliers. We are also targeting and expect to increase delivery of services to Tier I automotive component suppliers and foreign-owned automotive manufacturers operating in North America. We also expect to capitalize on opportunities to cross-sell additional logistics services to existing customers.
- *Continue to expand penetration in other vertical markets***.** We have provided highly complex value-added logistics services to automotive and other industrial customers for more than 20 years. We have developed standardized, modular systems for material handling processes and have extensive experience in rapid implementation and workforce training. These capabilities and our broad portfolio of logistics services are transferable across vertical markets. In recent years, we have successfully targeted other end-markets where we believe we can leverage the expertise we initially developed in

the automotive sector. In addition to automotive, our targeted industries include aerospace, energy, government services, healthcare, industrial retail, consumer goods, and steel and metals. We believe our ability to provide a broad range of services in key markets in the U.S. and internationally provides us with additional growth platforms and cross-selling opportunities.

- *Expand our logistics services capabilities and geographical reach.* We intend to continue to expand our portfolio of services in response to customer demands for greater innovation and responsiveness from their logistics providers. We will also continue to pursue high growth sectors within our specialized transportation services, such as expedited ground transportation and international freight forwarding. In addition, we intend to increase penetration of our services into other regions of the United States and in international markets, such as Mexico.
- *Expand our intermodal support services.* We intend to continue to grow our intermodal support services by expanding our service offerings, acquiring or renting additional intermodal facilities and 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 11 full service container yards located in the mid-western and south-western United States and own over 1,500 chassis and containers. Our facilities provide container and chassis inventory systems, full service repair facilities, and overhead lift capabilities. We believe that providing container and chassis management as well as bonded customs services will allow us the opportunity to provide additional services for our customers.
- *Continue to invest in technological advances to meet customer requirements.* With continued outsourcing of supply chain activities, customers are requiring greater advances in information technology to support increasingly complex logistics solutions. We intend to continue to improve our proprietary IT system and expand the technology component of our service portfolio through a combination of internally and externally developed software. We believe that these ongoing technology investments will enhance the differentiation of our services relative to competing providers.
- *Grow our brokerage operations.* 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 both organically and through investments in management information systems and strategic acquisitions.
- *Make strategic acquisitions.* The transportation and logistics industry is highly fragmented, with hundreds of small and mid-sized competitors that are either specialized in specific vertical markets, specific service offerings, or limited to local and regional coverage. We expect to selectively evaluate and pursue acquisitions that will enhance our service capabilities, expand our geographic network and/or diversify our customer base.

Customers

We provide a comprehensive suite of transportation and logistics services to a wide variety of customers throughout the United States, Mexico and Canada, including a number of *Fortune 500* and multi-national companies across a wide range of industries. Our customers are largely concentrated in the automotive, steel, oil and gas, alternative energy, and manufacturing industries geographically located throughout the United States. A significant portion of our revenue also results from our providing capacity to other transportation companies who aggregate loads from a variety of shippers in these and other industries. Many of our customers are large or middle-market corporations engaged in the design, manufacture and sale of higher value-added products that involve long or complex in-bound supply chains or aftermarket distribution networks. We develop and deliver customized, customer-centric supply chain solutions from a broad portfolio of services, creating additional value for customers seeking a single point of contact for logistics solutions. A significant portion of our revenues are derived from the domestic auto industry. During the fiscal years ended December 31, 2013, 2012 and 2011, aggregate sales in the automotive industry totaled 33.8%, 30.7% and 32.5% of revenue, respectively. During 2013, General Motors accounted for approximately 12.4% of our total operating revenues and sales to our top 10 customers, including General Motors, totaled 41.1%.

Contract Management

We use a standard, company-wide contract approval process to evaluate, develop and price contracts for new logistics opportunities. This mandatory process includes an evaluation of pricing, financial return and risk assessment, and is led by our senior management team. Each new major contract opportunity can go through six distinct steps before a customer contract is executed and a new project launched: (1) inquiry, (2) entry into an automated project tracking system, (3) initial project review, (4) executive summary, (5) bid phase, and (6) negotiation and agreement. In our value-added services and transportation businesses, formal management sign-off must be obtained before negotiations are finalized, regardless of contract size.

Our largest customers typically award business at the conclusion of a competitive bidding process. During the bid phase of a prospective new business award, we assess the financial returns and potential risks inherent in a new project, as well as anticipated capital expenditure requirements and fit with our strategic goals. In our transportation services and a portion of our value-added services business, we price services and invoice customers based on levels of activity, which results in variable revenues based on actual demand. In our intermodal business, contracts are transactional in nature, and the resulting revenues are variable based on the level of overall freight hauling activity.

A significant number of our value-added services contracts include a fixed price component that produces a stable revenue stream regardless of the volume of a customer's supply chain activity. This pricing structure helps maintain the profitability of an operation and mitigates exposure to fixed facility and management costs, even when customer demand is volatile. Consideration is also given to the management of potential exposure to the early termination of a multi-year agreement, where our negotiating objective is to establish some recourse to mitigate exposure to uncompensated costs. In contrast, transportation services contracts primarily stipulate charges based on the number of miles driven to complete freight delivery, but may also include billing for fuel surcharges, loading and unloading activities and related services. Fees charged to customers by our intermodal operations are dictated by the specific mode of transportation chosen to forward or deliver freight on a shipment-by-shipment basis.

Through the life of a contract, we monitor our customers' operating requirements and demand levels, and we review our revenue generation and operating profitability by operation to ensure that financial results meet the volume and margin targets established over the life of a new program at launch.

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.

Agents

A significant portion of the interaction with our shippers is provided by our agents. Over 50% of the freight we hauled in 2013 was solicited and controlled by our agents, with the balance generated by company-managed terminals and full service freight forwarding and customs house brokerage offices. Agents accounted for approximately 44% of our total operating revenues, and our top 100 agents in 2013 generated approximately 34% of our annual operating revenues. Of our approximately 415 agents, 307 generated more than $100,000 of operating revenues and 114 generated more than $1.0 million of operating revenues in 2013. Our agents typically focus on three or four 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 agents' most important function is to generate freight shipments, they also provide valuable terminal and dispatch services for our owner-operators and they can be a source for recruitment of new owner-operators. Our agents use a company-provided software program to list available freight procured by the agents, 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. We generally pay our full-service agents a commission of approximately 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 for which they either provide drivers or drive themselves. Our owner-operators provide us with approximately 3,400 tractors, which represent 82% of the tractors used in our transportation services 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 3,050 trailers, which represent approximately 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.

We believe that our commission schedule, prompt payment practices, financial stability, back-office support and national freight network are attractive to owner-operators. We generally pay our owner-operators 75% of the revenue generated from the freight they haul, if both a tractor and trailer are provided, and pass on 100% of any fuel surcharges we receive and a portion of other accessorial charges to our owner-operators. All owner-operators enter into standard 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 coordinate 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 and their employees are subject to pre-lease drug and alcohol screening and to subsequent random testing.

Revenue Equipment

We offer our customers a wide range of transportation services by utilizing a diverse fleet of tractors and trailing equipment including company-owned equipment, equipment provided by owner-operators, and leased equipment. The following table represents our Company-operated fleet and owner-operator pool used to provide transportation services as of December 31, 2013:

Type of Equipment	Company-owned or Leased	Owner-Operator Provided	Total
Tractors	734	3,403	4,137
Yard Tractors	82	—	82
Trailers	3,148	3,050	6,198
Chassis	778	—	778
Containers	800	—	800

Employees

As of December 31, 2013, we employed 4,339 people in the United States, Mexico and Canada. During the year ended December 31, 2013, we also engaged, on average, the full-time equivalency of 1,621 people on a contract basis.

As of December 31, 2013, approximately 1,774 of our employees were members of unions and subject to collective bargaining agreements of which none are subject to contracts that expire in 2014. Certain of our customers require that our employees are union members at specific locations. Currently, we have 11 collective bargaining agreements with four unions, including the United Auto Workers, the International Brotherhood of Teamsters, the Canadian Auto Workers, and the Mexican Confederation of Workers. Substantially all of our unionized facilities in the United States have a separate agreement with the union that represents workers at such facilities, with each such agreement having an expiration date that is independent of other collective bargaining agreements. In general, we have not experienced a material work stoppage, slow-down or strike, and we believe our relationship with our employees is good. We provide 401(k) retirement savings programs for our workers. Other than a program for 9 Canadian employees, we do not offer any defined benefit pension programs.

Facilities

Our corporate headquarters and administrative offices are located in Warren, Michigan. We own our corporate administrative offices, as well as terminal yards and other properties in the following locations: Dearborn, Michigan; Louisville, Kentucky; Columbus, Ohio; Reading, Ohio; Latty, Ohio; Cleveland, Ohio; Gary, Indiana; Dallas, Texas; South Kearny, New Jersey; Rural Hall, North Carolina; Garden City, Georgia; Millwood, West Virginia and Memphis, Tennessee; offices in Tampa, Florida; Houston, Texas and a condominium in Monroeville, Pennsylvania. As of December 31, 2013, we leased 81 operating, terminal and yard, and administrative facilities in various U.S. cities located in 27 states, in Milton, Ontario, and in San Luis Potosí, Mexico. We also deliver services inside or linked to 17 facilities provided by customers. To support our asset-light business model, we generally try to coordinate the length of real estate leases associated with our value-added services with the end date of the related customer contract associated with such facility, or use month-to-month leases, in order to mitigate exposure to unrecovered lease costs.

Certain of our leased facilities are leased from affiliates controlled by our majority shareholders. These facilities are leased on either a month-to-month basis or extended terms. For more information on these arrangements, see Part II, Item 8: Note 8 to the Consolidated Financial Statements. We believe that the properties we lease from these affiliates are, in the aggregate, leased at market rates and are suitable for their purposes and adequate to meet our needs.

Annual Report

Insurance

We provide group medical and dental insurance benefits to a substantial portion of our employees and we purchase insurance to cover the entire portion of such risks and maintain no deductible under the purchased insurance policies. In view of historical inflation that has affected the cost of group health insurance in the United States, we generally expect such costs to continue to increase in the future, despite recently enacted federal legislation, and we expect to attempt to offset such cost increases through a combination of price increases to our customers and additional cost-sharing with our employees.

We purchase insurance for workers' compensation claims up to the statutory limits required by the respective states in which we operate, and as required by employment laws in Mexico and Canada. We believe our insurance coverage for such risks is comparable in terms of coverage and amount to other companies in our industry, and the absence of deductibles on our automobile and workers' compensation insurance policies improves predictability in our costs.

Our customers and federal regulations generally require that we provide insurance for auto liability and general liability claims up to $1.0 million per occurrence. Accordingly, in the United States, we purchase such insurance from a licensed casualty insurance carrier providing a minimum $1.0 million of coverage for individual auto liability and general liability claims. The carrier is a related party. We are self-insured for auto and general liability claims above $1.0 million. 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. These financial reserves are periodically evaluated and adjusted to reflect estimated exposures related to our open auto liability and general liability claims. In Mexico, our operations and investment in equipment are insured through an internationally recognized third-party insurance underwriter.

Unless required by specific customer contracts, we typically self-insure for the risk of motor cargo liability claims associated with transportation service and for material handling claims resulting from our warehouse-based, value-added services operations. Accordingly, we establish financial reserves for anticipated losses and expenses related to motor cargo liability and material handling claims, and such reserves are periodically evaluated and adjusted to reflect our experience.

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.

Insurance carriers have been raising premiums in recent years, including to transportation and logistics services companies. As a result, our future insurance costs could increase as a result of higher premiums, which could necessitate that we reduce our insurance coverage by assuming additional levels of risk with assumption of policy deductibles when our policies are renewed. We believe the ability of our labor relations group, together with our safety and loss prevention programs, will continue to help us manage our group benefit, casualty insurance, and motor cargo liability and material handling claims costs.

Corporate Services

We oversee most administrative functions related to our operations at our corporate headquarters in Warren, Michigan. The administrative functions undertaken at our corporate headquarters are primarily focused on providing support to our agents and operating subsidiaries, such as creating work instructions for various operations at each facility, supervising strategic planning, accounting, billing and collections functions, contractor settlements, purchasing, coordinating the management information systems used by our various facilities, and performing compliance, licensing, safety and risk management functions. We also provide support to various operating subsidiaries using sophisticated, site-specific material management systems and vehicle tracking systems.

Information Technology

The advanced functionality of our proprietary and third-party information technology platform is a critical component of our broad service offering and exceptional customer service, including our ability to provide real-time responses to quality issues. Our multifaceted software tools and hardware platforms support seamless integration with the IT networks of our customers and vendors via electronic data exchange systems, thereby enhancing our relationships and our ability to effectively communicate with our customers and vendors. Our tools and platforms provide real-time, web-based visibility into the supply chain of our customers.

Our, proprietary Warehouse Management System (WMS) is customized to meet the needs of individual customers. It provides the ability to send our customers an advance shipping notice through a simple, web-based interface that can be used by a broad variety of vendors. Once a product is received at our warehouse, labels are scanned, validated against the original data the vendor entered into the web-based interface, and placed into inventory. An electronic material release instruction from the customer draws the product from the inventory and creates a bill of lading, and a wireless scan of the product into a specific trailer automatically decreases stock level. This enables the company to clearly identify and communicate to the customer any vendor-related problems that may cause delays to the production line.

Our cross-dock and container return management applications automate the cycle of material receipt and empty container return. Vendor material is received at our dock via established transportation “milk runs,” wirelessly scanned at each step of the cross-dock process, and delivered into the customer facility for a “just-in-time” installation. At this point in the workflow, a previously delivered batch of containers (now empty) are recovered, processed and returned to the cross-dock for ultimate return to the original vendor.

Our proprietary and third-party transportation management system allows full operational control and visibility from dispatch to delivery, and from invoicing to receivables collections. For our employee drivers, the system provides automated dispatch to hand-held devices, satellite tracking for quality control and electronic status broadcasts to customers when requested. Our international and domestic air freight and ocean forwarding services use similar systems with added functionalities for managing air and ocean freight transportation requirements. Regulatory requirements for national security compliance are built into our system. All of the above systems have customer-oriented web interfaces that allow for full shipment tracking and visibility, as well as for customer shipment input. We also provide systems that allow agents to list pending freight shipments and owner-operators with available capacity, and track particular shipments at various points in the shipping route.

The network supporting these tools is built upon multiple layers of redundancy to ensure continuous, uninterrupted freight movement and handling operations. All time-sensitive operations have redundant data circuits, dual servers with data backup, battery backup devices to support all network equipment, and generators to support long-term outages. We believe that these tools improve our services and quality controls, strengthen our relationships with our customers, and enhance our value proposition. 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 financial results.

Competitive Environment

The transportation and logistics service industry is highly competitive and extremely fragmented. We compete based on quality and reliability of service, price, breadth of logistics solution, and IT capabilities. We believe that the companies best positioned to succeed in our industry must be able to provide their customers with integrated supply chain solutions that are international in scope and scale. We compete with asset and non-asset based truckload and less-than-truckload carriers, intermodal transportation, logistics providers and, in some aspects of our business, railroads. We also compete with other motor carriers for owner-operators and agents.

Our customers may choose not to outsource their logistics operations and, rather, to retain or restore such activities as their own, internal operations. In our largest vertical market, the automotive industry, we compete more frequently with a relatively small number of privately-owned firms or with subsidiaries of large public companies. These vendors have the scope and capabilities to provide the breadth of services required by the large and complex supply chains of automotive original equipment manufacturers.

We also encounter competition from regional and local third-party logistics providers, integrated transportation companies that operate their own aircraft, cargo sales agents and brokers, surface freight forwarders and carriers, airlines, associations of shippers organized to consolidate their members' shipments to obtain lower freight rates, and internet-based freight exchanges. In addition, computer information and consulting firms, which traditionally operated outside of the supply chain management industry, have been expanding the scope of their services to include supply chain related activities. We believe it is becoming increasingly difficult for smaller or regional competitors or providers with a more limited service solutions or information technology offering to compete, which we expect to result in further industry consolidation.

Government Regulation

Our operations are regulated and licensed by various U.S. federal and state agencies, as well as comparable agencies in Mexico and Canada. Interstate motor carrier operations are subject to the broad regulatory powers, to include safety and insurance requirements, prescribed by the Federal Motor Carrier Safety Administration (FMCSA), which is an agency of the U.S. Department of Transportation (DOT). Such matters as weight and equipment dimensions also are subject to United States federal and state regulation. We operate in the United States, throughout the regions we serve, under operating authority granted by the DOT. We are also subject to regulations relating to testing and specifications of transportation equipment and product handling requirements. In addition, our drivers and owner-operators must have a commercial driver's license and comply with safety and fitness regulations promulgated by the FMCSA, including those relating to drug and alcohol testing.

In December 2011, the FMCSA published new final hours-of-service (HOS) rules, which they believe comply with a court-imposed settlement agreement, allowing commercial motor carrier drivers to continue to drive up to 11 hours within a 14-hour workday and mandate at least 10 consecutive off-duty hours between workdays. The rules also allow drivers to continue to restart their calculations of weekly on-duty time limits after having at least 34 consecutive hours off-duty. The rules include changes to the definition of "on-duty" time in a parked vehicle and a second set of changes effective July 2013 include (1) requiring a driver to take a 30 minute "off-duty" break within the first eight hours of driving and (2) limits a driver "restart" to once a week. Advocacy groups continue to challenge HOS regulations. The Company believes the FMCSA also still favors a 10-hour driving limit, which would yield a loss of 1-hour of service from current standards.

In December 2010, the FMCSA also initiated its Compliance Safety Accountability (CSA) initiative (formerly Comprehensive Safety Analysis 2010). The CSA system fundamentally changes the safety evaluation process for all motor carriers and includes a scope of enforcement to the driver level to make driver safety performance history more transparent to law enforcement and motor carriers.

We are also preparing for an anticipated change in the manner in which commercial drivers will be required to document their HOS. In April 2010, the FMCSA published a regulation that would require interstate carriers, with documented patterns of HOS violations, to install electronic on-board recorders (EOBR) in their vehicles. EOBRs are devices attached to a vehicle that automatically record the number of hours a driver spends operating the vehicle. The current system is a manual log system. The ruling was challenged in Federal Court and was withdrawn by FMSCA, as the ruling did not protect drivers from possible harassment from the carrier. The FMCSA is working on a new proposed rulemaking to mandate the use of Electronic Log Devices (ELDs) in most motor vehicles governed by FMCSA regulations. This rulemaking is due to be published in the spring of 2014, allow for input from all transportation stakeholders and should have implementation projected for some time in 2015.

Our international operations, which include facilities in Mexico and Canada and transportation shipments managed by our specialized service operations, are impacted by a wide variety of U.S. government regulations and applicable international treaties. These include regulations of the U.S. Department of State, U.S. Department of Commerce, and the U.S. Department of Treasury. Regulations cover specific commodities, destinations and end-users. A certain portion of our specialized services operations is engaged in the arrangement of imported and exported freight. As such, we are subject to U.S. Customs regulations, which include significant notice and registration requirements. In various Canadian provinces, we operate transportation services under authority granted by the Ministries of Transportation and Communications.

Transportation-related regulations are greatly affected by U.S. national security legislation and related regulations. We believe we are in substantial compliance with applicable material regulations and that the costs of regulatory compliance are an ordinary operating cost of our business.

Environmental

We are subject to various environmental laws and regulations applicable to the transportation industry and to operators of large facilities. Our operations can be subject to the risk of fuel spillage and any resultant environmental damage. If we are involved in a fuel spill or other accident involving hazardous substances or if we have been in violation of any such laws and regulations, we could be subject to substantial fines or penalties and to criminal and civil liability. We maintain applicable licenses required to transport and hold certain hazardous materials in the course of providing transportation services for our customers' commodities.

Environmental laws and regulations, including those concerning the discharge of pollutants into the air and water, the handling, transport and disposal of, or exposure to, hazardous materials and wastes, the investigation and remediation of property contamination, and other aspects of environmental protection, are in effect wherever we operate and subject to frequent reinterpretation. As a low-level waste emitter, our current operations do not involve material costs to comply with such laws and regulations, and they have not given rise to, nor are they 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. These claims have not resulted in a material liability to us. However, additional environmental claims, including those relating to any of our former operations, could arise and result in significant losses.

The transportation industry is one of the largest sources of "greenhouse gas" emissions. National and international laws and initiatives to reduce and mitigate the asserted effects of such emissions could significantly impact transportation modes and the economics of the transportation industry. Absent mitigating technologies or government policies, future environmental laws in this area could adversely affect our operating costs, business practices, and results of operations.

Seasonality

Generally, demand for our value-added services delivered to existing customers increases during the second calendar quarter of each year as a result of the automotive industry's spring selling season and decreases during the third quarter of each year due to the impact of scheduled OEM customer plant shutdowns in July for vacations and changeovers in production lines for new model years. Our value-added services business is also impacted in the fourth quarter by plant shutdowns during the December holiday period.

Additionally, our transportation services business, excluding dedicated transportation tied to specific customer supply chains, is generally impacted by decreased activity during the post-holiday winter season and, in certain states during hurricane season, because some shippers reduce their shipments and inclement weather impedes trucking operations or underlying customer demand.

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 (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 rely extensively on owner-operators to provide transportation services to our customers. Continued reliance 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 frequently carried out by owner-operators who are generally responsible for paying for their own equipment, fuel and other operating costs. In addition, our owner-operators provide a substantial portion of the tractors 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;
- increases in insurance costs; and
- effects of some states and trade unions to classify owner-operators as employees.

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. 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, 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, depreciation, interest, and/or equipment rental expenses. The financial return on our assets would decline and we would be exposed to the risks associated with implementing a different business model.

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. 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 rely on subcontractors or suppliers to perform their contractual obligations.

Some of our contracts involve subcontracts with other companies upon which we rely to perform a portion of the services we must provide to our customers. There is a risk that we may have disputes with our subcontractors, including disputes regarding the quality and timeliness of their work or to customer concerns about a subcontractor. Failure by our subcontractors to perform the agreed-upon services or to provide on a timely basis the agreed-upon supplies may materially and adversely impact our ability to perform our obligations. A delay in our ability to obtain components and equipment parts from our suppliers may affect our ability to meet our customers' needs, which could materially and adversely affect our financial condition and results of operations.

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 workers compensation and general liability insurance with licensed insurance carriers. We also maintain auto liability insurance up to a limit of $1,000,000 per occurrence. We are self-insured for all claims in excess of these limits and for all cargo, material handling 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. 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.

We expect our insurance and claims expense will 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 we decide to increase our insurance coverage in the future, our costs would be expected to further increase. A significant increase in insurance costs could materially and adversely affect our financial condition and results of operations.

Our current or future levels of indebtedness and our debt service obligations could harm our ability to operate our business, remain in compliance with debt covenants and make payments on our debt.

On December 19, 2013, we entered into a second amendment to our secured credit agreement in connection with the acquisition of Westport USA Holding, LLC which allows borrowings totaling up to $300.0 million. At December 31, 2013, $237.5 million is borrowed under the credit agreement. As a result of our recent acquisitions, we are leveraged and have significant debt service obligations. Our expected level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay when due the principal of, interest on or other amounts due in respect of such indebtedness. In addition, we may incur additional debt from time to time to finance strategic acquisitions, investments, joint ventures or for other purposes, subject to the restrictions contained in the documents that will be governing our indebtedness. If we incur additional debt, the risks associated with our leverage, including our ability to service our debt, would increase.

Our debt could have other important consequences, which include, but are not limited to, the following:

- a substantial portion of our cash flow from operations could be required to pay principal and interest on our debt;
- our interest expense could increase if interest rates increase because the loans under our credit agreement would generally bear interest at floating rates;
- our leverage could increase our vulnerability to general economic downturns and adverse competitive and industry conditions, placing us at a disadvantage compared to those of our competitors that are less leveraged;
- our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business and in the commercial real estate services industry;
- our failure to comply with the financial and other restrictive covenants in the documents governing our indebtedness could result in an event of default that, if not cured or waived, results in foreclosure on substantially all of our assets; and
- our level of debt may restrict us from raising additional financing on satisfactory terms to fund strategic acquisitions, investments, joint ventures and other general corporate requirements.

We cannot be certain that our earnings will be sufficient to allow us to pay principal and interest on our debt and meet our other obligations. If we do not have sufficient earnings, we may be required to seek to refinance all or part of our then existing debt, sell assets, borrow more money or sell more securities, none of which we can guarantee that we will be able to do and which, if accomplished, may adversely affect us.

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 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 industry 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 the highly competitive and fragmented transportation and logistics 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 and logistics companies of varying sizes, 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 rates to gain business, especially during times of reduced growth rates in the economy, which may limit our ability to maintain or increase 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;
- some companies hire lead logistics providers to manage their logistics operations, and these lead logistics providers may hire logistics providers on a non-neutral basis which may reduce the number of business opportunities available to us;
- many customers periodically accept bids from multiple carriers and providers for their shipping and logistic service needs, and this process may result in the loss of some of our business to competitors and/or price reductions;
- the trend toward consolidation in the trucking and third-party logistics industries may create other large providers 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 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;
- economies of scale that may be passed on to smaller providers by procurement aggregation providers may improve the ability of smaller providers to compete with us;
- some areas of our service coverage requires trucks with engines no older than 2010 in order to comply with environmental rules; and
- an inability to continue to access capital markets to finance equipment acquisition could put us at a competitive disadvantage.

Any decrease in demand for outsourced services in the industries we serve could reduce our revenue and seriously harm our business.

Our growth strategy is partially based on the assumption that the trend towards outsourcing logistics services will continue despite potentially adverse economic trends affecting our customers. Declines in sales volumes in the industries we serve may lead to a declining demand for logistics services.

Production volumes of our customers are sensitive to consumer demand as well as employee and labor relations. Declines in sales volumes, or the expectation of declines, could result in production cutbacks and unplanned plant shutdowns. Likewise, potential customers may see a risk, based on labor relations issues or other factors, in relying on third-party logistics service providers or may define these activities as their own core competencies and may seek means to deploy excess labor or other resources, and hence may prefer to perform logistics operations themselves. We therefore cannot assure you that the market for logistics services will not decline or will grow as we expect.

Other developments may also lead to a decline in the demand for our services by our customers. For example, consolidation or acquisitions, particularly involving our customers, may decrease the potential number of buyers of our services. Similarly, the relocation or expansion of our customers' production operations in locations where we do not have an established presence, or where our competitive position is not as strong, may adversely affect our business, even if production increases worldwide, if we are not able to effectively service these customers in such locations. Any significant reduction in or the elimination of the use of the services we provide would result in reduced revenue and harm our business.

Many of our customers experience rapid changes in their prospects, substantial price competition and pressure on their profitability. Although such pressures can encourage outsourcing as a cost-reduction measure, they may also result in increasing pressure on us from our customers to lower our prices, which could negatively affect our business, results of operations, financial condition and cash flows.

Our profitability could be negatively impacted by downward pricing pressure from certain of our customers.

Given the nature of our services and the competitive environment in which we operate, our largest customers exert downward pricing pressure and often require modifications to our standard commercial terms. Due to their size and market concentration, some of our customers utilize competitive bidding procedures involving bids from a number of competitors or otherwise exert pressure on our prices and margins. Likewise, such customers' increased bargaining power could have a negative effect on the non-monetary terms of our customer contracts, for example, in relation to the allocation of risk or the terms of payment. While we believe our ongoing cost reduction initiatives have helped mitigate the effect of price reduction pressures from our customers, there is no assurance that we will be able to maintain or improve our current levels of profitability.

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 $3.82 per gallon to $4.16 per gallon in 2013, compared with $3.65 per gallon to $4.15 per gallon in 2012. 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 transportation companies and third-party providers of logistic services that meet our acquisition criteria. Our growth plans are highly dependent upon being able to make strategic acquisitions. 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 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 and our ability to retain or recruit owner-operators.

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.

In December 2011, the FMCSA published new final hours-of-service (HOS) rules, which they believe comply with a court imposed settlement agreement, allowing commercial motor carrier drivers to continue to drive up to 11 hours within a 14-hour workday and mandate at least 10 consecutive off-duty hours between workdays. The rule also allows drivers to continue to restart their calculations of weekly on-duty time limits after having at least 34 consecutive hours off-duty. We believe the FMCSA still favors a 10-hour driving limit, which would yield a loss of 1-hour of service from current standards, but they currently have insufficient research data to support such a change.

In December 2010, the FMCSA also initiated its Compliance Safety Accountability (CSA) initiative (formerly Comprehensive Safety Analysis 2010). The CSA system fundamentally changes the safety evaluation process for all motor carriers and includes a scope of enforcement to the driver/owner-operator level to make safety performance history more transparent to law enforcement and motor carriers. We believe the intent is to improve regulatory oversight of motor carriers and drivers.

We are also preparing for an anticipated change in the manner in which commercial drivers will be required to document their HOS. In April 2010, the FMCSA published a regulation that would require interstate carriers, with documented patterns of HOS violations, to install electronic on-board recorders (EOBR) in their vehicles. EOBRs are devices attached to a vehicle that automatically record the number of hours a driver spends operating the vehicle. The current system is a manual log system The FMCSA is working on a new proposed rulemaking to mandate the use of Electronic Log Devices (ELDs) in most motor vehicles governed by FMCSA regulations. This rulemaking is due to be published in the spring of 2014, will allow for input from all transportation stakeholders and should have implementation projected for some time in 2015.

Advocacy groups may continue to challenge the final rulings of the FMCSA, 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. In addition, compliance with current and future environmental laws and regulations, such as those relating to carbon emissions and the effects of global warming, can be expected to have a significant impact on our transportation services and could adversely affect our business and results of operations.

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 transportation services 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.

Our business may be disrupted by natural disasters causing supply chain disruptions.

Natural disasters such as earthquakes, tsunamis, hurricanes, tornadoes, floods or other adverse weather and climate conditions, whether occurring in the United States or abroad, could disrupt our operations or the operations of our customers and could damage or destroy infrastructure necessary to transport products as part of the supply chain. These events could make it difficult or impossible for us to provide logistics and transportation services, disrupt or prevent our ability to perform functions at the corporate level, and/or otherwise impede our ability to continue business operations in a continuous manner consistent with the level and extent of business activities prior to the occurrence of the unexpected event, which could adversely affect our business and results of operations.

We are dependent on access to transportation networks.

We do not maintain all of our own transportation networks, and we rely on other third-party transportation service providers for some of our logistics services. Access to competitive transportation networks is important to logistics companies such as ourselves. We cannot assure you that we will always be able to ensure access to preferred third-party networks or that these networks will continue to meet our needs and allow us to remain competitive, in particular as compared with our large competitors with their own affiliated networks. If we are unable to ensure sufficient access to the most competitive domestic and international networks on a long-term basis, this could have a material adverse effect on our business and net sales, and the related operating results and operating cash flows.

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

Federal, state and municipal authorities continue to implement and 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. Our international operations in Mexico and Canada may be affected significantly if there are any disruptions or closures of border traffic due to security measures. 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 a portion of our business 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.

Our intermodal business could be adversely affected by a decrease in the volume of international shipments.

A portion of our business comes from the intermodal segment of the transportation 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.

Cyclicality and seasonality in our business and the impact of weather could adversely affect our quarterly operating results.

Our revenues and profitability are impacted by industrial demand. Most notably, our value-added services and dedicated transportation services, which comprise a significant component of our profitability, are somewhat dependent upon North American automotive sales and the vehicle production schedules of our customers. The automotive market and other industrial markets are cyclical and depend on general economic conditions, interest rates and consumer spending patterns. These markets also have seasonal characteristics. Generally, demand for our value-added services delivered to existing customers increases during the second calendar quarter of each year as a result of the automotive industry's spring selling season and decreases during the third quarter of each year due to the impact of scheduled OEM customer plant shutdowns in July for vacations and changeovers in production lines for new model years. Our value-added services business is also impacted in the fourth quarter by plant shutdowns during the December holiday period.

Additionally, our transportation services business, excluding dedicated transportation tied to specific customer supply chains, is generally impacted by decreased activity during the post-holiday winter season and, in certain states during hurricane season, because some shippers reduce their shipments and inclement weather impedes trucking operations or underlying customer demand.

The impact of these seasonal and cyclical effects on our operating results has historically and in the future may be ameliorated or exacerbated by the timing of the launch of new value-added projects or other customer relationships, or the termination of existing customer projects or relationships. All of these factors could materially and adversely affect our future quarterly operating results.

Our operations in Mexico and Canada make us vulnerable to risks associated with doing business in foreign countries.

As a result of our existing operations in Mexico and Canada, an increasing portion of our revenue and expenses are expected to be denominated in currencies other than U.S. dollars. International operations are subject to certain risks inherent in doing business abroad, including:

- exposure to local economic and political conditions;
- foreign exchange rate fluctuations and currency controls;
- withholding and other taxes on remittances and other payments by subsidiaries;
- investment restrictions or requirements; and
- export and import restrictions.

Expanding our business in Mexico and Canada, and developing business relationships with manufacturers in such jurisdictions are important strategic elements. As a result, exposure to the risks described above may be greater in the future. The likelihood of such risks and their potential effect on us may vary from country to country and are unpredictable. However, any such occurrences could materially and adversely affect our financial condition and results of operations.

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

We hold equity securities 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 2009, we recorded pre-tax other-than-temporary impairment charges of $1.3 million for marketable equity securities classified as available-for-sale. There have been no such charges since 2009. However, we may incur future impairment charges if declines in market values continue or worsen and impairments are no longer considered temporary.

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 may be allocated to goodwill and other identifiable intangible assets. Goodwill represents the excess purchase price over the fair value of assets acquired in connection with our acquisitions. At December 31, 2013, our goodwill and other identifiable intangible assets were approximately $137.4 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 for impairment during the third fiscal quarter of each year. As a result of our impairment analysis, we have concluded that no impairment charge was necessary for the year ended December 31, 2013. However, 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.

Any disputes that arise between us and CenTra, an entity controlled by our majority shareholders, with respect to our past and ongoing relationships could harm our business operations.

Disputes may arise between CenTra, an entity controlled by our majority shareholders, 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 and with other affiliates controlled by our majority shareholders may be amended upon agreement between the parties.

Our revenue is somewhat dependent on North American automotive industry production volume, and may be negatively affected by future downturns in North American automobile production.

A significant portion of our larger customers are concentrated in the North American automotive industry. For the fiscal year ended December 31, 2013, 34% of our operating revenues were derived from customers in the North American automotive industry. Our business and growth largely depend on continued demand for its services from customers in this industry.

The global economic crisis that began in 2008 resulted in delayed and reduced purchases of automobiles. According to CSM Worldwide, light vehicle production in North America during 2009 decreased by 32% compared to 2008. As a result of plant closings and the general downturn in North American automobile production, the revenue we derive from customers in the North American automotive industry decreased from $303.4 million for the year ended December 31, 2007, to $168.5 million for the year ended December 31, 2009, a decline of more than 44%. Throughout the period 2008 to 2009, we experienced significant variability in our revenues from automotive industry customers, as General Motors and Chrysler restructured through bankruptcies, and other North American manufacturers re-scaled their operations to adjust to changing market demands.

These unprecedented conditions negatively impacted revenues in 2008 and 2009. Any future downturns in North American automobile production, which also impacts our steel and metals customers, may similarly affect revenues in future periods.

Our business derives a large portion of revenue from a few major customers, and the loss of any one or more of them as customers, or a reduction in their operations, could have a material adverse effect on our business.

A large portion of our revenue is generated from a limited number of major customers concentrated in the automotive, steel and metals, and energy industries. Our top 10 customers accounted for approximately 41.1% of our operating revenues for the year ended December 31, 2013. Our contracts with customers generally contain cancellation clauses, and there can be no assurance that these customers will continue to utilize our services or that they will continue at the same levels. Further, there can be no assurance that these customers will not be further affected by a future downturn in demand, which would result in a reduction in their operations and corresponding need for our services. Moreover, our customers may individually lose market share, apart from general economic trends. If our major customers lose U.S. market share they may have less need for services. A reduction in or termination of services by one or more of its major customers could have a material adverse effect on its business and results of operations.

Customer manufacturing plant closures could have a material effect on our performance.

We derive a substantial portion of our revenue from the operation and management of operating facilities, which are often located adjacent to a customer's manufacturing plant and are directly integrated into the customer's production line process. We may experience significant revenue loss and shut-down costs, including costs related to early termination of leases, causing our business to suffer if customers closed their plants or significantly modified their capacity or supply chains at a plant that we service.

In 2008 and 2009, we discontinued and closed operations at five locations in response to our customers closing their related manufacturing plants and recorded aggregate net shut-down charges of $4.8 million as a result of those closings. In December 2011, seven months after launching five new freight consolidation centers in Europe for the European subsidiary of a Tier I automotive supplier, we discontinued and closed the centers and recorded net shut-down charges of $0.9 million as a result of these closings. Our action was the result of lower-than-anticipated volumes through our customer's European supply chain and the subsequent decision by our customer's European subsidiary to substantially alter their overall approach to freight transportation. Although we do not currently operate any facilities linked to other announced plant closures, there can be no assurance that it will not be impacted by any future announcements of plant closures.

If our customers are able to reduce their total cost structure regarding their employees that provide internal logistics and transportation services, our business and results of operations may be harmed.

A major driver for customers to use third-party logistics providers instead of their own personnel is their inherent high cost of labor. Third-party logistics service providers such as us are generally able to provide such services more efficiently than otherwise could be provided "in-house" primarily as a result of our lower and more flexible employee cost structure. Historically, this has been the case in the U.S. automotive industry. If, however, the U.S. automotive industry, which has received concessions from the United Auto Worker and other unions, or any other industry we serve, is able to renegotiate the terms of its labor contracts or otherwise reduce its total cost structure regarding its employees, or if it has to make concessions as a result of pressure from the unions with which it deals, we may not be able to provide our customers with an attractive alternative for their logistics needs and our business and results of operations may be harmed.

We face a variety of risks relating to its material handling services.

For certain value-added material handling services, we lease warehouses and distribution facilities on a long-term basis. In one situation, we also assumed employment arrangements from a customer. Such actions may require substantial investments in property, plant and equipment, personnel and management capacity. If we acquire or take over existing facilities of a customer or a competing provider, we may in some jurisdictions assume by operation of law all rights and obligations arising under the existing employment relationships between our customer or the competing provider and the employees employed at such facilities. This may result in additional costs and obligations to be incurred by us, such as wages and employee benefits, which may include severance or other employment-related obligations.

We commit facilities, labor and equipment on the basis of projections of future demand, and our projections may prove inaccurate as a result of changes to economic conditions or a decision by our customers to terminate or not to renew their contracts with us. We generally strive to minimize these risks for its dedicated warehouses and other assets by negotiating coterminous lease agreements, which have the same duration as that of the assets deployed to service the contract. Where we take assignment of existing employment relationships, we typically seek indemnities for employee service liabilities from the previous employer. Our revenue, cash flows and results of operations may be adversely affected if we are unable to secure terms coterminous with our customer commitments or to be indemnified for employee service liabilities. This could result in an impairment of assets and adversely affect our cash flow.

Under some of our third-party logistics agreements, we have agreed to reduce our prices over time in accordance with anticipated cost savings and efficiency improvements. If we are compelled to perform our contractual obligations on unfavorable terms (including when such anticipated cost savings and improvements are not realized), our results of operations could be adversely affected.

Our customers may terminate contracts before completion or choose not to renew contracts, which could adversely affect our business and reduce our revenue.

The terms of our customer contracts, particularly for value-added services, often range up to five years. Many of our customer contracts may be terminated by such customers with or without cause, with one to six months' notice and in most cases without significant penalty. The termination of a substantial percentage of these contracts could adversely affect our business and reduce our revenue. Failure to meet contractual or performance requirements could result in cancellation or non-renewal of a contract. In addition, a contract termination or significant reduction in work assigned to us by a major customer could cause us to experience a higher than expected number of unassigned employees or other underutilized resources, which would reduce our operating margin until we are able to reduce or reallocate headcount or other overcapacity. We may not be able to replace any customer that elects to terminate or not renew its contract, which would adversely affect our business and revenues.

Our business is highly dependent on dynamic information technology.

The provision and application of information technology is an important competitive factor in the logistics industry. Among other things, our information systems must frequently interact with those of our customers and transportation providers. Our future success will depend on our ability to employ logistics software that meets industry standards and customer demands. Although there are redundancy systems and procedures in place, the failure of the hardware or software that supports our information technology systems could significantly disrupt client workflows and cause economic losses for which we could be held liable and which would damage our reputation.

We expect customers to continue to demand more sophisticated and fully integrated information technology systems from their logistics providers, which are compatible with their own information technology environment. In addition, our competitors may have or develop information technology systems that permit them to be more cost effective and otherwise better situated to meet customer demands than we are able to develop. Larger competitors may be able to develop or license information technology systems more cost effectively than we can by spreading the cost across a larger customer base, and competitors with greater financial resources may be able to develop or purchase information technology systems that we cannot afford. If we fail to meet the demands of our customers or protect against disruptions of both our and our customers' operations, we may lose customers, which could seriously harm our business and adversely affect our operating results and operating cash flow.

We license a variety of software that is used in our information technology system. As a result, the success and functionality of our information technology is dependent upon our ability to continue to license the software platforms upon which it is built. There can be no assurances that we will be able to maintain these licenses or replace the functionality provided by this software on commercially reasonable terms or at all.

Additionally, while we are not aware of any pending infringement matters and we believe that we have all necessary licenses to implement our system, we could be subject to claims of infringement in the future. The failure to maintain these licenses or any significant delay in the replacement of, or interference in, our use of this software or any claims of infringement, even those without merit, could have a material adverse effect on our business, financial condition and results of operations.

A significant labor dispute involving us or one or more of our customers, or that could otherwise affect our operations, could reduce our revenues and harm our profitability.

A substantial number of our employees and of the employees of our largest customers are members of industrial trade unions and are employed under the terms of collective bargaining agreements. Each of our unionized facilities has a separate agreement with the union that represents the workers at only that facility. Labor disputes involving either us or our customers could affect our operations. If the UAW and our automotive customers and their suppliers are unable to negotiate new contracts and our customers' plants experience slowdowns or closures as a result, our revenue and profitability could be negatively impacted. A labor dispute involving another supplier to our customers that results in a slowdown or closure of our customers' plants to which we provide services could also have a material adverse effect on our business. Significant increases in labor costs as a result of the renegotiation of collective bargaining agreements could also be harmful to our business and our profitability. As of December 31, 2013, 1,774 of our 4,339 employees are subject to collective bargaining agreements, none of which are subject to contracts that expire in 2014.

In addition, strikes, work stoppages and slowdowns by our employees may affect our ability to meet our customers' needs, and customers may do more business with competitors if they believe that such actions may adversely affect our ability to provide service. We may face permanent loss of customers if we are unable to provide uninterrupted service. The terms of our future collective bargaining agreements also may affect our competitive position and results of operations.

If we are unable to enter new business industries or segments successfully, our future growth prospects could suffer.

Our growth strategy requires us to enter into geographic or business markets in which we have little or no prior experience. In addition to the risks inherent in entering new markets or lines of business, our success in entering such new markets or businesses may be dependent on our ability to create new and appropriate business models. There can be no assurance that we will be able to develop successful business models that can adapt to new lines of businesses in which we have little or no experience.

Product recalls or isolated product liability claims may negatively impact our business, financial condition, results of operations and cash flows.

Recalls may result in decreased production levels due to (i) the manufacturer focusing its efforts on addressing the problems underlying the recall, as opposed to generating new sales volume, and (ii) consumers' electing not to purchase automobiles manufactured by manufacturers initiating the recall, or by automotive companies in general, while such recalls persist. Any reductions in the production volumes of our customers could have a material adverse impact on our business, financial condition and results of operations.

We provide sub-assembly services for certain customers in the United States and Mexico. In the ordinary course of operations, we manage charge-backs for non-conforming goods or service failure claims. To the extent that product recalls or isolated product liability claims are caused by or involve components we have sub-assembled, we may be subject to risk of loss or other damage claims in connection with such sub-assembly services. We are not involved in the design, development or specification of any components. Our customers purchase all components and also specify sub-assembly processes and related equipment. We do warrant that items assembled by us will be fit and sufficient for the particular purpose intended by our customer and will, in particular, achieve specific testing, assembly and data capture criteria established by our customer for the sub-assembly process, based on detailed interim and final testing. If we do not expressly modify or exclude language appearing in the general terms and conditions attached to its major customers' purchase orders, such losses or claims could have a material adverse impact on our business, financial condition, results of operations and cash flows.

Because Matthew T. Moroun and Manuel J. Moroun hold a controlling interest in us, the influence of our public shareholders over significant corporate actions is limited, and we are not subject to certain corporate governance standards that apply to other publicly traded companies.

As of December 31, 2013, Matthew T. Moroun, the Chairman of our Board of Directors, Manuel J. Moroun, a member of our Board of Directors, and trusts controlled by Manuel J. Moroun and Matthew T. Moroun, together own approximately 77.8% of our outstanding common stock. As a result, the Moroun family has the power to:

- control all matters submitted to our shareholders;
- elect our directors;
- adopt, extend or remove any anti-takeover provisions that are available to us; and
- exercise control over our business, policies and affairs.

This concentration of ownership could limit the price that some investors might be willing to pay for shares of our common stock, and our ability to engage in significant transactions, such as a merger, acquisition or liquidation, will require the consent of the Moroun family. Conflicts of interest could arise between us and the Moroun family, and any conflict of interest may be resolved in a manner that does not favor us. Accordingly, the Moroun family could cause us to enter into transactions or agreements of which our other shareholders would not approve or make decisions with which they may disagree. Because of the Morouns' level of ownership, we have elected to be treated as a controlled company in accordance with the rules of the NASDAQ Stock Market. Accordingly, we are not required to comply with NASDAQ Stock Market rules which would otherwise require a majority of our board to be comprised of independent directors and require our board to have a compensation committee and a nominating and corporate governance committee comprised of independent directors.

The Moroun family may continue to retain control of us for the foreseeable future and may decide not to enter into a transaction in which shareholders would receive consideration for our common stock that is much higher than the then-current market price of our common stock. In addition, the Moroun family could elect to sell a controlling interest in us to a third-party and our other shareholders may not be able to participate in such transaction or, if they are able to participate in such a transaction, such shareholders may receive less than the then current fair market value of their shares. Any decision regarding their ownership of us that the Moroun family may make at some future time will be in their absolute discretion, subject to applicable laws and fiduciary duties.

Sales of our common shares by the Moroun family or issuances by us in connection with future acquisitions or otherwise could cause the price of our common stock to decline or may dilute your ownership in us.

If the Moroun family sells a substantial number of shares of our common stock in the future, the market price of our common stock could decline. A perception among investors that these sales may occur could produce the same effect. The Moroun family has rights to require us to include shares of common stock owned by them in registration statements that we may file. By exercising their registration rights and selling a large number of shares of common stock, the Moroun family could cause the price of our common stock to decline. Furthermore, the inclusion of shares of common stock held by the Moroun family in a registration statement initiated by us could impair our ability to raise needed capital by depressing the price at which we could sell our common stock.

One component of our business strategy is to make acquisitions. In the event of any future acquisitions, we could issue additional shares of common stock, which would have the effect of diluting your percentage ownership of our common stock and could cause the price of our common stock to decline.

In addition, we could decide to issue common stock in connection with capital raising efforts or otherwise. Issuances of substantial amounts of shares of our common stock in the public market, or the perception that those sales will occur, could cause the market price of our common stock to decline or be depressed.

Our stock trading volume may not provide adequate liquidity for investors.

Although shares of our common stock are traded on the NASDAQ Global Select Market, the average daily trading volume in our common stock is less than that of other larger transportation and logistics companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of a sufficient number of willing buyers and sellers of the common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Given the daily average trading volume of our common stock, significant sales of the common stock in a brief period of time, or the expectation of these sales, could cause a decline in the price of our common stock. Additionally, low trading volumes may limit a shareholder's ability to sell shares of our common stock.

Our ability to pay regular dividends on our common stock is subject to the discretion of our Board of Directors and will depend on, among other things, our financial condition, results of operations, capital requirements, any covenants included in our credit facilities any legal or contractual restrictions on the payment of dividends and other factors the Board of Directors deem relevant.

We have adopted a cash dividend policy which anticipates a total annual dividend of $0.28 per share of common stock. However, the payment of future dividends will be at the discretion of our Board of Directors and will depend, among other things, on our financial condition, results of operations, capital requirements, any covenants included in our credit facilities, any legal or contractual restrictions on the payment of dividends and other factors the Board of Directors deem relevant. As a consequence of these limitations and restrictions, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our common stock. Additionally, any change in the level of our dividends or the suspension of the payment thereof could adversely affect the market price of our common stock.

Our articles of incorporation and bylaws have, and under Michigan law are subject to, provisions that could delay, deter or prevent a change of control.

Our articles of incorporation and bylaws contain provisions that might enable our management to resist a proposed takeover of our Company. These provisions could discourage, delay or prevent a change of control of our Company or an acquisition of our Company at a price that our shareholders may find attractive. These provisions also may discourage proxy contests and make it more difficult for our shareholders to elect directors and take other corporate actions. The existence of these provisions could limit the price that investors might be willing to pay in the future for shares of our common stock. These provisions include:

- a requirement that special meetings of our shareholders may be called only by our Board of Directors, the Chairman of our Board of Directors, our Chief Executive Officer or the holders of a majority of our outstanding common stock;
- advance notice requirements for shareholder proposals and nominations; and
- the authority of our Board of Directors to issue, without shareholder approval, preferred stock with such terms as the Board of Directors may determine, including in connection with our implementation of any shareholders rights plan, or "poison pill."

In addition, certain provisions of Michigan law that apply to us could discourage, delay or prevent a change of control or acquisition of our Company.

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 and other properties in the following locations: Dearborn, Michigan; Louisville, Kentucky; Columbus, Ohio; Reading, Ohio; Latty, Ohio; Cleveland, Ohio; Gary, Indiana; Dallas, Texas; South Kearny, New Jersey; Rural Hall, North Carolina; Garden City, Georgia; Millwood, West Virginia and Memphis, Tennessee; offices in Tampa, Florida; Houston, Texas and a condominium in Monroeville, Pennsylvania. Our properties are subject to a mortgage granted to Comerica Bank, as agent for our senior lenders.

As of December 31, 2013, we also leased 81 operating, terminal and yard, and administrative facilities in various U.S. cities located in 27 states, in Milton, Ontario, and in San Luis Potosí, Mexico. We also deliver services inside or linked to 17 facilities provided by customers. Certain of our leased facilities are leased from entities controlled by our majority shareholders. These facilities are leased on either a month-to-month basis or extended terms. We believe that the properties we lease from these affiliates are, in the aggregate, leased at market rates and are suitable for their purposes and adequate to meet our needs. For more information on our lease arrangements, see Part II, Item 8: Notes 8 and 10 to the Consolidated Financial Statements.

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 or cash flows.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

Annual Report

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". The following table shows the reported high and low sales prices of our common stock for the periods indicated.

	2013		2012	
Fiscal Period	High	Low	High	Low
First Quarter	$24.90	$16.67	$19.08	$14.19
Second Quarter	$28.04	$22.65	$15.95	$12.70
Third Quarter	$28.65	$23.85	$16.57	$12.46
Fourth Quarter	$30.61	$26.17	$18.40	$14.46

The reported last sale price per share of the Common Stock as quoted through the NASDAQ Global Select Market on March 3, 2014 was $25.48 per share. As of such date we had 30,114,324 shares outstanding. The number of shareholders of record on March 3, 2014, was 12; however, we estimate that we have a significantly greater number of shareholders because a substantial number of our common shares are held at The Depository Trust & Clearing Corporation on behalf of our shareholders.

Dividends

Historically, we did not pay regular cash dividends. However, on March 16, 2012, our Board of Directors declared a special cash dividend of $1.00 per common share. Then, on July 24, 2013, our Board of Directors approved a new cash dividend policy, which anticipates a total annual dividend of $0.28 per share of common stock, payable in quarterly increments of $0.07 per share of common stock. Subsequent to the new cash dividend policy, the Board of Directors declared quarterly cash dividends of $0.07 per common share totaling $0.14 per common share during 2013. Declaration of future cash dividends, and the establishment of record and payment dates, are subject to final determination by the Board of Directors each quarter after its review of 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—Revolving Credit and Term Loan Agreement" in Item 7 of this Form 10-K.

Equity Compensation Plan Information

We maintain one stock incentive plan, the 2004 Stock Incentive Plan (the Plan). 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. For more information on the Plan, see Item 8: Note 13 to the Consolidated Financial Statements. The following table presents information related to securities issued and authorized for issuance under this plan at December 31, 2013:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
Equity compensation plans approved by security holders	106,885	$— (1)	316,880
Equity compensation plans not approved by security holders	—	$—	—
Total	106,885	$— (1)	316,880

(1) Reflects shares to be issued under restricted stock bonus awards, which do not have an exercise price. As of December 31, 2013, the Company has no outstanding options, warrants or rights that require payment of an exercise price.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

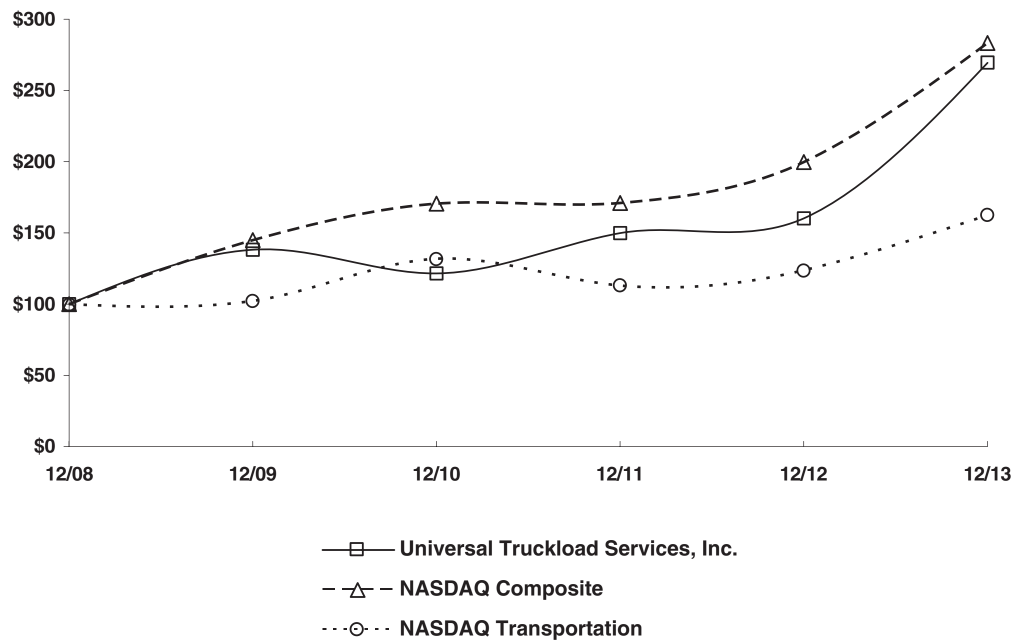
On November 6, 2007, the Company announced that it had been authorized to purchase up to 800,000 shares of its common stock from time to time in the open market. No specific expiration date has been assigned to the authorization. There were no purchases of our equity securities by or on behalf of us or any affiliated purchaser within the fourth quarter of 2013 under the announced plan. During the year ended December 31, 2013, the Company did, however, acquire 214 shares of common stock surrendered by an employee to satisfy a tax withholding obligation of approximately $6 thousand related to the vesting of restricted stock.

Performance Graph

The graph below matches Universal Truckload Services, Inc.'s cumulative 5-Year total shareholder return on common stock with the cumulative total returns of the NASDAQ Composite index and the NASDAQ Transportation index. The graph tracks the performance of a $100 investment in our common stock and in each index (with the reinvestment of all dividends) from 12/31/2008 to 12/31/2013.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Universal Truckload Services, Inc., the NASDAQ Composite Index, and the NASDAQ Transportation Index



*$100 invested on 12/31/08 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

	12/08	12/09	12/10	12/11	12/12	12/13
Universal Truckload Services, Inc.	**100.00**	**138.34**	**121.68**	**149.87**	**160.49**	**269.67**
NASDAQ Composite	**100.00**	**144.88**	**170.58**	**171.30**	**199.99**	**283.39**
NASDAQ Transportation	**100.00**	**102.37**	**131.79**	**113.27**	**123.81**	**162.78**

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. In October 2012, Universal acquired LINC Logistics Company (LINC). Universal and LINC were under common control, and as such, the financial statements of Universal have been retrospectively revised to reflect the accounts of LINC as if they had been consolidated for all previous periods. The selected historical balance sheet data at December 31, 2013, 2012 and 2011 and the selected historical statement of income data for the years ended December 31, 2013, 2012, 2011 and 2010 have been derived from our audited consolidated financial statements. The selected historical balance sheet data at December 31, 2010 and 2009 and the selected historical statement of income data for the year ended December 31, 2009 has been combined for Universal and LINC, and derived from Universal's audited consolidated financial statements and LINC's 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 consolidated 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.

	Years ended December 31,				
	2013	2012	2011	2010	2009
	(In thousands, except per share information, operating data and percentages)				
Statements of Income Data:					
Operating revenues	$1,033,492	$1,037,006	$990,672	$851,868	$681,653
Operating expenses:					
Purchased transportation and equipment rent	560,024	592,493	581,980	498,296	397,296
Direct personnel and related benefits	178,441	163,069	145,841	122,502	95,373
Commission expense	39,248	42,157	42,593	39,457	34,744
Operating expenses (exclusive of items shown seperately)	79,263	71,117	66,313	53,703	40,216
Occupancy expense	20,049	19,275	18,438	16,688	22,872
Selling, general, and administrative	33,046	41,159	29,865	30,463	26,640
Insurance and claims	19,242	20,342	21,843	20,768	20,452
Depreciation and amortization	19,686	18,237	17,731	17,539	17,307
Total operating expenses	948,999	967,849	924,604	799,416	654,900
Income from operations	84,493	69,157	66,068	52,452	26,753
Interest income	130	241	83	199	207
Interest expense	(4,166)	(4,224)	(2,241)	(1,593)	(1,826)
Other non-operating income (loss)	459	2,778	1,743	5,937	(846)
Income before provision for income taxes	80,916	67,952	65,653	56,995	24,288
Provision for income taxes	30,344	20,264	14,207	11,286	4,459
Net income	$ 50,572	$ 47,688	$ 51,446	$ 45,709	$ 19,829
Earnings per common share:					
Basic	$ 1.68	$ 1.59	$ 1.71	$ 1.50	$ 0.65
Diluted	$ 1.68	$ 1.59	$ 1.71	$ 1.50	$ 0.65
Weighted average number of common shares outstanding:					
Basic	30,064	30,032	30,121	30,445	30,509
Diluted	30,160	30,036	30,121	30,445	30,509
Dividends paid per common share	$ 0.14	$ —	$ —	$ —	$ —
Pre-merger dividends paid per common share	$ —	$ 1.00	$ 1.00	$ —	$ 1.00
Balance Sheet Data (at end of period):					
Cash and cash equivalents	$ 10,223	$ 2,554	$ 5,511	$ 9,773	$ 2,156
Total assets	$ 490,136	$ 327,369	$315,847	$294,841	$288,568
Total debt	$ 237,500	$ 146,000	$ 83,061	$ 63,544	$ 66,970

	Years ended December 31,				
	2013	2012	2011	2010	2009
	(In thousands, except per share information, operating data and percentages)				
Pro Forma Data (unaudited):					
Income before provision for income taxes		$ 67,952	$ 65,653	$ 56,995	$ 24,288
Pro forma provision for income taxes (1)		31,323	26,223	22,323	9,377
Pro forma net income		$ 36,629	$ 39,430	$ 34,672	$ 14,911
Pro forma earnings per share:					
Basic		$ 1.22	$ 1.31	$ 1.14	$ 0.49
Diluted		$ 1.22	$ 1.31	$ 1.14	$ 0.49
Other Data:					
Adjusted EBITDA (2)	$104,902	$ 97,645	$ 83,799	$ 69,991	$ 44,060
Operating margin (5)	8.2%	6.7%	6.7%	6.2%	3.9%
Adjusted operating margin (5)	8.2%	7.7%	6.7%	6.2%	3.9%
EBITDA (5)	$104,179	$ 87,394	$ 83,799	$ 69,991	$ 44,060
EBITDA margin (5)	10.1%	8.4%	8.5%	8.2%	6.5%
Adjusted EBITDA margin (5)	10.2%	9.4%	8.5%	8.2%	6.5%
Return on average assets (6)	12.4%	14.8%	16.8%	15.7%	6.6%
Average number of employees	3,449	2,484	2,376	2,238	2,206
Average number of full time equivalents	1,786	2,182	1,605	1,135	766
Average number of tractors	4,123	3,999	4,024	3,989	4,072
Number of facilities managed (7)	43	41	37	29	27
Number of agents (8)	307	353	385	402	398
Operating revenues per loaded mile (9)	$ 2.96	$ 2.93	$ 2.75	$ 2.46	$ 2.26
Operating revenues per load (9)	$ 794	$ 775	$ 768	$ 720	$ 690
Average length of haul (in miles) (9)	269	265	279	292	306
Number of loads (9)	926,171	996,094	994,147	890,627	777,829
Fuel surcharge revenues (where separately identified)	$118,594	$115,208	$110,574	$ 67,429	$ 42,005

(1) Pro forma provision for income taxes is computed to give effect to the termination of LINC's S Corporation status and acquisition by Universal. We assume a blended statutory federal, state and local income tax rates of 46.1%, 39.9%, 39.2% and 38.6% in 2012, 2011, 2010 and 2009, respectively.

(2) In addition to providing consolidated financial statements based on generally accepted accounting principles in the United States of America (GAAP), we are providing additional financial measures that are not required by or prepared in accordance with GAAP (non-GAAP). We present adjusted income from operations and adjusted EBITDA as supplemental measures of our performance. We define adjusted income from operations as income from operations adjusted to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance, including transaction and other costs related to our acquisitions of Westport and LINC and previous costs related to LINC's capital market activity, which was terminated in the second quarter of 2012. We define adjusted EBITDA as net income plus (i) interest expense, net, (ii) provision for income taxes and (iii) depreciation and amortization, and less other non-operating income, or EBITDA, further adjusted to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance, including transaction and other costs related to our acquisitions of Westport and LINC and previous costs related to LINC's capital market activity. These further adjustments are itemized below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating adjusted income from operations and adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of adjusted income from operations and adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

In accordance with the requirements of Regulation G issued by the Securities and Exchange Commission, we are presenting the most directly comparable GAAP financial measure and reconciling the non-GAAP financial measure to the comparable GAAP measure. Set forth below is a reconciliation of income from operations, the most comparable GAAP measure, to adjusted income from operations; and of net income, the most comparable GAAP measure, to EBITDA and adjusted EBITDA for each of the periods indicated:

	Years ended December 31,				
	2013	2012	2011	2010	2009
	(In thousands, except per share information, operating data and percentages)				
Adjusted income from operations					
Income from operations	$ 84,493	$69,157	$66,068	$52,452	$26,753
Transaction and other costs (3)	723	8,369	—	—	—
Suspended capital markets activity (4)	—	1,882	—	—	—
Adjusted income from operations	$ 85,216	$79,408	$66,068	$52,452	$26,753
Adjusted EBITDA					
Net income	$ 50,572	$47,688	$51,446	$45,709	$19,829
Provision for income taxes	30,344	20,264	14,207	11,286	4,459
Interest expense, net	4,036	3,983	2,158	1,394	1,619
Depreciation and amortization	19,686	18,237	17,731	17,539	17,307
Other non-operating income	(459)	(2,778)	(1,743)	(5,937)	846
EBITDA	104,179	87,394	83,799	69,991	44,060
Merger transaction costs (3)	723	8,369	—	—	—
Suspended capital markets activity (4)	—	1,882	—	—	—
Adjusted EBITDA	$104,902	$97,645	$83,799	$69,991	$44,060

We present adjusted income from operations and adjusted EBITDA in this Form 10-K because we believe it assists investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance.

Adjusted income from operations and adjusted EBITDA have limitations as an analytical tool. Some of these limitations are:

- Adjusted income from operations and adjusted EBITDA do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted income from operations and adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted income from operations and adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and adjusted EBITDA does not reflect any cash requirements for such replacements;
- Adjusted income from operations and adjusted EBITDA do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; and
- Other companies in our industry may calculate adjusted income from operations and adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, adjusted income from operations and adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using adjusted income from operations and Adjusted EBITDA only supplementally.

(3) Represents transaction and other costs incurred that were directly related to the acquisitions of Westport in December 2013 and LINC in October 2012.
(4) Represents expenses incurred as a result of LINC's preparations for an IPO in early 2012. When the IPO efforts were abandoned in May 2012, the costs were then taken as a charge to income.
(5) Operating margin, adjusted operating margin, EBITDA margin, and Adjusted EBITDA margin are computed by dividing income from operations, adjusted income from operations, EBITDA, and Adjusted EBITDA, respectively, by total operating revenues for each of the periods indicated.
(6) 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.
(7) Excludes storage yards, terminals and office facilities.
(8) Includes only those agents who generated at least $100,000 in operating revenues during the period indicated.
(9) Includes fuel surcharges, where separately identifiable, and excludes Universal Logistics Solutions, Inc., Universal Logistics Solutions International, Inc., and Central Global Express, Inc., in order to improve the relevance of the statistical data related to our brokerage services and improve the comparability to our peer companies. Also excludes final mile delivery and shuttle service loads.

Annual Report

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

Overview

We are a leading asset-light provider of customized transportation and logistics solutions throughout the United States, Mexico and Canada. In October 2012, we acquired LINC Logistics Company (LINC). Universal and LINC were under common control, and as such, the financial statements of Universal have been retrospectively revised to reflect the accounts of LINC as if they had been consolidated for all previous periods. The acquisition significantly enhanced our position as a leading provider of third party transportation, value-added and intermodal services. In December 2013, we acquired Westport USA Holding, LLC ("Westport") for $123.0 million in cash, subject to a working capital adjustment after closing. Pursuant to the terms of the Unit Purchase Agreement, Westport was acquired on a cash-free, debt-free basis. Based in Louisville, Kentucky, Westport provides value-added warehousing and component distribution services to U.S. manufacturers of Class 4-8 trucks, RVs and super-duty trucks. Westport also machines and distributes steering knuckles and axle components for the automotive industry. The acquisition of Westport further enhances our value-added service capabilities.

We provide a comprehensive suite of transportation and logistics solutions that allow our customers and clients to reduce costs and manage their global supply chains more efficiently. We market our services through a direct sales and marketing network focused on selling our portfolio of services to large customers in specific industry sectors, through a contract network of agents who solicit freight business directly from shippers, and through company-managed facilities and full-service freight forwarding and customs house brokerage offices.

Our network of agents and owner-operators is located throughout the United States and in the Canadian provinces of Ontario and Quebec, and we operate, manage or provide transportation services at 81 logistics locations in the United States, Mexico and Canada. We also deliver specialized freight forwarding services utilizing a global network of agents. Seventeen of our value-added service operations are located inside customer plants or distribution operations; the other facilities are generally located close to our customers' plants to optimize the efficiency of their component supply chains and production processes. Our facilities and services are often directly integrated into the production processes of our customers and represent a critical piece of their supply chains. To support our asset-light business model, we generally try to coordinate the length of real estate leases associated with our value-added services with the end date of the related customer contract associated with such facility, or use month-to-month leases, in order to mitigate exposure to unrecovered lease costs.

We offer our customers a wide range of transportation services by utilizing a diverse fleet of tractors and trailing equipment provided by us, our owner-operators and third-party transportation companies. Our owner-operators provided us with approximately 3,400 tractors and 3,050 trailers. We own approximately 730 tractors, 3,100 trailers, 775 chassis and 800 containers. Our agents and owner-operators are independent contractors who earn a fixed commission calculated as a percentage of the revenue or gross profit they generate for us and who bring an entrepreneurial spirit to our business. Our transportation services are provided through a network of both union and non-union employee drivers, owner-operators, contract drivers, and third-party transportation companies.

We employ 4,339 people in the United States, Mexico and Canada, including 1,774 employees subject to collective bargaining agreements. We also engaged staffing contract vendors to supply an average of 1,621 additional personnel on a full-time-equivalent basis.

Our use of agents, owner-operators, third-party providers and contract staffing vendors allows us to maintain both a highly flexible cost structure and a scalable business operation, while reducing investment requirements. These benefits are passed on to our customers in the form of cost savings and increased operating efficiency, while enhancing our cash generation and the returns on our invested capital and assets.

We believe that our flexible business model also offers us substantial opportunities to grow through a mixture of organic growth and acquisitions. We intend to continue our organic growth by recruiting new agents and owner-operators, expanding into new industry verticals and targeting further penetration of our key customers. We believe our integrated suite of transportation and logistics services, our network of facilities in the United States, Mexico and Canada, our long-term customer relationships and our reputation for operational excellence will allow us to capitalize on these growth opportunities. We also expect to continue to make strategic acquisitions of companies that complement our asset light business model, as well as companies that derive a portion of their revenues from asset based operations.

Factors Affecting Our Revenues

Operating Revenues. We generate substantially all of our revenues through fees charged to customers for the transportation of freight and for the customized logistics services we provide. We also derive revenue from fuel surcharges, where separately identifiable, loading and unloading activities, equipment detention, container management and storage and other related services. Operations aggregated in our transportation segment are associated with individual freight shipments coordinated by our agents, company-managed terminals and specialized services operations. In contrast, operations aggregated in our logistics segment deliver value-added services and transportation services to specific customers on a dedicated basis, generally pursuant to contract terms of one year or longer. Our segments are distinguished by the amount of forward visibility we have in regards to pricing and volumes, and also by the extent to which we dedicate resources and company-owned equipment. Fees charged to customers by our full service international freight forwarding and customs house brokerage are based on the specific means of forwarding or delivering freight on a shipment-by-shipment basis.

Our transportation revenues are primarily influenced by fluctuations in freight volumes and shipping rates. The main factors that affect these are competition, available truck capacity, and economic market conditions. Our value-added contract business is substantially driven by the level of demand for outsourced logistics services. Major factors that affect our revenues include changes in manufacturing supply chain requirements, production levels in specific industries, pricing trends due to levels of competition and resource costs in logistics and transportation, and economic market conditions.

We recognize revenue on a gross basis at the time that persuasive evidence of an arrangement with our customer exists, sales price is fixed and determinable, and collectability is reasonably assured. Our revenue is recognized at the time of delivery to the receiver's location, or for service arrangements, after the related services have been rendered.

Factors Affecting Our Expenses

Purchased transportation and equipment rent. Purchased transportation and equipment rent represents the amounts we pay to our owner-operators or other third party equipment providers to haul freight and, to the extent required to deliver certain logistics services, the cost of equipment leased under short-term contracts from third parties. 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. The expense also includes the amount of fuel surcharges, where separately identifiable, that we receive from our customers and pass through to our owner-operators. Our strategy is to maintain a highly flexible business model that employs a cost structure that is mostly variable in nature. As a result, purchased transportation and equipment rent 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 and with the production volumes of our customers. We recognize purchased transportation and equipment rent as the services are provided.

Direct personnel and related benefits. Direct personnel and related benefits include the salaries, wages and fringe benefits of our employees, as well as costs related to contract labor utilized in operating activities. These costs are a significant component of our cost structure and increase or decrease proportionately with the expansion, addition or closing of operating facilities. As of December 31, 2013, approximately 40.9% of our employees were subject to collective bargaining agreements. Any changes in union agreements will affect our personnel and related benefits cost. The operations in the United States, Mexico and Canada that are subject to collective bargaining agreements have separate, individualized agreements with several different unions that represent employees in these operations. While there are some facilities with multiple unions, each collective bargaining agreement with each union covers a single facility for that union. Such agreements have expiration dates that are generally independent of other collective bargaining agreements and include economics and operating terms tailored to the specific operational requirements of a customer. Our operation in Mexico provides competitive compensation within the Mexican statutory framework for managerial and supervisory personnel.

Commission expense. Commission 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 or gross profit generated by each load hauled. Traditionally, commission expense increase or decrease in proportion to the revenues generated through our agents. We recognize commission expenses at the time we recognize the associated revenue.

Operating expense (exclusive of items shown separately). These expenses include items such as fuel, tires and parts repair items primarily related to the maintenance of company owned/leased tractors, trailers and lift equipment, as well as licenses, dock supplies, communication, utilities, operating taxes and other general operating expenses. We also receive rental income by leasing our trailers to owner-operators. These expenses are presented net of rental income. Because we maintain a flexible business model, our operating expenses (exclusive of items shown separately) generally relate to equipment utilization, fluctuations in customer demand and the related impact on our operating capacity. Our transportation services provided by company owned equipment depend on the availability and pricing of diesel fuel. Although we often include fuel surcharges in our billing to customers to offset increases in fuel costs, other operating costs have been, and may continue to be, impacted by fluctuating fuel prices. We recognize these expenses as they are incurred and the rental income as it is earned.

Occupancy expense. Occupancy expense includes all costs related to the lease and tenancy of terminals and operating facilities, except utilities, unless such costs are otherwise covered by our customers. Although occupancy expense is generally related to fluctuations in overall customer demand, our contracting and pricing strategies help mitigate the cost impact of changing production volumes. To minimize potential exposure to inactive or underutilized facilities that are dedicated to a single customer, we strive where possible to enter into lease agreements that are coterminous with individual customer contracts, and we seek contract pricing terms that recover fixed occupancy costs, regardless of production volume. Occupancy expense may also includes certain lease termination and related occupancy costs that are accelerated for accounting purposes into the fiscal year in which such a decision was implemented.

Selling, general and administrative expense. Selling, general and administrative expense includes the salaries, wages and benefits of sales and administrative personnel, related support costs, taxes (other than income and property taxes), adjustments due to foreign currency transactions, bad debt expense, and other general expenses, including gains or losses on the sale or disposal of assets. These expenses are generally not directly related to levels of operating activity and may contain non-recurring or one-time expenses related to general business operations. We recognize selling, general and administrative expense when it is incurred.

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 a mixture of a percentage of line-haul revenue and the size of our 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, general liability 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, insurance rates, our coverage limits and our self-insured retention amounts.

Depreciation and amortization. Depreciation and amortization expense relates primarily to the depreciation of owned tractors, trailers, computer and operating equipment, and buildings as well as the amortization of the intangible assets recorded for our acquired customer contracts and customer and agent relationships. We estimate the salvage value and useful lives of depreciable assets based on current market conditions and experience with past dispositions.

Operating Revenues

We broadly group our services into the following categories: transportation services, value-added services and intermodal services. Our intermodal services and transportation services associated with individual freight shipments coordinated by our agents and company-managed terminals are aggregated into our reportable transportation segment, while our value-added services and transportation services to specific customers on a dedicated basis make up our logistics segment. The following table sets forth operating revenues resulting from each of these service categories for the years ended December 31, 2013, 2012 and 2011, presented as a percentage of total operating revenues:

	Years ended December 31,		
	2013	**2012**	**2011**
Operating revenues:			
Transportation services	68.4%	71.5%	74.7%
Value-added servcies	18.9	16.9	14.9
Intermodal services	12.7	11.6	10.4
Total operating revenues	100.0%	100.0%	100.0%

Results of Operations

The following table sets forth items derived from our Consolidated Statements of Income for the years ended December 31, 2013, 2012 and 2011, presented as a percentage of operating revenues:

	Years ended December 31,		
	2013	**2012**	**2011**
Operating revenues	100.0%	100.0%	100.0%
Operating expenses:			
Purchased transportation and equipment rent	54.2	57.1	58.7
Direct personnel and related benefits	17.3	15.7	14.7
Commission expense	3.8	4.1	4.3
Operating expenses (exclusive of items shown seperately)	7.7	6.9	6.7
Occupancy expense	1.9	1.9	1.9
Selling, general, and administrative	3.2	4.0	3.0
Insurance and claims	1.9	2.0	2.2
Depreciation and amortization	1.9	1.8	1.8
Total operating expenses	91.8	93.3	93.3
Income from operations	8.2	6.7	6.7
Interest and other non-operating income (expense), net	(0.4)	(0.1)	(0.1)
Income before provision for income taxes	7.8	6.6	6.6
Provision for income taxes	2.9	2.0	1.4
Net income	4.9%	4.6%	5.2%

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2013 Compared to 2012

Operating revenues. Operating revenues for 2013 decreased by $3.5 million, or 0.3%, to $1.034 billion from $1.037 billion for 2012. Revenues from our transportation segment decreased by $41.8 million, or 5.6%, compared to the same period last year, and income from operations decreased to $28.5 million for 2013 compared to $30.6 million for 2012. In our logistics segment, revenues increased by $38.2 million, or 13.2%, compared to the same period last year. Income from operations in our logistics segment increased by $9.2 million, or 18.6%, to $58.7 million for 2013 from $49.5 million for 2012. Included in operating revenues are fuel surcharges, where separately identifiable, of $118.6 million for the 2013, which compares to $115.2 million for 2012.

The decrease in consolidated operating revenues was primarily the result of a $34.7 million decrease in transportation services, which was primarily offset by increases of $20.1 million in our value-added services and $11.0 million in our intermodal services, respectively. Although demand has improved in certain of our market sectors throughout 2013, including automotive, wind-energy and oil and gas, overall load counts in our transportation services continue to be below the levels we experienced last year. Volumes have been negatively impacted by the exiting of certain underperforming sales channels last year and lower volumes in certain market sectors, including government services, building products and metals. The number of loads from our transportation operations decreased to approximately 619,000 for 2013 compared to approximately 678,000 for 2012. Our operating revenue per loaded mile, excluding fuel surcharges decreased slightly to $2.78 for 2013 from $2.79 for 2012.

Overall, demand for our value-added services increased during 2013 with the launch of several new operations for our existing automotive and industrial customers, as well as improving volumes with our existing programs. The pace of growth throughout the year however was dampened during the fourth quarter of 2013 resulting from the phasing out of an aerospace operation due to reductions in military spending, additional scheduled holiday downtime and in-sourcing at an industrial customer's value-added service operation. At December 31, 2013, we provided value-added services at 43 locations compared to 41 at December 31, 2012. Our average headcount, which is significantly impacted by growth in services delivered, grew by 12% compared to the same period last year.

Our intermodal services increased by $11.0 million, or 9.1%, to $131.4 million for 2013 from $120.4 million for 2012. The increase was primarily driven by an increase in our operating revenues per loaded mile, which was partially offset by decreases in the number of loads hauled and in our domestic container-related operations with an affiliate. Our operating revenue per loaded mile, excluding fuel surcharges, increased to $3.74 for 2013 from $3.40 for 2012. The total number of intermodal loads hauled decreased during 2013 to approximately 307,000 compared to approximately 318,000 for 2012.

Purchased transportation and equipment rent. Purchased transportation and equipment rental costs for 2013 decreased by $32.5 million, or 5.5%, to $560.0 million from $592.5 million for 2012. Purchased transportation and equipment rent generally increases or decreases in proportion to the revenues generated through owner-operators and other third party providers, and is generally correlated with changes in demand for transportation and intermodal services. Combined, transportation and intermodal service revenues decreased 2.7% to $838.4 million for 2013 compared to $862.1 million for 2012. As a percentage of operating revenues, purchased transportation and equipment rent expense decreased to 54.2% for 2013 from 57.1% for 2012. This decrease is primarily due to a combined increase in intermodal and value-added service revenues as a percentage of total revenues, which have typically operated with lower purchased transportation and equipment rental costs. Value-added and intermodal services revenues combined comprise 31.6% of total operating revenues for 2013 compared to 28.5% for 2012.

Direct personnel and related benefits. Direct personnel and related benefits expenses for 2013 increased by $15.3 million, or 9.4%, to $178.4 million compared to $163.1 million for 2012. Trends in these expenses are generally correlated with changes in operating facilities and headcount requirements and, therefore, increase with the level of demand for our value-added services and staffing needs of our operations. As a percentage of revenue, personnel and related benefits expenses increased to 17.3% for 2013, compared to 15.7% for 2012. The percentage is derived on an aggregate basis from both existing and new programs, and from customer operations at various stages in their lifecycles. Individual operations may be impacted by additional production shifts or by overtime at selected operations. While generalizations about the impact of personnel and related benefits costs as a percentage of total revenue are difficult, we manage compensation and staffing levels, including the use of contract labor, to maintain target economics based on near-term projections of demand for our services.

Commission expense. Commission expense for 2013 decreased by $3.0 million, or 7.1%, to $39.2 million from $42.2 million for 2012. The absolute decrease was primarily due to the decrease in our operating revenues from transportation services. Commission expense generally increases or decreases in proportion to our transportation and intermodal revenues, excluding where we generate a higher proportion of our revenues at company-managed terminals. As a percentage of operating revenues, commission expense decreased to 3.8% for 2013 compared to 4.1% for 2012. As a percentage of revenues, the decrease in commission expense is due to an increase in fuel surcharges, which are generally passed through to our owner-operators, and a shift in the mix of revenues generated by company managed-locations and value-added services operations where no commissions are paid.

Operating expenses (exclusive of items shown separately). Operating expenses (exclusive of items shown separately) increased by $8.2 million, or 11.5%, to $79.3 million for 2013, compared to $71.1 million for 2012. As a percentage of operating revenues, other operating expenses (exclusive of items shown separately) increased to 7.7% for 2013 from 6.9% for 2012. These expenses include items such as fuel, maintenance, insurance, communications, utilities and other general expenses, and generally relate to fluctuations in customer demand. The increase is primarily due to an increase in fuel expenses on company owned tractors of $2.4 million, repairs and maintenance of $2.4 million, utilities of $1.0 million, and $1.8 million of other operating expense primarily due to new business at our value-added locations. Additional elements of the increase in operating expenses (exclusive of items shown separately) include increases in meals cost, security, office and dock supplies. These increases were partially offset by a decrease of $0.5 million in permit costs primarily attributable to a decrease in our heavy-haul operations.

Occupancy expense. Occupancy expense for 2013 increased by $0.7 million, or 3.6%, to $20.0 million from $19.3 million for 2012. As a percentage of operating revenue, occupancy expense remained consistent at 1.9% for both 2013 and 2012. Included in the increase was additional rental expense related to new operating locations, including our recently acquired Westport operations, as well as added space at existing facilities. These increases were partially offset by rental rate reductions and sub-letting of space at various existing facilities.

Selling, general and administrative. Selling, general and administrative expense decreased by $8.2 million, or 19.9%, to $33.0 million from $41.2 million for 2012. Included in selling, general and administrative expense during 2012 were $8.4 million of transaction fees and other costs that were directly related to the acquisition of LINC and $1.9 million of LINC's IPO costs that were taken as a charge to income when the efforts were abandoned in May 2012. Excluding acquisition and IPO-related charges, as a percentage of operating revenues, selling, general and administrative expense increased to 3.2% for 2013 compared to 3.0% for 2012. The largest component of selling, general and administrative expense, salaries and wages, increased by $0.5 million compared to the prior year, and there were also increases in professional fees of $1.5 million, bad debts and uncollectible agent loans of $0.4 million and other selling, general and administrative expense of $0.2 million. Included in legal and professional fees are costs incurred in connection with IT and sales support initiatives, a suspended private placement note offering, Westport acquisition costs and increased corporate development activity.

Insurance and claims. Insurance and claims expense for 2013 decreased by $1.1 million, or 5.4%, to $19.2 million from $20.3 million for 2012. As a percentage of operating revenues, insurance and claims decreased slightly to 1.9% for 2013 from 2.0% for 2012. The absolute decrease was primarily the result of decreases in auto liability insurance premiums and claims expense of $1.9 million, which was partially offset by an increase in our cargo and service claims expense of $0.9 million.

Depreciation and amortization. Depreciation and amortization expense for 2013 increased by $1.5 million, or 8.2%, to $19.7 million from $18.2 million for 2012. The absolute increase is primarily the result of additional depreciation totaling $2.4 million on our capital expenditures made throughout 2012, particularly related to enhancements to our Mexican assembly line placed in service in December 2012. This increase was partially offset by a decrease in amortization of $0.9 million due to certain intangible assets becoming fully amortized.

Interest expense, net. Net interest expense was $4.0 million for 2013 and 2012. As of December 31, 2013, we had outstanding borrowings totaling $237.5 million, including $120.5 million advanced on December 19, 2013 in connection with our acquisition of Westport, compared to $146.0 million outstanding at December 31, 2012.

Other non-operating income. Other non-operating income for 2013 was $0.4 million compared to $2.8 million for 2012. Included in other non-operating income for 2013 were $0.1 million in pre-tax gains on the sales of marketable equity securities compared to $2.2 million in 2012.

Provision for income taxes. Provision for income taxes for 2013 was $30.3 million compared to $20.3 million for 2012, based on an effective tax rate of 37.5% and 29.8%, respectively. Prior to the merger, LINC elected to be treated as a "Subchapter S corporation" for federal income tax purposes. As a result, the financial results related to LINC for the first three quarters of 2012 incurred no federal income tax liabilities or, in many jurisdictions, state or local tax liabilities. Additionally, due to the nature of certain costs and expenses associated with the LINC merger, approximately $6.8 million of transaction costs were not deductible for tax purposes in 2012.

2012 Compared to 2011

Operating revenues. Operating revenues increased $46.3 million, or 4.7%, to $1.037 billion for 2012 from $990.7 million for 2011. Revenues from our transportation segment increased by $24.4 million, or 3.4%, compared to the same period last year and income from operations increased to $30.6 million for the year ended December 31, 2012 compared to $27.6 million for the year ended December 31, 2011. In our logistics segment, revenues increased by $21.9 million, or 8.2%, compared to the same period last year. Income from operations in our logistics segment increased by $9.1 million, or 22.5%, to $49.5 million for the year ended December 31, 2012 from $40.4 million for the year ended December 31, 2011. Included in operating revenues are fuel surcharges, where separately identifiable, of $115.2 million for 2012 compared to $110.6 million for 2011. The increase in fuel surcharges was primarily the result of higher volumes, particularly in our intermodal operations where fuel surcharges, where separately identifiable, increased $4.3 million.

Overall, we experienced a decrease in our transportation volumes including the discontinuation of certain lower margin transportation routes, the discontinuation of a small freight management program, and the discontinuation of a Canadian shuttle operation. These decreases however were offset by an increase in our operating revenue per loaded mile, an additional $4.5 million of revenues generated at our new Camp Hill, Pennsylvania less-than-truckload operations and $2.0 million of revenues attributable to an acquisition made in the first quarter of 2011. Our intermodal operations experienced an increase in both the number of loads hauled, in operating revenues per loaded mile, as well as a $6.5 million increase due to increases in domestic container related operations. Also included in intermodal revenue is approximately $4.7 million of revenues attributable to an acquisition made in the second quarter of 2012. The number of loads from our combined transportation and intermodal operations was relatively flat at 996,000 for 2012 compared to 994,000 for 2011, while our operating revenue per loaded mile, excluding fuel surcharges increased to $2.50 from $2.36 for 2011.

We also experienced increasing demand for value-added services in 2012 compared to 2011 increasing revenues at both new and existing customers. New value-added revenues totaled $27.2 million, which benefited in part from full-year operations from certain businesses that launched mid-way through 2011, particularly with Wal-Mart Stores, and $3.3 million in volume increases at existing operations. New program launches include additional transmission and suspension work for General Motors in Mexico and additional warehouse management for our industrial and auto supply customers.

Purchased transportation and equipment rent. Purchased transportation and equipment rental costs for 2012 increased by $10.5 million, or 1.8%, to $592.5 million from $582.0 million for 2011. Purchased transportation and equipment rent generally increases or decreases in proportion to the revenues generated through owner-operators and other third party providers and is generally correlated with changes in demand for transportation and intermodal services. Combined, transportation and intermodal service revenues increased 2.3% to $862.0 million for 2012 compared to $842.9 million for 2011. As a percentage of operating revenues, purchased transportation and equipment rent expense decreased to 57.1% for 2012 from 58.7% for 2011. The decrease is primarily due to the reduction in transportation and intermodal services as a percentage of total revenues, as well as an increase in intermodal service revenue as a percentage of total revenues, which typically pay lower purchased transportation rates.

Direct Personnel and related benefits. Direct personnel and related benefits expenses for 2012 increased $17.3 million, or 11.9%, to $163.1 million, compared to $145.8 million for 2011. Trends in these expenses are generally correlated with changes in operating facilities and headcount requirements and, therefore, increased with the level of demand for our value-added services and staffing needs of our operations. Approximately $9.0 million of the increase is due to increased expenditures for contract labor or substantially similar contract services, primarily to support newer operations and customers. Such costs increased to 30.7% of total direct personnel and related benefits for 2012, compared to 28.1% of such costs in 2011. As a percentage of revenue, personnel and related benefits expenses increased to 15.7% for 2012, compared to 14.7% for 2011. The percentage is derived on an aggregate basis from both existing and new programs, and from operating locations at various stages in their lifecycles. Individual operations may be impacted by additional production shifts or by overtime at selected operations. While generalizations about the impact of personnel and related benefits costs as a percentage of total revenue are difficult, we manage compensation and staffing levels, including the use of contract labor, to maintain target economics based on near-term projections of demand for our services.

Commission expense. Commission expense for 2012 decreased by $0.4 million, or 1.0%, to $42.2 million from $42.6 million for 2011. As a percentage of operating revenues, commission expense decreased to 4.1% for 2012 compared to 4.3% for 2011. Commission expense generally increases or decreases in proportion to our transportation and intermodal revenues, except in cases where we generate a higher proportion of our revenues at company-managed terminals. As a percentage of revenues, the decrease in commission expense is due to an increase in fuel surcharges, which are generally passed through to our owner-operators and increase in revenues generated by our company managed-locations and value-added services, and as such, no commissions are paid.

Operating expenses (exclusive of items shown separately). Operating expenses (exclusive of items shown separately) increased by $4.8 million, or 7.2%, to $71.1 million for 2012, compared to $66.3 million for 2011. As a percentage of operating revenues, other operating expenses (exclusive of items shown separately) increased to 6.9% for 2012 from 6.7% for 2011. These expenses include items such as fuel, maintenance, insurance, communications, utilities and other general expenses, and generally relate to fluctuations in customer demand. The increase is primarily due to an increase in repairs and maintenance costs of $1.7 million based on higher demand for transportation services and increased travel and entertainment of $0.6 million due increased business and full year operations of several of our value-added locations, as well as road show and IPO efforts of LINC. Additional elements of the increase in operating expenses (exclusive of items shown separately) include increases in utilities, permit costs and dock supplies.

Occupancy expense. Occupancy expense increased by $0.9 million to $19.3 million for 2012, compared to $18.4 million for 2011. The 4.9% increase reflects the aggregate net impact of various changes in the number of operating locations, lease-based facility rents, adjustments in charges related to our reserve for plant closing costs, and in related charges, including property taxes. Additionally, our operations included in the financial results for the full year of 2012 at leased facilities located in Indiana and Tennessee, as well as a new leased facility in Texas. These increases were partially offset by lease rental rate reductions at facilities in Indiana, Kansas, Mississippi and Michigan, as well as the closing of our German operations in 2011.

Selling, general and administrative. Selling, general and administrative expense for 2012 increased by $11.3 million, or 37.8%, to $41.2 million from $29.9 million for 2011. Included in selling, general and administrative expenses is $8.4 million of transaction fees and other costs incurred that were directly related to the acquisition of LINC and $1.9 million of expenses that were taken as a charge to income when LINC's preparations for an IPO were abandoned in May 2012. As a percentage of operating revenues, selling, general and administrative expense increased to 4.0% for 2012 compared to 3.0% for 2011. Exclusive of these charges, as a percentage of operating revenues, selling, general and administrative expense remained constant at 3.0% for 2012 and 2011. Additionally, there were increases in salaries and wage expense of $0.9 million, of which $0.6 million was recognized additional compensation expense for the vested portion of restricted stocks granted in December 2012. Minor fluctuations in other expense categories reflect our efforts to maintain stable overhead expenditures while expanding the business.

Insurance and claims. Insurance and claims expense for 2012 decreased by $1.5 million, or 6.9%, to $20.3 million from $21.8 million for 2011. As a percentage of operating revenues, insurance and claims decreased to 2.0% for 2012 from 2.2% for 2011. The absolute decrease was primarily the result of decreases in our service failure and cargo claims expense of $0.9 million and in our auto liability insurance premiums and claims expense of $0.6 million.

Depreciation and amortization. Depreciation and amortization for 2012 increased by $0.5 million, or 2.8%, to $18.2 million from $17.7 million for 2011. The absolute increase is primarily the result of additional depreciation of $0.9 million on capital expenditures, which was partially offset by a decrease in amortization of $0.4 million due to certain intangible assets becoming fully amortized.

Interest expense, net. Net interest expense was $4.0 million for 2012 compared to $2.2 million for 2011. Upon closing the merger with LINC on October 1, 2012, we borrowed approximately $149.1 million to repay LINC's outstanding indebtedness and dividends payable. As of December 31, 2013, we had outstanding borrowings totaling $146.0 million compared to $83.1 million at December 31, 2012. Additionally, upon paying off LINC's existing debt, we wrote-off approximately $0.6 million of capitalized financing costs as additional interest expense.

Other non-operating income (expense), net. Other non-operating income for 2012 was $2.8 million compared to $1.7 million for 2011. Included in other non-operating income in 2012 were $2.2 million in pre-tax gains on the sales of marketable equity securities compared to $1.1 million in 2011.

Provision for income taxes. Provision for income taxes for 2012 was $20.3 million compared to $14.2 million for 2011, based on an effective tax rate of 29.8% and 21.6%, respectively. Prior to the merger, LINC elected to be treated as a "Subchapter S corporation" for federal income tax purposes. As a result, the financial results related to LINC for all of 2011 and for the first three quarters of 2012 incurred no federal income tax liabilities or in many jurisdictions, state or local tax liabilities. The increase in the effective rate is primarily due to increases of operating activities in foreign income tax jurisdictions and transaction costs of $8.3 million that resulted from the acquisition of LINC. Due to the nature of certain costs and expenses associated with the LINC merger, approximately $6.8 million of the transaction costs are nondeductible for tax purposes.

Liquidity and Capital Resources

Our primary sources of liquidity are funds generated by operations, our availability under our $120 million revolving credit and $60 million equipment credit facilities, our ability to borrow on margin against our marketable securities held at UBS, and proceeds from the sales of marketable securities. Additionally, our revolving credit facility includes an accordion feature which would allow us to increase availability by up to $20 million upon our request and approval of the lenders.

We employ an asset-light operating strategy which we believe lowers our capital expenditure requirements. In general, our facilities used in our value-added services are leased on terms that are either substantially matched to our customer's contracts, are month-to-month or are provided to us by our customers. We also utilize owner-operators and third-party carriers to provide a significant portion of our transportation and specialized services. A significant portion of the tractors and trailers used in our business are provided by our owner-operators. In addition, our use of agents reduces our overall need for large terminals. As a result, our capital expenditure requirements are limited in comparison to most large transportation and logistics service providers, which maintain significant properties and sizable fleets of owned tractors and trailers.

In 2013, our capital expenditures totaled $17.0 million. These expenditures primarily consisted of transportation equipment and investments in support of our value-added service operations. Our asset-light business model depends somewhat on the customized solutions we implement for specific customers. As a result, our capital expenditures will depend on specific new contracts and the overall age and condition of our owned transportation equipment. In 2014, exclusive of acquisitions of businesses, we expect to incur capital expenditures in the range of 2% to 3% of operating revenues for the acquisition of transportation equipment, to support our value-added service operations and for the acquisition of real property acquisitions and improvements to our existing terminal yard and container facilities.

On December 19, 2013, we completed the acquisition of Westport. In connection with the acquisition, at closing we borrowed approximately $120.5 million to pay the aggregate cash consideration and expenses related to the acquisition. See Part II, Item 8, Note 2 and Note 6 to Consolidated Financial Statements for further discussion.

On July 24, 2013, our Board of Directors approved a cash dividend policy, which anticipates a total annual dividend of $0.28 per share of common stock, payable in quarterly increments of $0.07 per share of common stock. We paid $0.14 per common share, or $4.2 million, during the year ended December 31, 2013. On February 20, 2014, our Board of Directors declared a quarterly cash dividend of $0.07 per share of common stock, which is payable to shareholders of record at the close of business on March 3, 2014 and was paid on March 13, 2014. Declaration of future cash dividends are subject to final determination by the Board of Directors each quarter after its review of 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.

We expect that our cash flow from operations, 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 of borrowings under our credit facilities, against our marketable security portfolio 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. Depending on prospective consideration to be paid for an acquisition, any such opportunities would be financed first from available cash and cash equivalents and availability of borrowings under our credit facilities.

Revolving Credit and Term Loan Agreement

On December 19, 2013, the Company entered into a Second Amendment, the Amendment, to its Revolving Credit and Term Loan Agreement dated August 28, 2012, the Credit Agreement, with and among the lenders parties thereto and Comerica Bank, as administrative agent, to provide for aggregate borrowing facilities of up to $300 million. The Amendment modifies the Credit Agreement to allow for additional borrowings of $70 million under a new term loan and a $10 million increase in the revolving credit facility. The Credit Agreement, as amended, consists of a $120 million revolving credit facility (which amount may be increased by up to $20 million upon request of the Company and approval of the lenders), a $60 million equipment credit facility, a $50 million term loan, and a $70 million term loan B. Additionally, the Credit Agreement provides for up to $5 million in letters of credit, which letters of credit reduce availability under the revolving credit facility. Borrowings under the revolving credit facility may be made until, and mature on, August 28, 2017. Borrowings under the equipment credit facility may be made until August 28, 2015, and such borrowings made in any year shall be repaid in 28 quarterly installments beginning on April 1 of the year after the applicable borrowing was made. Borrowings under the term loan facilities shall mature on August 28, 2017. Borrowings under the Credit Agreement bear interest at LIBOR or a base rate, plus an applicable margin for each. The applicable margin fluctuates based on the Company's total debt to EBITDA ratio, as defined in the Credit Agreement.

The Credit Agreement requires us to repay the borrowings made under the term loan facility and the equipment credit facility as follows: 50% (which percentage shall be reduced to 0% subject to the Company attaining a certain leverage ratio) of our annual excess cash flow, as defined; 100% of net cash proceeds of certain asset sales; and 100% of certain insurance and condemnation proceeds. We may voluntarily repay outstanding loans under each of the facilities at any time, subject to certain customary "breakage" costs with respect to LIBOR-based borrowings. In addition, we may elect to permanently terminate or reduce all or a portion of the revolving credit facility.

All obligations under the Credit Agreement are unconditionally guaranteed by our material U.S. subsidiaries and the obligations of the Company and such subsidiaries under the Credit Agreement and such guarantees are secured by, subject to certain exceptions, substantially all of their assets. The Credit Agreement also may, in certain circumstances, limit our ability to pay dividends or distributions. The Credit Agreement includes financial covenants requiring us to maintain maximum leverage ratios and a minimum fixed charge coverage ratio, as well as customary affirmative and negative covenants and events of default. At December 31, 2013, the Company was in compliance with its debt covenants. As of December 31, 2013, there were no letters of credit issued under the Credit Agreement, and the outstanding balance was $237.5 million. At December 31, 2013, our $60.0 million revolver advance was secured by, among other assets, net eligible accounts receivable totaling $111.2 million, of which, $83.5 were available for borrowing pursuant to the agreement.

Secured Line of Credit

The Company maintains a secured borrowing facility at UBS Financial Services, Inc., or UBS, using its marketable securities as collateral for the short-term line of credit. The line of credit bears an interest rate equal to LIBOR plus 0.85% (effective rate of 1.01% at December 31, 2013), and interest is adjusted and billed monthly. No principal payments are due on the borrowing; however, the line of credit is callable at any time. The amount available under the line of credit is based on a percentage of the market value of the underlying securities. If the equity value in the account falls below the minimum requirement, the Company must restore the equity value, or UBS may call the line of credit. As of December 31, 2013 the Company did not have any amounts outstanding under the line of credit, and the maximum available borrowings against the line of credit were $5.4 million.

Discussion of Cash Flows

At December 31, 2013, we had cash and cash equivalents of $10.2 million compared to $2.6 million at December 31, 2012. Net cash provided by operating and financing activities were $57.6 million and $86.0 million, respectively, while we used $135.8 million in investing activities. Our use of cash in our investing activities was largely due to our acquisition of Westport. In connection with the acquisition, at closing we borrowed approximately $120.5 million to pay the aggregate cash consideration and expenses related to the acquisition.

The $57.6 million in net cash provided by operations was primarily attributed to $50.6 million of net income which reflects non-cash depreciation and amortization, gains on the sales of marketable securities and property and equipment, provisions for doubtful accounts, stock-based compensation and a change in deferred income taxes totaling $24.1 million, net. Net cash provided by operating activities also reflects an aggregate increase in net working capital totaling $17.0 million. The increase in the working capital position is primarily the result of a decrease in accounts payable, accrued expenses, insurance and claims and other current liabilities and increases in prepaid income taxes, prepaid expenses and other assets. Affiliate transactions increased net cash provided by operating activities in 2013 by $0.8 million. Accounts receivable to affiliates decreased by $1.3 million, while accounts payable to affiliates decreased by $0.5 million.

The $135.8 million in net cash used in investing activities consisted primarily of $121.1 million for the acquisition of businesses, primarily Westport, and $17.0 million of capital expenditures. These uses were offset by $1.8 million in proceeds from the sales of property and equipment and $0.5 million in proceeds from the sale marketable securities.

We also used $86.0 million in net cash in financing activities. As of December 31, 2013, we had outstanding borrowings totaling $237.5 million, including the $120.5 million borrowed to complete the acquisition of Westport. Net borrowings during the year totaling $91.5 million, we paid cash dividends of $4.2 million and had $1.2 million in capitalized debt issuance costs.

Contractual Obligations

The following summarizes our contractual obligations at December 31, 2013, and the effect such obligations are expected to have on our liquidity and cash flow in future periods (in thousands):

		Payments due by period			
	Total	Less Than 1 Year	1 – 3 Years	3 – 5 Years	More Than 5 Years
Debt					
Syndicated credit facility					
$120 million revolving credit facility	$ 60,000	$ —	$ —	$ 60,000	$—
$60 million equipment credit facility	57,500	5,482	16,428	35,590	—
$50 million term loan	50,000	—	—	50,000	—
$70 million term loan	70,000	—	—	70,000	—
Total debt	237,500	5,482	16,428	215,590	—
Capital lease obligations	5,096	1,818	2,234	1,044	
Operating lease obligations (1)	35,420	14,560	15,149	5,711	—
Total	$278,016	$21,860	$33,811	$222,345	$—

(1) Certain operating lease obligations in a currency other than the U.S. dollar will be affected by the exchange rate in effect at the time each cash payment is made.

Total debt represents borrowings under the Credit Agreement and does not include interest. At December 31, 2013, the total amount of gross unrecognized tax benefits was $0.7 million. 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. At December 31, 2013, the Company has insurance and claims liabilities of $22.7 million, of which $15.8 million are covered by insurance. This amount is not included in the above table as the Company cannot reasonably estimate the timing of cash settlements on these liabilities.

Off-Balance Sheet Arrangements

None.

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 precisely estimated. Accordingly, if the outcome of legal proceedings is different than is anticipated by us, we would have to record the matter at the actual amount at which it was resolved, in the period resolved, 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.

Revenue recognition

We recognize revenue at the time (1) persuasive evidence of an arrangement with our customer exists, (2) services have been rendered, (3) sales price is fixed and determinable, and (4) collectability is reasonably assured. For transportation services, we recognize revenue at the time of delivery to the receiver's location. For service arrangements in general, we recognize revenue after the related services have been rendered. Our customer contracts could involve multiple revenue-generating activities performed for the same customer. When several contracts are entered into with the same customer in a short period of time, we evaluate whether these contracts should be considered as a single, multiple element contract for revenue recognition purposes. Criteria we consider that may result in the aggregation of contracts include whether such contracts are actually entered into within a short period of time, whether services in multiple contracts are interrelated, or if the negotiation and terms of one contract show or include consideration for another contract or contracts. Our current contracts have not been required to be aggregated, as they are negotiated independently on a standalone basis. Our customers typically choose their vendor and award business at the conclusion of a competitive bidding process for each service. As a result, although we evaluate customer purchase orders and agreements for multiple elements and aggregation of individual contracts into a multiple element arrangement, our current contracts do not meet the criteria required for multiple element contract accounting.

We are the primary obligor when rendering transportation, value-added and intermodal services and assume the corresponding credit risk with customers. We have discretion in setting sales prices and, as a result, our earnings may vary. In addition, we have discretion to choose and negotiate terms with our multiple suppliers for the services ordered by our customers. This includes owner-operators with whom we contract to deliver our transportation services.

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. 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 our policy limits. In addition, legal expenses related to auto liability claims are covered under our policy. We are responsible for all other legal expenses related to claims.

As of December 31, 2013, 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 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, results of operations or cash flows.

Valuation of Long-Lived Asset, including Goodwill and 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 during the 3rd fiscal quarter. Goodwill represents the excess purchase price over the fair value of assets acquired in connection with 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 Company has the option to first assess qualitative factors to determine whether or not it is necessary to perform a two-step quantitative goodwill impairment test. If the Company chooses that option, it would not be required perform Step 1 of the test unless we determine that, based on a qualitative assessment, it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the Company determines that it is more likely than not, or if the Company chooses not to perform a qualitative assessment, then it may then proceed with Step 1 of the two-step impairment 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 2 of the impairment test. Under Step 2, 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. Additionally, the Company considers its market capitalization in comparison to the fair value of its reporting units. During the 3rd quarter of 2013, we completed our goodwill impairment testing and based on the test performed, we concluded that the fair value for all reporting units was significantly in excess of the respective reporting unit's carrying value.

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. 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 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, 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 $0.1 million as of December 31, 2013 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.

ITEM 7A:QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our principal exposure to interest rate risk relates to outstanding borrowing under our Credit Agreement with Comerica Bank and our secured line of credit with UBS, all of which incur interest at floating rates. Borrowings under the Credit Agreement with Comerica Bank bear interest at LIBOR or a base rate, plus an applicable margin for each. The applicable margin fluctuates based on our total debt to EBITDA ratio, as defined in the Credit Agreement. Our secured line of credit with UBS bears interest at a floating rate equal to LIBOR plus 0.85%. As of December 31, 2013, we had total variable interest rate borrowings of $237.5 million. Assuming debt levels remain at $237.5 million, a 100 basis point increase in interest rates on our variable rate debt would increase interest expense approximately $2.37 million on an annualized basis.

Included in cash and cash equivalents is $117 thousand 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.

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, results of operations and cash flows.

Exposure to market risk for fluctuations in fuel prices also relates to a small portion of our transportation service contracts for which the cost of fuel is integral to service delivery and the service contract does not have a mechanism to adjust for increases in fuel prices. Increases and decreases in the price of fuel are generally passed on to our customers for which we realize minimal changes in profitability during periods of steady market fuel prices. However, profitability may be positively or negatively impacted by sudden increases or decreases in market fuel prices during a short period of time as customer pricing for fuel services is established based on market fuel costs. We believe the exposure to fuel price fluctuations would not materially impact our results of operations, cash flows or financial position.

Equity Securities Risk

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. It is the philosophy of the Company to minimize the risk of capital loss without foregoing the potential for capital appreciation through investing in value-and-income oriented investments. However, 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 marketable securities classified as available-for-sale.

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 $0.1 million as of December 31, 2013 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 Item 8, Note 1(e) to the Consolidated Financial Statements.

As of December 31, 2013, the fair value of equity securities was $11.6 million compared to $10.0 million at December 31, 2012. The increase during 2013 represents net unrealized holding gains of $2.0 million and purchases offset by sales of securities with $0.5 million in proceeds and a related $0.1 million in realized gains, and. 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 $1.2 million.

Foreign Exchange Risk

For the year ended December 31, 2013, 4.0% of our revenues were derived from services provided outside the United States, principally in Mexico and Canada. Exposure to market risk for changes in foreign currency exchange rates relates primarily to selling services and incurring costs in currencies other than the local currency and to the carrying value of net investments in foreign subsidiaries. As a result, we are exposed to foreign currency exchange rate risk due primarily due to translation of the accounts of our Mexican and Canadian operations from their local currencies into U.S. dollars and also to the extent we engage in cross-border transactions. The majority of our exposure to fluctuations in the Mexican peso and Canadian dollar is naturally hedged, since a substantial portion of our revenues and operating costs are denominated in each country's local currency. Historically, we have not entered into financial instruments for trading or speculative purposes.

Short-term exposures to fluctuating foreign currency exchange rates are related primarily to intercompany transactions. The duration of these exposures is minimized by ongoing settlement of intercompany trading obligations.

The net investments in our Mexican and Canadian operations are exposed to foreign currency translation gains and losses, which are included as a component of accumulated other comprehensive income in our statement of shareholders' equity. Adjustments from the translation of the net investment in these operations increased equity by approximately $0.2 million for the year ended December 31, 2013.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Universal Truckload Services, Inc.
Warren, Michigan

We have audited the accompanying consolidated balance sheet of Universal Truckload Services, Inc. as of December 31, 2013 and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year then ended. Our responsibility is to express an opinion on these financial statements 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 the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides 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. at December 31, 2013, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Universal Truckload Service, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 14, 2014 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Troy, Michigan
March 14, 2014

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheet of Universal Truckload Services, Inc. and subsidiaries as of December 31, 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2012. 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 did not audit the financial statements of LINC Logistics Company (LINC) for the year ended December 31, 2011. LINC was acquired on October 1, 2012, in a transaction between entities under common control as discussed in note 2 to the consolidated financial statements of Universal Truckload Services, Inc. and subsidiaries. Such statements are included in the consolidated financial statements of Universal Truckload Services, Inc. and subsidiaries and reflect total revenue of 28.4 percent in 2011 of the related consolidated total. These statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for LINC, is based solely on the report of the other auditors.

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 and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, 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, 2012 and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP
Detroit, Michigan
March 18, 2013, except as to note 17, which is as of March 13, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and
Shareholders LINC Logistics
Company

We have audited the consolidated balance sheet of LINC Logistics Company (a Michigan corporation) as of December 31, 2011, and the related consolidated statements of income, other comprehensive income (loss), stockholders' equity (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 LINC Logistics Company as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Southfield, Michigan
March 16, 2012 (except Note 14 to the consolidated financial statements, which is not presented herein and is as of April 23, 2012 and, for the stock-split discussed therein, as of May 8, 2012)

Annual Report

UNIVERSAL TRUCKLOAD SERVICES, INC.

Consolidated Balance Sheets

December 31, 2013 and 2012
(In thousands, except share data)

Assets	**2013**	**2012**
Current assets:		
Cash and cash equivalents	$ 10,223	$ 2,554
Marketable securities	11,626	9,962
Accounts receivable—net of allowance for doubtful accounts of $2,688 and $2,515, respectively	132,001	118,903
Other receivables	17,966	16,720
Due from affiliates	2,283	3,586
Prepaid income taxes	7,988	1,621
Prepaid expenses and other	16,426	10,914
Deferred income taxes	4,876	4,878
Total current assets	203,389	169,138
Property and equipment, net	142,656	127,791
Goodwill	74,589	17,965
Intangible assets—net of accumulated amortization of $24,345 and $22,237, respectively	62,807	7,115
Other assets	6,695	5,360
Total assets	$490,136	$327,369
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 46,487	$ 55,248
Due to affiliates	3,618	4,093
Accrued expenses and other current liabilities	21,072	17,130
Insurance and claims	22,719	27,246
Current maturities of capital lease obligations	1,592	—
Current portion of long-term debt	5,482	—
Total current liabilities	100,970	103,717
Long-term liabilities:		
Long-term debt	232,018	146,000
Capital lease obligations, net of current maturities	3,051	—
Deferred income taxes	43,748	15,599
Other long-term liabilities	4,784	4,681
Total long-term liabilities	283,601	166,280
Shareholders' equity:		
Common stock, no par value. Authorized 100,000,000 shares; 30,746,067 and 30,685,441 shares issued; 30,114,324 and 30,053,912 shares outstanding, respectively	30,746	30,685
Paid-in capital	1,074	550
Treasury stock, at cost; 631,743 and 631,529 shares, respectively	(9,322)	(9,316)
Retained earnings	80,952	34,589
Accumulated other comprehensive income:		
Unrealized holding gain on available-for-sale securities, net of income taxes of $1,433 and $858, respectively	2,476	998
Foreign currency translation adjustments	(361)	(134)
Total shareholders' equity	105,565	57,372
Total liabilities and shareholders' equity	$490,136	$327,369

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.

Consolidated Statements of Income

Years ended December 31, 2013, 2012 and 2011
(In thousands, except per share data)

	2013	2012	2011
Operating revenues:			
Transportation services, including related party amounts of $195, $298 and $117, respectively	$ 706,998	$ 741,650	$740,089
Value-added services	195,086	174,975	147,814
Intermodal services, including related party amounts of $9,605, $2,346 and $864, respectively	131,408	120,381	102,769
Total operating revenues	1,033,492	1,037,006	990,672
Operating expenses:			
Purchased transportation and equipment rent, including related party amounts of $311, $285 and $2,344, respectively	560,024	592,493	581,980
Direct personnel and related benefits, including related party amounts of $14,398, $14,410 and $14,044, respectively	178,441	163,069	145,841
Commission expense	39,248	42,157	42,593
Operating expenses (exclusive of items shown seperately), including related party amounts of $1,590, $3,623 and $2,831, respectively	79,263	71,117	66,313
Occupancy expense, including related party amounts of $11,352, $10,787 and $11,319, respectively	20,049	19,275	18,438
Selling, general, and administrative, including related party amounts of $3,617, $3,829 and $3,285, respectively	33,046	41,159	29,865
Insurance and claims, including related party amounts of $16,949, $17,842 and $18,156, respectively	19,242	20,342	21,843
Depreciation and amortization	19,686	18,237	17,731
Total operating expenses	948,999	967,849	924,604
Income from operations	84,493	69,157	66,068
Interest income	130	241	83
Interest expense	(4,166)	(4,224)	(2,241)
Other non-operating income	459	2,778	1,743
Income before provision for income taxes	80,916	67,952	65,653
Provision for income taxes	30,344	20,264	14,207
Net income	$ 50,572	$ 47,688	$ 51,446
Earnings per common share:			
Basic	$ 1.68	$ 1.59	$ 1.71
Diluted	$ 1.68	$ 1.59	$ 1.71
Weighted average number of common shares outstanding:			
Basic	30,064	30,032	30,121
Diluted	30,160	30,036	30,121
Dividends paid per common share	$ 0.14	$ —	$ —
Pre-merger dividends paid per common share	$ —	$ 1.00	$ 1.00
Pro Forma earnings per common share—“C” corporation status (unaudited):			
Pro Forma provision for income taxes due to LINC Logistics Company conversion to “C” corporation		$ 11,059	$ 12,016
Earnings per common share:			
Basic		$ 1.22	$ 1.31
Diluted		$ 1.22	$ 1.31

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.

Consolidated Statements of Comprehensive Income

Years ended December 31, 2013, 2012 and 2011
(In thousands, except per share data)

	2013	2012	2011
Net Income	$50,572	$47,688	$51,446
Other comprehensive income (loss):			
Unrealized holding gains on available-for-sale investments arising during the period, net of income taxes	1,546	566	53
Realized gains on available-for-sale investments reclassified into income, net of income taxes	(68)	(1,176)	(686)
Foreign currency translation adjustments	(227)	312	(274)
Total other comprehensive income (loss)	1,251	(298)	(907)
Total comprehensive income	$51,823	$47,390	$50,539

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2013, 2012 and 2011
(In thousands)

	2013	2012	2011
Cash flows from operating activities:			
Net income	$ 50,572	$ 47,688	$ 51,446
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	19,686	18,237	17,731
Gain on sale of marketable equity securities	(107)	(2,189)	(1,136)
(Gain) loss on disposal of property and equipment	(117)	45	2
Change in the fair value of acquisition related contingent consideration	—	16	(137)
Non-cash charges incurred from LINC	—	2,442	—
Stock-based compensation	585	586	—
Provision for doubtful accounts	1,515	1,190	1,306
Deferred income taxes	2,495	4,389	4,289
Change in assets and liabilities:			
Trade and other accounts receivable	767	(8,076)	(7,865)
Prepaid income taxes, prepaid expenses and other assets	(3,594)	1,276	(4,655)
Accounts payable, accrued expenses, insurance and claims and other current liabilities	(15,152)	7,922	16,083
Due to/from affiliates, net	837	(3,769)	(363)
Other long-term liabilities	103	646	1,999
Net cash provided by operating activities	57,590	70,403	78,700
Cash flows from investing activities:			
Capital expenditures	(17,035)	(29,566)	(29,603)
Proceeds from the sale of property and equipment	1,790	987	1,190
Purchases of marketable securities	(24)	(19)	(3,383)
Proceeds from sale of marketable securities	520	7,500	2,398
Affiliate notes receivables—LINC	—	(5,000)	—
Proceeds from affiliate notes receivable—LINC	—	5,000	—
Acquisitions of businesses	(121,057)	(850)	(1,050)
Net cash used in investing activities	(135,806)	(21,948)	(30,448)
Cash flows from financing activities:			
Proceeds from borrowing—revolving debt	48,218	94,871	34,165
Repayments of debt—revolving debt	(52,218)	(44,871)	(44,664)
Proceeds from borrowing—term debt	95,500	82,000	41,082
Repayments of debt—term debt	—	(69,061)	(10,976)
Distributions to LINC shareholders	—	(95,985)	(53,790)
Dividends paid	(4,209)	—	—
Pre-merger dividends paid	—	(15,499)	(15,555)
Payment of capital lease obligations	(42)	—	—
Purchases of treasury stock	(6)	(991)	(1,700)
Payment of earnout obligations related to acquisitions	(24)	(206)	(189)
Capitalized financing costs	(1,230)	(1,752)	(929)
Net cash provided by (used in) financing activities	85,989	(51,494)	(52,556)
Effect of exchange rate changes on cash and cash equivalents	(104)	82	42
Net increase (decrease) in cash	7,669	(2,957)	(4,262)
Cash and cash equivalents—January 1	2,554	5,511	9,773
Cash and cash equivalents—December 31	$ 10,223	$ 2,554	$ 5,511

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.

Consolidated Statements of Cash Flows—Continued

Years ended December 31, 2013, 2012 and 2011
(In thousands)

	2013	2012	2011
Supplemental cash flow information:			
Cash paid for interest	$ 3,595	$ 2,990	$ 1,668
Cash paid for income taxes	$ 31,236	$12,759	$13,051
Distributions to LINC shareholders:			
Purchase adjustment pursuant to merger agreement	$ —	$10,102	$ —
Payment of dividend payable	—	27,000	31,000
Dividends paid	—	58,500	22,500
Distribution for shareholder state tax withholding	—	383	290
Net cash paid	$ —	$95,985	$53,790
Acquisition of businesses:			
Fair value of assets acquired, net of cash	$156,741	$ 1,100	$ 1,406
Liabilities assumed	(33,738)	—	—
Fair value of acquisition obligations	(2,196)	(250)	(356)
Payment of acquisition obligations	250	—	—
Net cash paid for acquisition of businesses	$121,057	$ 850	$ 1,050

Non-cash financing transactions (Note 6):

During the year ended December 31, 2011, the Company recorded the forgiveness of the loan from the County of Cuyahoga of $90 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.

Consolidated Statements of Shareholders' Equity

Years ended December 31, 2013, 2012 and 2011
(In thousands)

	Common stock	Paid-in capital	Treasury stock	Retained earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances—December 31, 2010	$30,649	$ 65,387	$(6,625)	$ (7,103)	$2,069	$ 84,377
Net income	—	—	—	51,446	—	51,446
Comprehensive income	—	—	—	—	(907)	(907)
Dividends paid ($1.00 per share)	—	—	—	(15,555)	—	(15,555)
Dividends declared by LINC	—	—	—	(22,500)	—	(22,500)
LINC distribution for state tax witholding	—	—	—	(290)	—	(290)
Purchases of treasury stock	—	—	(1,700)	—	—	(1,700)
Balances—December 31, 2011	$30,649	$ 65,387	$(8,325)	$ 5,998	$1,162	$ 94,871
Net income	—	—	—	47,688	—	47,688
Comprehensive income	—	—	—	—	(298)	(298)
Dividends paid ($1.00 per share)	—	—	—	(15,499)	—	(15,499)
Dividends declared by LINC	—	—	—	(58,500)	—	(58,500)
LINC distribution for state tax witholding	—	—	—	(383)	—	(383)
LINC purchase adjustment	—	(10,102)	—	—	—	(10,102)
Termination of LINC's S-Corp status	—	(55,285)	—	55,285	—	—
Stock based compensation	36	550	—	—	—	586
Purchases of treasury stock	—	—	(991)	—	—	(991)
Balances—December 31, 2012	$30,685	$ 550	$(9,316)	$ 34,589	$ 864	$ 57,372
Net income	—	—	—	50,572	—	50,572
Comprehensive income	—	—	—	—	1,251	1,251
Dividends paid ($0.14 per share)	—	—	—	(4,209)	—	(4,209)
Issuance of common stock	25	(25)				—
Stock based compensation	36	549	—	—	—	585
Purchases of treasury stock	—	—	(6)	—	—	(6)
Balances—December 31, 2013	$30,746	$ 1,074	$(9,322)	$ 80,952	$2,115	$105,565

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.

Notes to Consolidated Financial Statements

December 31, 2013, 2012 and 2011

(1) Summary of Significant Accounting Policies

(a) Business

Universal Truckload Services, Inc., referred to herein as Universal, or us, we or the Company, through its subsidiaries, is a leading asset-light provider of customized transportation and logistics solutions throughout the United States, Mexico and Canada. We provide our customers with supply chain solutions that can be scaled to meet their changing demands. We offer our customers with a broad array of services across their entire supply chain, including transportation, value-added, and intermodal services. Our customized solutions and flexible business model are designed to provide us with a highly variable cost.

(b) Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. At December 31, 2013, we conducted our operation through the following operating and support subsidiaries: Universal Am-Can Ltd., The Mason & Dixon Lines, Inc., Mason Dixon Intermodal, Inc., Economy Transport, Inc., Louisiana Transportation, Inc., Great American Lines, Inc., Universal Logistics Solutions, Inc., Universal Logistics Solutions International, Inc., Cavalry Transportation, LLC, Logistics Insight Corporation, Pro Logistics, Inc., LINC Ontario, Ltd., Mohican Transport (a division of LINC Ontario, Ltd.), CTX, Inc., Central Global Express, Inc., On Demand Transport, Inc., OTR Logistics, Inc., Logistics Insight Corporation S. de R.L. de C.V., Stafflinc de Mexico, S. de R.L. de C.V., Flint Special Services, Inc., Logistics Services, Inc., Oakland Logistics Service, Inc., Smyrna Transfer, Inc., St. James Leasing, Inc., LGSI Equipment, Inc. of Wyoming, LGSI Equipment of Indiana, LLC, and Westport Axle Corporation. All significant intercompany accounts and transactions have been eliminated.

Through December 31, 2004, Universal was a wholly owned subsidiary of CenTra, Inc. On December 31, 2004, CenTra distributed all of Universal'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 Universal. 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.

Our fiscal year consists of four quarters, each with thirteen weeks.

(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 fair value of assets and liabilities acquired in business combinations; carrying amounts of property and equipment and intangible assets; marketable securities; valuation allowances for receivables; and liabilities related to insurance and claim costs. Actual results could differ from those estimates.

(1) Summary of Significant Accounting Policies—continued

(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.

It is our policy 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 operating activities in the statements of cash flows. At December 31, 2013, funds on deposit were in excess of checks issued and no reclassification was necessary. At December 31, 2012, accounts payable included reclassification of checks issued in excess of funds on deposit in the amount of $13.4 million. The change in the amount of checks issued in excess of funds on deposit of $13.4 million, $3.4 million, and $8.2 million for 2013, 2012 and 2011, respectively, is included in cash flows from operating activities in the statements of cash flows as a change in accounts payable, accrued expenses and other current liabilities.

(e) Marketable Securities

At December 31, 2013 and 2012, marketable securities, all of which are available-for-sale, consist of common and preferred stocks. 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 are included in the determination of net income and are included in other non-operating income (expense), at which time the average cost basis of these securities are adjusted to fair value. Fair values are based on quoted market prices at the reporting date. Interest and dividends on available-for-sale securities are included in other non-operating income (expense). During the years ended December 31, 2013, 2012 and 2011, we received proceeds of $0.5 million, $7.5 million, and $2.4 million from the sale of marketable securities with a combined cost of $0.4 million, $5.3 million, and $1.2 million resulting in a realized gain of $0.1 million, $2.2 million, and $1.1 million, respectively.

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

	Cost	Gross unrealized holding gains	Gross unrealized holding (losses)	Fair Value
At December 31, 2013				
Equity Securities	$7,717	$3,974	$ (65)	$11,626
At December 31, 2012				
Equity Securities	$8,106	$2,077	$(221)	$ 9,962

Included in equity securities at December 31, 2013 were securities with a book basis of $0.5 million and a cumulative loss position of $0.1 million, the impairment of which we consider to be temporary. We consider several factors in determining 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 our intent and

(1) Summary of Significant Accounting Policies—continued

(e) Marketable Securities—continued

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.

The fair value and gross unrealized holding losses of our marketable securities that are not deemed to be other-than-temporarily impaired aggregated by type and length of time they have been in a continuous unrealized loss position were as follows (in thousands):

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
At December 31, 2013						
Equity securities	$ 167	$ 3	$289	$ 62	$ 456	$ 65
At December 31, 2012						
Equity securities	$1,222	$117	$164	$103	$1,386	$220

At December 31, 2013, our portfolio of equity securities in a continuous loss position, the impairment of which we consider to be temporary, consists primarily of common stocks in the banking, diversified holdings, steel, and transportation industries. The fair value and unrealized losses are distributed in five publicly traded companies, with no single industry or company representing a material or concentrated unrealized loss. We have evaluated the near-term prospects of the various industries, as well as the specific issuers within our portfolio, in relation to the severity and duration of the impairments, and based on that evaluation, and our ability and intent to hold these investments for a reasonable period of time to allow for a recovery of fair value, we do not consider these investments to be other-than-temporarily impaired at December 31, 2013.

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. It is our philosophy to minimize the risk of capital loss without foregoing the potential for capital appreciation through investing in value-and-income oriented investments. However, holding equity securities subjects us to fluctuations in the market value of our investment portfolio based on current market prices, and a decline in market prices or other unstable market conditions could cause a loss in the value of our marketable securities classified as available-for-sale.

(f) Accounts Receivable

Accounts receivable are recorded at the net invoiced amount, net of an allowance for doubtful accounts, and do not bear interest. They include unbilled amounts for services rendered in the respective period but not yet billed to the customer until a future date, which typically occurs within one month. In order to reflect customer receivables at their estimated net realizable value, we record charges against revenue based upon current information. These charges generally arise from rate changes, errors, and revenue adjustments that may arise from contract disputes or differences in calculation methods employed by the customer. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in our existing accounts receivable. We determine the allowance based on historical write-off experience and the aging of our outstanding accounts

(1) Summary of Significant Accounting Policies—continued

(f) Accounts Receivable—continued

receivable. Balances are considered past due based on invoiced terms. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. We do not have any off-balance-sheet credit exposure related to our customers. Accounts receivable from affiliates are shown separately and include trade receivables from the sale of services to affiliates.

(g) Inventories

Included in prepaid expenses and other is inventory used in our machining service operations. Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Provisions for excess and obsolete inventories are based on our assessment of excess and obsolete inventory on a product-by-product basis.

At December 31, inventory consists of the following (in thousands):

	2013
Raw materials and supplies	$3,197
Finished goods	428
	$3,625

(h) Property and Equipment

Property and equipment, including leasehold improvements, are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Description	Life in Years
Transportation equipment	5 - 15
Other operating assets	3 - 15
Information technology equipment	2 - 5
Buildings and related assets	10 - 39

The amounts recorded for depreciation expense were $17.6 million, $15.2 million, and $14.3 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Tire repairs, replacement tires, replacement batteries, consumable tools used in our logistics services, and routine repairs and maintenance on vehicles are expensed as incurred. Parts and fuel inventories are included in prepaid expenses and other. We capitalize certain costs associated with vehicle repairs and maintenance that materially extend the life or increase the value of the vehicle or pool of vehicles.

(i) Intangible Assets

Intangible assets subject to amortization consist of customer contracts and agent and customer relationships that have been acquired in business combinations. These assets are amortized either over

(1) Summary of Significant Accounting Policies—continued

(i) Intangible Assets—continued

the period of economic benefit or on a straight-line basis over the estimated useful lives of the related intangible asset. The estimated useful lives of these intangible assets range from five months to nineteen years. The weighted average amortization period for customer contracts is approximately three years, and the weighted average amortization period for agent and customer relationships is approximately fourteen years. Collectively, the weighted average amortization period of assets subject to amortization is approximately twelve years. The useful lives of acquired trademarks are indefinite and, therefore, not subject to amortization.

Our identifiable intangible assets as of December 31, 2013 and 2012 are as follows (in thousands):

	2013	2012
Indefinite Lived Intangibles:		
Trademarks	$ 2,500	$ —
Definite Lived Intangibles:		
Agent and customer relationships	64,052	29,352
Customer contracts	20,600	—
Less: accumulated amortization	(24,345)	(22,237)
Intangible assets, net	$ 60,307	$ 7,115
Total Identifiable Intangible Assets	$ 62,807	$ 7,115

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

2014	$ 9,930
2015	8,958
2016	7,280
2017	5,904
2018	2,375
Thereafter	25,860
Total	$60,307

The amounts recorded for amortization expense were $2.1 million, $3.0 million, and $3.4 million for the years ended December 31, 2013, 2012 and 2011, respectively.

(j) Goodwill

Goodwill represents the excess purchase price over the fair value of assets acquired in connection with the Company's acquisitions. Under FASB Accounting Standards Codification, or ASC, Topic 805 "*Business Combinations*", we are required to test goodwill for impairment annually (in our 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. We have the option to first assess qualitative factors to determine whether or not it is necessary to perform a two-step quantitative goodwill impairment test. If we choose that option, we would not be required perform Step 1 of the test unless we determine that, based on a qualitative assessment, it is more likely than not

(1) Summary of Significant Accounting Policies—continued

(j) Goodwill—continued

that the fair value of a reporting unit is less than its carrying value. If we determines that it is more likely than not, or if we choose not to perform a qualitative assessment, then we may then proceed with Step 1 of the two-step impairment 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 2 of the impairment test. Under Step 2, 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. We estimate 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 our annual testing date were: (a) future expected cash flows; (b) estimated residual growth rates and (c) discount rates, which were based on our best estimates of the after-tax weighted-average cost of capital. Additionally, we consider our market capitalization in comparison to the fair value of our reporting units. During the third quarter of 2013, we completed our goodwill impairment testing and determined that the fair value of each reporting unit with goodwill exceeded its respective carrying value of the net assets. Accordingly, no impairment loss was recognized.

The changes in the carrying amount of goodwill for the years ended December 31, 2013 and 2012 are as follows (in thousands):

Balance as of January 1, 2012	$17,722
Business Acquisitions	243
Balance as of December 31, 2012	17,965
Westport Acquisition	56,624
Balance as of December 31, 2013	$74,589

At both December 31, 2013 and 2012, $18.0 million of goodwill was recorded in our transportation segment. As of December 31, 2013, $56.6 million of goodwill is recorded in our logistics segment, and none at December 31, 2012.

(k) Long-Lived Assets

Long-lived assets, other than goodwill, and indefinite lived intangibles such as property 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, we first compare 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 to not 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. Changes in management's judgment relating to salvage values and/ or estimated useful lives could result in greater or lesser annual depreciation expense or impairment charges in the future. Indefinite lived intangibles are tested for impairment annually using a model similar to that used to test goodwill for impairment.

(1) Summary of Significant Accounting Policies—continued

(l) Contingent Consideration

Contingent consideration arrangements granted in connection with a business combination are evaluated to determine whether contingent consideration is, in substance, additional purchase price of an acquired enterprise or compensation for services, use of property or profit sharing. Additional purchase price is added to the fair value of consideration transferred in the business combination and compensation is included in operating expenses in the period it is incurred. Contingent consideration is remeasured to fair value at each reporting date until the contingency is resolved.

(m) Fair Value of Financial Instruments

For cash equivalents, 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. Marketable securities, consisting primarily of equity securities, are carried at fair market value as determined by quoted market prices. Our senior debt and line of credit consists of variable rate borrowings. The carrying value of these borrowings approximates fair value because the applicable interest rates are adjusted frequently based on short-term market rates.

(n) Deferred Compensation

Deferred compensation relates to our bonus plans. Annual bonuses may be awarded to certain operating, sales and management personnel based on overall Company performance and achievement of specific employee or departmental objectives. Such bonuses are typically paid in annual installments over a five-year period. All bonus amounts earned by and due to employees in the current year are included in accrued expenses and other current liabilities. Those that are payable in subsequent years are included in other long-term liabilities.

(o) Closing Costs

Our customers may discontinue or alter their business activity in a location earlier than anticipated, prompting us to exit a customer-dedicated facility. We recognize exit costs associated with operations that close or are identified for closure as an accrued liability in the Consolidated Balance Sheets. Such charges include lease termination costs, employee termination charges, asset impairment charges, and other exit-related costs associated with a plan approved by management. If we close an operating facility before its lease expires, costs to terminate a lease are recognized when an early termination provision is exercised, or we record a liability for non-cancellable lease obligations based on the fair value of remaining lease payments, reduced by any existing or prospective sublease rentals. Employee termination costs are recognized in the period that the closure is communicated to affected employees. The recognition of exit and disposal charges requires us to make certain assumptions and estimates as to the amount and timing of such charges. Subsequently, adjustments are made for changes in estimates in the period in which the change becomes known.

(p) Revenue and Related Expenses

We are the primary obligor when rendering transportation services, value-added services and intermodal services, and we assume the corresponding credit risk with customers. We have discretion in setting sales prices and, as a result, our earnings may vary. In addition, we have discretion to choose

(1) Summary of Significant Accounting Policies—continued

(p) Revenue and Related Expenses—continued

and negotiate terms with our multiple suppliers for the services ordered by our customers. This includes owner-operators with whom we contract to deliver our transportation services. As such, revenue and the related purchased transportation and commissions are recognized on a gross basis when persuasive evidence of an arrangement exists, delivery has occurred at the receiver's location or for service arrangements after the related services have been rendered, the revenue and related expenses are fixed or determinable and collectability is reasonably assured. Fuel surcharges, where separately identifiable, of $118.6 million, $115.2 million and $110.6 million for the years ended December 31, 2013, 2012 and 2011, respectively, are included in operating revenues.

Revenues and associated costs for the sales of axles and machined components are recognized when title has passed and the risks and rewards of ownership are transferred, which is at the time of shipment.

Our customer contracts could involve multiple revenue-generating activities performed for the same customer. When several contracts are entered into with the same customer in a short period of time, we evaluate whether these contracts should be considered as a single, multiple element contract for revenue recognition purposes. Criteria we consider that may result in the aggregation of contracts include whether such contracts are actually entered into within a short period of time, whether services in multiple contracts are interrelated, or if the negotiation and terms of one contract show or include consideration for another contract or contracts. Our current contracts have not been required to be aggregated, as they are negotiated independently on a standalone basis. Our customers typically choose their vendor and award business at the conclusion of a competitive bidding process for each service. As a result, although we evaluate customer purchase orders and agreements for multiple elements and aggregation of individual contracts into a multiple element arrangement, our current contracts do not meet the criteria required for multiple element contract accounting.

(q) Insurance & Claims

Insurance and claims expense represents charges for premiums and the accruals made for claims within our self-insured retention amounts. The accruals are primarily related to auto liability, general liability, cargo and equipment damage, and service failure 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 our policy limits. 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. 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. We maintain insurance with licensed insurance carriers. Legal expenses related to auto liability claims are covered under our insurance policy. We are responsible for all other legal expenses related to claims.

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.

(1) Summary of Significant Accounting Policies—continued

(q) Insurance & Claims—continued

Our insurance expense varies primarily based upon the frequency and severity of our accident experience, insurance rates, coverage limits, and self-insured retention amounts.

(r) Stock Based Compensation

We record compensation expense for the grant of stock based awards. Compensation expense is measured at the grant date, based on the calculated fair value of the award, and recognized as an expense over the requisite service period (generally the vesting period of the grant). During 2012, the Company granted 178,137 shares of restricted stock to certain employees with a market price at the date of grant of $16.42. No stock based awards were granted in 2013 or 2011.

(s) 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.

We are no longer subject to U.S. federal income tax examinations by tax authorities for years before 2010. In addition, we file income tax returns in various state, local and foreign jurisdictions. Historically, we have been responsible for filing separate state, local and foreign income tax returns for ourself and our subsidiaries. We are no longer subject to state or foreign jurisdiction income tax examinations for years before 2009 and 2008, respectively.

We recognize 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. We recognize interest related to unrecognized tax benefits in income tax expense and penalties in other operating expenses.

(t) Foreign Currency Translation

The financial statements of the Company's subsidiaries operating in Mexico and Canada are prepared to conform to U.S. GAAP and translated into U.S. Dollars by applying a current exchange rate. The local currency has been determined to be the functional currency. Items appearing in the Consolidated Statements of Income are translated using average exchange rates during each period. Assets and liabilities of international operations are translated at period-end exchange rates. Translation gains and losses are reported in accumulated other comprehensive income (loss) as a component of shareholders' equity.

(u) Segment Information

In the prior year, we reported LINC's financial performance separately from our single reportable segment that predated the acquisition. Beginning with the thirteen week period ended June 29, 2013,

(1) Summary of Significant Accounting Policies—continued

(u) Segment Information—continued

we determined that our financial results should be reported in two reportable segments, the transportation segment and the logistics segment, based on the nature of the underlying customer commitments and the types of investments required to support these commitments. This presentation reflects the manner in which management evaluates our operating segments, including an evaluation of economic characteristics and applicable aggregation criteria. There has been no impact on our consolidated balance sheets, statements of income, comprehensive income or cash flows for the change in reportable segments for any period. Prior period segment information has been adjusted to reflect the change in segment reporting.

Operations aggregated in our transportation segment are associated with individual freight shipments coordinated by our agents, company-managed terminals and specialized services operations. In contrast, operations aggregated in our logistics segment deliver value-added, machining or transportation services to specific customers on a dedicated basis, generally pursuant to contract terms of one year or longer. Other non-reportable operating segments are comprised of the Company's subsidiaries that provide support services to other subsidiaries and to owner-operators, including shop maintenance and equipment leasing.

(v) Concentrations of Credit Risk

Financial instruments, which potentially subject us to concentrations of credit risk, consist principally of cash and cash equivalents, marketable securities and accounts receivable. We maintain our cash and cash equivalents and marketable securities with high quality financial institutions. We perform ongoing credit evaluations of our customers and generally do not require collateral. Our customers are generally concentrated in the automotive, wind energy, building materials, machinery and metals industries. During the fiscal years ended December 31, 2013, 2012 and 2011, aggregate sales in the automotive industry totaled 33.8%, 30.7% and 32.5% of revenue, respectively. In 2013, General Motors accounted for approximately 12.4% of our total operating revenues and sales to our top 10 customers, including General Motors, totaled 41.1%.

(w) Unaudited Pro Forma Earnings Per Share

Prior to its acquisition by Universal on October 1, 2012, LINC was an S Corporation for U.S. federal income tax purposes. As a result, LINC had no U.S. federal income tax liability, but had state and local liabilities in certain jurisdictions attributable to earnings as an S Corporation. Pro forma basic and diluted earnings per share have been computed to give effect to the termination of LINC's S Corporation status and acquisition by Universal, which changes the provision for income taxes for each period presented. We assume a blended statutory federal, state and local rate of 38.5% and 39.9% in 2012 and 2011, respectively.

(1) Summary of Significant Accounting Policies—continued

(w) Unaudited Pro Forma Earnings Per Share—continued

The following table sets forth a reconciliation of the numerator and denominator used in the calculation of basic and diluted earnings per share for the periods presented (in thousands, except per share data):

	2012	2011
Net income	$47,688	$51,446
Pro forma provision for income taxes due to LINC's conversion to a "C" corporation	11,059	12,016
Pro forma net income	$36,629	$39,430
Pro forma earnings per common share:		
Basic	$ 1.22	$ 1.31
Diluted	$ 1.22	$ 1.31
Weighted average number of common shares outstanding:		
Basic	30,032	30,121
Diluted	30,036	30,121

(2) Business Combinations

Acquisitions Accounted for Using the Purchase Method

In December 2013, we acquired Westport USA Holding, LLC ("Westport") for $123.0 million in cash, subject to a working capital adjustment after closing. Pursuant to the terms of the Unit Purchase Agreement, Westport was acquired on a cash-free, debt-free basis. Based in Louisville, Kentucky, Westport provides value-added warehousing and component distribution services to U.S. manufacturers of Class 4-8 trucks, RVs and super-duty trucks. Westport also machines and distributes steering knuckles and axle components for the automotive industry. We used available cash and borrowings under our Revolving Credit and Term Loan Agreement to finance the acquisition (see Note 6 "Debt"). As of December 31, 2013, $120.8 million of the purchase price was paid in cash and approximately $2.2 million is included in accrued expenses and other current liabilities. The working capital adjustments are being finalized and we do not expect there to be a material change in the purchase price as a result.

(2) Business Combinations—continued

The acquisition of Westport was accounted for in accordance with ASC 805 "*Business Combinations*." Assets acquired and liabilities assumed were recorded at their estimated fair values as of December 19, 2013, with the remaining unallocated purchase price recorded as goodwill. The goodwill recorded is included in our logistics segment, and is non-deductible for income tax purposes. The estimated useful lives of these intangible assets range from five months to nineteen years. The preliminary allocation of the purchase price is as follows (in thousands):

Current assets	$ 24,783
Property and equipment	17,081
Goodwill	56,624
Intangible assets	57,800
Other long-term assets	474
Current liabilities	(3,970)
Capital lease obligations	(4,685)
Deferred tax liabilities, net	(25,083)
	$123,024

The intangible assets acquired represent Westport's acquired trademarks, customer contracts and customer relationships. The acquired customer contracts and customer relationships are being amortized over a period from five months to nineteen years. The useful lives of acquired trademarks are indefinite and, therefore, not subject to amortization.

The following unaudited pro forma consolidated results of operations for the twelve-month periods ended December 31, 2013 and 2012 present consolidated information of the Company as if Westport was acquired on January 1, 2012 (in thousands, except per share data):

	Pro Forma Twelve Months Ended December 31, 2013	Pro Forma Twelve Months Ended December 31, 2012
Operating revenues	$1,121,459	$1,095,393
Operating income	$ 93,972	$ 66,848
Net Income	$ 54,791	$ 44,143
Earnings per common share:		
Basic	$ 1.82	$ 1.47
Diluted	$ 1.82	$ 1.47

The unaudited pro forma consolidated results for the twelve-month periods were prepared using the acquisition method of accounting and are based on the historical financial information of Westport and the Company. The historical financial information has been adjusted to give effect to pro forma adjustments that are: (i) directly attributable to the acquisition, (ii) factually supportable and (iii) expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial statements are presented for illustrative purposes and do not purport to represent what the financial position or results of operations would actually have been had we acquired Westport on January 1, 2012.

The acquisition of Westport strategically enhances our customer base by further penetrating industrial markets, specifically to manufacturers of medium and heavy-duty trucks. We believe that Westport's value-added services and limited capital requirements fit nicely into our business model and long-term

(2) Business Combinations—continued

growth strategy. The operating results of Westport have been included in the Consolidated Statements of Income since its acquisition date. Included in our operating results are transaction and other acquisition related costs totaling $0.7 million, which are reflected in selling, general and administrative expenses in the Consolidated Statements of Income.

In May 2012, we acquired certain assets of TFX Incorporated, or TFX, based in Durham, North Carolina through a Limited Asset Purchase Agreement for approximately $1.1 million. TFX is primarily a regional provider of intermodal transportation services strategically positioned to service the primary port areas on the East Coast and the key railheads and major manufacturing centers of the Southern and Midwestern United States. We used available cash and cash equivalents to finance acquisition. Pursuant to the acquisition, TFX operates as part of Mason Dixon Intermodal, Inc.

The pro forma effect of this acquisition 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 is as follows (in thousands):

Intangible assets	$ 657
Property and equipment	200
Goodwill (tax deductible)	243
	$1,100

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

The operating results of the TFX have been included in the Consolidated Statements of Income since its acquisition date; however, it has not been separately disclosed as it is deemed immaterial.

In March 2011, we acquired certain assets of Hart Transportation, Inc., or Hart, based in Jacksonville, Florida through a Limited Asset Purchase Agreement for approximately $1.4 million. We used available cash and cash equivalents to finance acquisition. Pursuant to the acquisition, Hart operates as part of Universal Am-Can, Ltd.

The pro forma effect of this acquisition 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 is as follows (in thousands):

Intangible assets	$ 915
Goodwill (tax deductible)	491
	$1,406

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

The operating results of Hart have been included in the Consolidated Statements of Income since its acquisition date; however, it has not been separately disclosed as it is deemed immaterial.

Goodwill represents the excess of purchase price over the estimated fair value assigned to the net tangible and identifiable intangible assets of the businesses acquired, and the expected synergies to be achieved through the integration of the acquired companies into Universal.

(2) Business Combinations—continued

Acquisition Accounted for Between Entities Under Common Control

In October 2012, we completed the acquisition of LINC whereby each outstanding share of LINC common stock was converted into the right to receive consideration consisting of 0.700 of a share of common stock of the Company and cash in lieu of fractional shares. This resulted in the issuance of 14,527,332 shares of the Company's common stock. Our majority shareholders beneficially owned, in the aggregate, 100% of the common stock of LINC. The effects of the retroactive restatement of the Company's 2011 financial statements using the guidance for transactions between entities under common control as described in ASC Topic 805 – "Business Combinations" are summarized below (in thousands, except per share data):

	Year ended December 31, 2011
Total operating revenues:	
Universal, as previously reported on Form 10-K for the year ended December 31, 2011	$699,771
LINC	290,929
Elimination of intercompany transactions	(28)
Universal, as restated	$990,672
Net income:	
Universal, as previously reported on Form 10-K for the year ended December 31, 2011	$ 15,813
LINC	35,633
Universal, as restated	$ 51,446
Earnings per common share:	
Basic:	
Universal, as previously reported on Form 10-K for the year ended December 31, 2011	$ 1.01
Universal, as restated	$ 1.71
Diluted:	
Universal, as previously reported on Form 10-K for the year ended December 31, 2011	$ 1.01
Universal, as restated	$ 1.71

Upon closing the merger with LINC on October 1, 2012, we borrowed approximately $149.1 million to repay LINC's outstanding indebtedness and dividends payable. During 2012, we also expensed transaction fees and other costs related to the merger totaling $8.4 million, which are reflected in selling, general and administrative expenses in the Consolidated Statements of Income.

(3) Accounts Receivable

Accounts receivable amounts appearing in the financial statements include both billed and unbilled receivables. We bill customers in accordance with contract terms, which may result in a brief timing difference between when revenue is recognized and when invoices are rendered. Unbilled receivables, which usually are billed within one month, totaled $12.8 million and $14.1 million at December 31, 2013 and 2012, respectively.

(3) Accounts Receivable—continued

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):

	2013	2012	2011
Balance at beginning of year	$ 2,515	$ 3,874	$ 5,217
Provision for doubtful accounts	1,515	1,190	1,306
Acquisition of businesses	163	—	—
Uncollectible accounts written off	(1,505)	(2,549)	(2,649)
Balance at end of year	$ 2,688	$ 2,515	$ 3,874

(4) Property and Equipment

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

	2013	2012
Transportation equipment	$ 151,395	$ 147,733
Land, buildings and related assets	68,653	66,936
Other operating assets	43,624	26,697
Information technology equipment	14,427	10,849
Construction in process	2,163	2,312
	280,262	254,527
Less accumulated depreciation	(137,606)	(126,736)
Total	$ 142,656	$ 127,791

(5) Accrued Expenses and Other Current Liabilities

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

	2013	2012
Payroll related items	$ 8,080	$ 6,582
Driver escrow liabilities	6,099	5,769
Commissions, taxes and other	6,893	4,779
Total	$21,072	$17,130

(6) Debt

Debt is comprised of the following (in thousands):

	Interest Rates at December 31, 2013	December 31, 2013	December 31, 2012
Outstanding Debt:			
Syndicated credit facility			
$120 million revolving credit facility	LIBOR + 1.35%	$ 60,000	$ 64,000
$60 million equipment financing facility . . .	LIBOR + 1.60%	57,500	32,000
$50 million term loan	LIBOR + 2.50%	50,000	50,000
$70 million term loan B	LIBOR + 2.50%	70,000	—
UBS secured borrowing facility	LIBOR + 0.85%	—	—
		237,500	146,000
Less current portion		5,482	—
Total long-term debt		$232,018	$146,000

Syndicated credit facility

On December 19, 2013, we entered into a Second Amendment (the "Amendment") to our Revolving Credit and Term Loan Agreement dated August 28, 2012, (the "Credit Agreement") with and among the lenders parties thereto and Comerica Bank, as administrative agent, to provide for aggregate borrowing facilities of up to $300 million. The Amendment modifies the Credit Agreement to allow for additional borrowings of $70 million under a new term loan and a $10 million increase in the revolving credit facility. The Credit Agreement, as amended, consists of a $120 million revolving credit facility (which amount may be increased by up to $20 million upon request of the Company and approval of the lenders), a $60 million equipment credit facility, a $50 million term loan, and a $70 million term loan B. Additionally, the Credit Agreement provides for up to $5 million in letters of credit, which letters of credit reduce availability under the revolving credit facility.

On December 19, 2013, we used available cash, $70 million in proceeds from the new term loan, $25 million in proceeds from our revolving credit facility, and $25.5 million in additional borrowings from our existing equipment credit facility to pay the aggregate cash consideration and expenses related to the acquisition of Westport (see Note 2 "Business Combinations").

$120 million Revolving Credit Facility

The revolving credit facility is available to refinance existing indebtedness and to finance working capital through, and mature on, August 28, 2017. Two interest rate options are applicable to advances borrowed pursuant to the facility: Eurodollar-based advances and base rate advances. Eurodollar-based advances bear interest at 30, 60 or 90-day LIBOR rates plus an applicable margin, which varies from 1.35% to 2.10% based on our ratio of total debt to earnings before interest, taxes, depreciation and amortization ("EBITDA"), as defined. As an alternative, base rate advances bear interest at a base rate, as defined, plus an applicable margin, which also varies based on our ratio of total debt to EBITDA in a range from 0.35% to 1.10%. The base rate is the greater of the prime rate announced by Comerica Bank, the federal funds effective rate plus 1.0%, or the daily adjusting LIBOR rate plus 1.0%. At December 31, 2013, interest accrued at 1.51% based on 30-day LIBOR.

(6) Debt—continued

To support daily borrowing and other operating requirements, the revolving credit facility contains a $10.0 million Swing Line sub-facility and a $5.0 million letter of credit sub-facility. On June 3, 2013, we executed an amendment to our Revolving Credit and Term Loan Agreement (the "First Amendment") which split the availability on the Swing Line between two existing lenders, Comerica Bank and KeyBank. The SwingLine was split to provide for borrowings of up to $7.0 million from Comerica Bank and $3.0 million from KeyBank, so long as the Comerica Bank and KeyBank advances do not exceed $10.0 million in the aggregate. Swing Line borrowings incur interest at either the base rate plus the applicable margin or, alternatively, at a quoted rate offered by the applicable Swing Line lender in its sole discretion. At December 31, 2013, we did not have any amounts outstanding under the Swing Line, and there were no letters of credit issued against the lines.

Interest on the unpaid balance of all revolving credit facility and swing line base rate advances is payable quarterly in arrears commencing on October 1, 2012, and on the first day of each October, January, April and July thereafter. Interest on the unpaid balance of each Eurodollar-based advance of the revolving credit facility is payable on the last day of the applicable Eurodollar interest period. Interest on the unpaid balance of each quoted rate based advance of the swing line is payable on the last day of the applicable quoted rate interest period.

The revolving credit facility is subject to a facility fee, which is payable quarterly in arrears, of either 0.25% or 0.50%, depending on our ratio of total debt to EBITDA. Other than in connection with Eurodollar-based advances or quoted rate advances that are paid off and terminated prior to an applicable interest period, there are no premiums or penalties resulting from prepayment. Borrowings outstanding at any time under the revolving credit facility are limited to the value of eligible accounts receivable of our principal operating subsidiaries, pursuant to a monthly borrowing base certificate. At December 31, 2013, our $60.0 million revolver advance was secured by, among other assets, net eligible accounts receivable totaling $111.2 million, of which, $83.5 million were available for borrowing against pursuant to the agreement.

<u>$60 million Equipment Credit Facility</u>

The equipment credit facility is available to refinance existing indebtedness and to finance capital expenditures including in connection with acquisitions. Borrowings under the equipment credit facility may be made until August 28, 2015, and such borrowings shall be repaid in quarterly installments equal to 1/28th of the aggregate amount of borrowings under the equipment credit facility commencing on January 1, 2014.

The two interest rate options that apply to revolving credit facility advances also apply to equipment credit facility advances. Eurodollar-based advances bear interest at 30, 60 or 90-day LIBOR rates plus an applicable margin, which varies from 1.60% to 2.60% based on our ratio of total debt to EBITDA. Base rate advances bear interest at a base rate, as defined, plus an applicable margin, which also varies based on our ratio of total debt to EBITDA in a range from 0.60% to 1.60%. The equipment credit facility is subject to an unused fee, which is payable quarterly in arrears, of 0.50%. At December 31, 2013, interest accrued at 1.76% based on 30-day LIBOR.

Interest on the unpaid balance of all equipment credit facility base rate advances is payable quarterly in arrears commencing on October 1, 2012, and on the first day of each October, January, April and July thereafter. Interest on the unpaid balance of each Eurodollar-based advance of the equipment credit facility is payable on the last day of the applicable Eurodollar interest period.

(6) Debt—continued

$50 million Term Loan

Proceeds of the term loan were advanced on October 1, 2012 and used to refinance existing indebtedness of LINC. The outstanding principal balance is due on August 28, 2017, to the extent not already reduced by mandatory or optional prepayments. The applicable interest rate on the effective date of the term loan indebtedness was the base rate. Base rate advances bear interest at a defined base rate plus an applicable margin which varies from 1.50% to 2.25%, based on our ratio of total debt to EBITDA. Thereafter, we may convert base rate advances to Eurodollar-based advances, which bear interest at 30, 60 or 90-day LIBOR rates plus an applicable margin which varies from 2.50% to 3.25%, based on our ratio of total debt to EBITDA. At December 31, 2013, interest accrued at 2.66% based on 30-day LIBOR.

Interest on the unpaid principal of all term loan base rate advances is payable quarterly in arrears commencing on October 1, 2012, and on the first day of each October, January, April and July thereafter. Interest on the unpaid principal of each Eurodollar-based advance of the term loan is payable on the last day of the applicable Eurodollar interest period.

$70 million Term Loan B

Proceeds of the term loan were advanced on December 19, 2013 and used to finance the acquisition of Westport. The outstanding principal balance is due on August 28, 2017, to the extent not already reduced by mandatory or optional prepayments. The applicable interest rate on the effective date of the term loan indebtedness was the base rate. Base rate advances bear interest at a defined base rate plus an applicable margin which varies from 1.50% to 2.25%, based on our ratio of total debt to EBITDA. Thereafter, we may convert base rate advances to Eurodollar-based advances, which bear interest at 30, 60 or 90-day LIBOR rates plus an applicable margin which varies from 2.50% to 3.25%, based on our ratio of total debt to EBITDA. At December 31, 2013, interest accrued at 2.66% based on 30-day LIBOR.

Interest on the unpaid principal of all term loan base rate advances is payable quarterly in arrears commencing on January 1, 2014, and on the first day of each January, April, July and October thereafter. Interest on the unpaid principal of each Eurodollar-based advance of the term loan is payable on the last day of the applicable Eurodollar interest period.

The Credit Agreement requires us to repay the borrowings made under the term loan facilities and the equipment credit facility as follows: 50% (which percentage shall be reduced to 0% subject to the Company attaining a certain leverage ratio) of our annual excess cash flow, as defined; 100% of net cash proceeds of certain asset sales; and 100% of certain insurance and condemnation proceeds. Mandatory prepayments of the term loans were $0 as of December 31, 2013. We may voluntarily repay outstanding loans under each of the facilities at any time, subject to certain customary “breakage” costs with respect to LIBOR-based borrowings. In addition, we may elect to permanently terminate or reduce all or a portion of the revolving credit facility.

All obligations under the Credit Agreement are unconditionally guaranteed by the Company’s material U.S. subsidiaries and the obligations of the Company and such subsidiaries under the Credit Agreement and such guarantees are secured by, subject to certain exceptions, substantially all of their assets. The Credit Agreement also may, in certain circumstances, limit our ability to pay dividends or distributions. The Credit Agreement includes annual, quarterly and ad hoc financial reporting requirements and

(6) Debt—continued

financial covenants requiring the Company to maintain maximum leverage ratios and a minimum fixed charge coverage ratio, as well as customary affirmative and negative covenants and events of default. Specifically, we may not exceed a maximum senior debt to EBITDA ratio, as defined, of 2.5:1 and a maximum total debt to EBITDA ratio, as defined, of 3.0:1. We must also maintain a fixed charge coverage ratio, as defined, of not less than 1.25:1. As of December 31, 2013, the Company was in compliance with its debt covenants.

UBS Secured Borrowing Facility

We also maintain a secured borrowing facility at UBS Financial Services, Inc., or UBS, using our marketable securities as collateral for the short-term line of credit. The line of credit bears an interest rate equal to LIBOR plus 0.85% (effective rate of 1.01% at December 31, 2013), and interest is adjusted and billed monthly. No principal payments are due on the borrowing; however, the line of credit is callable at any time. The amount available under the line of credit is based on a percentage of the market value of the underlying securities. If the equity value in the account falls below the minimum requirement, we must restore the equity value, or UBS may call the line of credit. We did not have any amounts outstanding under our line of credit at December 31, 2013 or 2012, and the maximum available borrowings under the line of credit were $5.4 million and $5.1 million, respectively.

Cuyahoga County Loan

In May 1, 2006, UTS Realty, LLC, or Realty, a wholly owned subsidiary of the Company, 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 facility. The loan agreement with the County required Realty to make quarterly interest payments at an annual rate of 5.0%. Through January 31, 2011, subject to certain conditions, the County forgave $450,000 of the principal amount owed. On January 31, 2007, the Company began recording the forgiveness as a reduction of the loan and as a reduction in the cost of the underlying improvements at a rate of $90,000 per annum. The remaining principal was due at maturity on January 31, 2011; however, in June 2010, we repaid $550,000 of the remaining principal balance.

Maturities

The following table reflects the maturities of our principal repayment obligations as of December 31, 2013 (in thousands):

Years Ending December 31	Revolving Credit Facilities	Equipment Financing Facilities	Term Loan	Term Loan B	Total
2014	$ —	$ 5,482	$ —	$ —	$ 5,482
2015	—	8,214	—	—	8,214
2016	—	8,214	—	—	8,214
2017	60,000	35,590	50,000	70,000	215,590
Total	$60,000	$57,500	$50,000	$70,000	$237,500

(7) Fair Value Measurement and Disclosures

ASC Topic 820, "*Fair Value Measurements and Disclosures*", 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 and expanded disclosures with respect to fair value measurements.

ASC Topic 820 also 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.

We have 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 the inputs used to determine the fair value at the measurement date in the tables below (in thousands):

	December 31, 2013			
	Level 1	Level 2	Level 3	Fair Value Measurement
Assets				
Cash equivalents	$ 117	$—	$—	$ 117
Marketable securities	11,626	—	—	11,626
Total Assets	$11,743	$—	$—	$11,743

	December 31, 2012			
	Level 1	Level 2	Level 3	Fair Value Measurement
Assets				
Cash equivalents	$ 23	$—	$—	$ 23
Marketable securities	9,962	—	—	9,962
Total Assets	$ 9,985	$—	$—	$ 9,985

The valuation techniques used to measure fair value for the items in the tables 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.

(7) Fair Value Measurement and Disclosures—continued

- Marketable securities—Marketable securities represent equity securities, which consist of common and preferred stocks, are actively traded on public exchanges and are listed as Level 1 assets. Fair value was measured based on quoted prices for these securities in active markets.

Our senior debt and line of credit consists of variable rate borrowings. We categorize borrowings under the credit agreement and line of credit as Level 2 in the fair value hierarchy. The carrying value of these borrowings approximate fair value because the applicable interest rates are adjusted frequently based on short-term market rates.

(8) Transactions with Affiliates

Through December 31, 2004, Universal was a wholly-owned subsidiary of CenTra, Inc. On December 31, 2004, CenTra distributed all of Universal's common stock to the shareholders of CenTra. Subsequent to our initial public offering in 2005, our majority shareholders retained and continue to hold a controlling interest in Universal. CenTra provides administrative support services to Universal, including legal, human resources, and tax services. The cost of these services is based on the actual or estimated utilization of the specific service. Management believes these charges are reasonable. However, the costs of these services charged to Universal are not necessarily indicative of the costs that would have been incurred if Universal had internally performed or acquired these services as a separate unaffiliated entity.

In addition to the administrative support services described above, Universal purchases other services from affiliates. Following is a schedule of cost incurred and included in operating expenses for services provided by affiliates for the years ended December 31 (in thousands):

	2013	2012	2011
Administrative support services	$ 2,367	$ 2,535	$ 2,019
Truck fueling and maintenance	1,774	3,850	3,629
Real estate rent and related costs	11,352	10,787	11,319
Insurance and employee benefit plans	32,710	33,657	33,529
Contracted transportation services	311	285	2,344
Total	$48,514	$51,114	$52,840

In connection with our transportation services, we also routinely cross the Ambassador Bridge between Detroit, Michigan and Windsor Ontario, and we pay tolls and other fees to certain related entities which are under common control with CenTra. CenTra also charges us for the direct variable cost of various maintenance, fueling and other operational support costs for services delivered at their trucking terminals that are geographically remote from our own facilities. Such activities are billed when incurred, paid on a routine basis, and reflect actual labor utilization, repair parts costs or quantities of fuel purchased.

A significant number of our transportation and logistics service operations are located at facilities leased from affiliates. At 38 facilities, occupancy is based on either month-to-month or contractual, multi-year lease arrangements which are billed and paid monthly. Leasing properties provided by an affiliate that owns a substantial commercial property portfolio affords us significant operating flexibility. However, we are not limited to such arrangements. See Note 10, "Leases" for further information regarding the cost of leased properties.

(8) Transactions with Affiliates—continued

We purchase workers' compensation, property and casualty, cargo, warehousing and other general liability insurance from an insurance company controlled by our majority shareholders. Our employee health care benefits and 401(k) programs are also provided by this affiliate.

Other services from affiliates, including leased real estate, insurance and employee benefit plans, and contracted transportation services, are delivered to us on a per-transaction-basis or pursuant to separate contractual arrangements provided in the ordinary course of business. At December 31, 2013 and 2012, amounts due to affiliates were $3.6 million and $4.1 million, respectively. We record our insured claims liability and the related recovery from an affiliate insurance provider in insurance and claims, and other receivables in our Consolidated Balance Sheets. At December 31, 2013 and 2012, there were $15.8 million and $13.8 million, respectively, included in these accounts for insured claims with an affiliate which are not expected to exceed our policy limits.

We incurred approximately $524 thousand of costs during 2013 related to an underwritten public offering of our common stock. Under the Amended and Restated Registration Rights Agreement, dated as of July 25, 2012 with our majority shareholders, we were responsible to pay for the cost of the offering. After deducting the underwriting discount and offering expenses, we did not have any remaining proceeds from the sale of our common stock.

During 2013, we purchased 39 used tractors from an affiliate for approximately $1.6 million.

We have retained the law firm of Sullivan Hincks & Conway to provide legal services. Daniel C. Sullivan, a member of our Board, is a partner at Sullivan Hincks & Conway. Amounts paid for legal services during 2013, 2012 and 2011 were $7 thousand, $144 thousand and $340 thousand, respectively.

Services provided by Universal to Affiliates

We may assist our affiliates with selected transportation and logistics services in connection with their specific customer contracts or purchase orders. Truck fueling and administrative expenses are presented net in operating expense. Following is a schedule of services provided to CenTra and affiliates for the years ended December 31 (in thousands):

	2013	2012	2011
Transportation and intermodal services	$ 9,800	$2,644	$ 981
Truck fueling and maintenance	184	227	798
Administrative and customer support services	113	111	63
Total	$10,097	$2,982	$1,842

At December 31, 2013 and 2012, amounts due from affiliates were $2.3 million and $3.6 million, respectively.

On October 1, 2012, we completed the acquisition of LINC. Our principal shareholders beneficially owned, in the aggregate, 100% of the common stock of LINC. See Note 2 "Business Combinations—Acquisition Accounted for Between Entities Under Common Control".

(9) Income Taxes

A summary of income related to U.S. and non-U.S. operations are as follows (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Operations			
U.S. Domestic	$74,697	$63,427	$63,462
Foreign	6,219	4,525	2,191
Total pre-tax income	$80,916	$67,952	$65,653

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

	2013	2012	2011
Current:			
U.S. Federal	$22,797	$12,554	$ 3,454
State	3,609	1,740	5,412
Foreign	1,442	1,586	1,041
	27,848	15,880	9,907
Deferred:			
U.S. Federal	1,922	4,155	5,263
State	524	354	(889)
Foreign	50	(125)	(74)
	2,496	4,384	4,300
Total	$30,344	$20,264	$14,207

(9) Income Taxes—continued

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

	2013		2012	
	Current	Long-term	Current	Long-term
Domestic deferred tax assets:				
Allowance for doubtful accounts	$ 578	$ —	$ 812	$ —
Other assets	—	1,018	—	3,128
Accrued expenses	5,826	—	6,618	—
Total domestic deferred tax assets	6,404	1,018	7,430	3,128
Domestic deferred tax liabilities:				
Prepaid expenses	(1,528)	—	(1,650)	—
Marketable securities	—	(1,480)	(902)	—
Intangible assets	—	(21,248)	—	—
Property and equipment	—	(22,261)	—	(19,000)
Total domestic deferred tax liabilities	(1,528)	(44,989)	(2,552)	(19,000)
Foreign deferred tax asset				
Other assets	—	624	—	667
Valuation allowance—foreign	—	(401)	—	(394)
Total foreign deferred tax asset	—	223	—	273
Net deferred tax asset (liability)	$ 4,876	$(43,748)	$ 4,878	$(15,599)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the domestic and foreign deferred tax assets will not be realized. The deferred tax assets and liabilities were reviewed separately by jurisdictions when measuring the need for valuation allowances. 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 domestic deferred tax assets are expected to reverse, and our ability to generate future capital gains, management believes it is more likely than not that we will realize the benefits of these deductible differences. Thus, no valuation allowance has been established for the domestic deferred tax assets. Based on the anticipated earnings projections of the foreign subsidiaries, management has recorded a full valuation allowance for the deferred tax assets associated with the German subsidiary.

The company has not provided for U.S. income taxes on foreign subsidiaries undistributed earnings since they are expected to be reinvested indefinitely outside the U.S. It is not possible to predict the amount of U.S. income taxes that might be payable if these earnings were eventually repatriated. As of December 31, 2013, the undistributed earnings of foreign subsidiaries was approximately $8.1 million.

(9) Income Taxes—continued

The amount of the domestic and foreign deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income are reduced or capital gains contemplated under tax planning strategies are not realized.

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

	2013	2012	2011
Federal statutory rate	35%	35%	35%
S-Corp earnings taxed at shareholder level	0%	-14%	-20%
Non-deductible (benefit) expense	-1%	3%	0%
LINC tax status change	0%	4%	0%
State, net of federal benefit	3%	2%	6%
Foreign	0%	0%	1%
Effective tax rate	37%	30%	22%

Prior to LINC's acquisition by Universal on October 1, 2012, LINC was an S Corporation for U.S. federal income tax purposes. As a result, LINC had no U.S. federal income tax liability, but had state and local liabilities in certain jurisdictions attributable to earnings as an S Corporation. See Note 1(w) "Unaudited Pro Forma Earnings Per Share". The merger transaction resulted in a termination of the S election for LINC, and LINC is now treated as a C corporation subject to federal income taxes. The tax rate adjustment accounts for the periods before the change in LINC's federal tax status. Additionally, in connection with the acquisition by a C Corporation, we recorded the federal component of the deferred tax accounts resulting in the recognition of additional income tax expense of $2.5 million.

As of December 31, 2013, the total amount of unrecognized tax benefit representing uncertainty in certain tax positions was $0.7 million. These uncertain tax positions are based on recognition thresholds and measurement attributes for the financial statement recognition and measurements of a tax position taken or expected to be taken in a tax return. 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, 2013, 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. As of December 31, 2013, the amount of accrued interest and penalties was $0.2 million and $0.1 million, respectively.

The changes in our gross unrecognized tax benefits during the years ended December 31 are as follows (in thousands):

	2013	2012	2011
Unrecognized tax benefit—beginning of year	$ 741	$687	$ 632
Increases related to prior year tax positions	137	12	120
Increases related to current year tax positions	15	42	55
Decreases related to prior year tax positions	(241)	—	(120)
Settlements with taxing authorities	—	—	—
Lapse of statutes of limitations	—	—	—
Unrecognized tax benefit—end of year	$ 652	$741	$ 687

(10) Leases

We lease office space, warehouses, freight distribution centers, terminal yards and equipment under non-cancelable capital and operating lease arrangements. Except where we deliver services within facilities provided by our customers, we lease all warehouse and freight distribution centers used in our logistics operations, often in connection with a specific customer program. Where facilities are substantially dedicated to a single customer and our lease is with an independent property owner, we attempt to align lease terms with the expected duration of the underlying customer program. Except as described in Note 8, "Transactions with Affiliates", facilities rented from affiliates are generally occupied pursuant to month-to-month lease agreements.

In most cases, we expect our facility leases will be renewed or replaced by other leases in the ordinary course of business. Where possible, we contractually secure the recovery of certain occupancy costs, including rent, during the term of a customer program. Future minimum rental payments pursuant to leases that have an initial or remaining non-cancelable lease term in excess of one year as of December 31, 2013 are as follows (in thousands):

		Operating Leases		
Years Ending December 31	**Capital Leases**	**With Affiliates**	**With Third Parties**	**Total**
2014	$1,818	$4,754	$ 9,806	$16,378
2015	1,245	1,783	8,271	11,299
2016	989	1,021	4,074	6,084
2017	731	800	3,049	4,580
2018	313	810	714	1,837
Thereafter	—	338	—	338
Total required payments	5,096	$9,506	$25,914	$40,516
Less amounts representing interest (1.7% to 9.1%)	453			
Present value of minimum lease payments	4,643			
Less current maturities	1,592			
	$3,051			

At December 31, 2013, assets under capital leases, consisting primarily of machinery and equipment, had a cost of approximately $6.9 million and accumulated amortization of $0.1 million. There were no assets under capital lease at December 31, 2012. Included in depreciation and amortization expense in the accompanying Consolidated Statements of Income for the year ended December 31, 2013 is amortization expense of $0.1 million.

Rental expense for facilities, vehicles and other equipment leased from third parties under operating leases approximated $14.4 million, $10.7 million and $9.5 million for the years ended December 31, 2013, 2012 and 2011.

(11) Comprehensive Income

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

	2013	2012	2011
Unrealized holding gains on available-for-sale investments arising during the period:			
Gross amount	$2,160	$ 1,383	$ 33
Income tax (expense) benefit	(614)	(817)	20
Net of tax amount	$1,546	$ 566	$ 53
Realized (gains) on available-for-sale investments reclassified into income:			
Gross amount	$ (107)	$(2,189)	$(1,136)
Income tax expense	39	1,013	450
Net of tax amount	$ (68)	$(1,176)	$ (686)
Foreign currency translation adjustments	$ (227)	$ 312	$ (274)

The unrealized holding gains and losses on available-for-sale investments represent mark-to-market adjustments net of related income taxes.

(12) Retirement Plans

We offer 401(k) defined contribution plans to our employees. The plans are administered by a company controlled by our principal shareholders and include different matching provisions depending on which subsidiary or affiliate is involved. In the plans available to certain employees not subject to collective bargaining agreements, we matched contributions up to $600 annually for each employee who is not considered highly compensated through December 31, 2008, after which some matching contributions were suspended as a response to market conditions at certain subsidiaries. Three other 401(k) plans are provided to employees of specific operations and offer matching contributions that range from zero to $2,080 per participant annually. The total expense for contributions for 401(k) plans, including plans related to collective bargaining agreements, was $0.4 million for the each of the years ended December 31, 2013, 2012 and 2011.

Great American Lines, Inc., a wholly-owned subsidiary of the Company, maintained a Simplified Employee Pension Plan, which is a defined contribution plan and covers all full-time employees. Eligibility requirements include completion of one year of service and attaining the age of 21. Contributions to the plan are at management's discretion. No contributions were made under this plan for the years ended December 31, 2013, 2012 or 2011.

In connection with a collective bargaining agreement that covered 9 Canadian employees at December 31, 2013, we are required to make defined contributions into the Canada Wide Industrial Pension Plan. At December 31, 2013 and 2012, the required contributions totaled approximately $38 thousand and $28 thousand, respectively.

(13) Stock Based Compensation

In December 2004, Universal'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

(13) Stock Based Compensation—continued

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 December 20, 2012, the Company granted 178,137 shares of restricted stock to certain of its employees. The restricted stock grants vested 20% on December 20, 2012, and an additional 20% will vest on each anniversary of the grant through December 20, 2016, subject to continued employment with the Company.

A summary of the status of our non-vested shares as of December 31, 2013, and changes during the year ended December 31, 2013, is presented below:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2013	142,511	$16.42
Granted	—	$ —
Vested	(35,626)	$16.42
Forfeited	—	$ —
Balance at December 31, 2013	106,885	$16.42

As of December 31, 2013, there was $1.8 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted-average period of 3 years. The total fair value of shares vested during the year ended December 31, 2013 was $0.6 million.

(14) Commitments and Contingencies

Our principal commitments relate to long-term real estate leases and payment obligations to equipment vendors.

We are involved in certain claims and pending litigation arising from the ordinary conduct of business. We also provide accruals for claims within our self-insured retention amounts. Based on the knowledge of the facts, and in certain cases, opinions of outside counsel, in the Company's opinion the resolution of these claims and pending litigation will not have a material effect on our financial position, results of operations or cash flows.

At December 31, 2013, approximately 40.9% of our employees in the United States, Mexico and Canada are subject to collective bargaining agreements that are renegotiated periodically, none of which are subject to contracts that expire in 2014.

(15) Earnings Per Share

Basic earnings per common share amounts are based on the weighted average number of common shares outstanding, excluding outstanding non-vested restricted stock. Diluted earnings per common share include dilutive common stock equivalents determined by the treasury stock method. For the years ended December 31, 2013 and 2012, there were 95,656 and 4,597 weighted average non-vested shares of restricted stock, respectively, included in the denominator for the calculation of diluted earnings per share.

(15) Earnings Per Share—continued

For the year ended December 31, 2011, 187,500 expired options to purchase shares of common stock were excluded from the calculation of diluted earnings per share because such options were anti-dilutive.

(16) Quarterly Financial Data (unaudited)

	2013			
	1st quarter	2nd quarter	3rd quarter	4th quarter
	(in thousands, except per share information)			
Operating revenue	$248,109	$264,172	$261,663	$259,548
Operating income	19,251	23,629	22,480	19,133
Income before income taxes	18,283	22,828	21,491	18,314
Provision for income taxes	6,909	8,674	7,749	7,012
Net income	$ 11,374	$ 14,154	$ 13,742	$ 11,302
Earnings per common share:				
Basic	$ 0.38	$ 0.47	$ 0.46	$ 0.38
Diluted	$ 0.38	$ 0.47	$ 0.46	$ 0.38
Weighted average number of common shares outstanding:				
Basic	30,054	30,054	30,065	30,083
Diluted	30,196	30,196	30,118	30,127

	2012			
	1st quarter	2nd quarter	3rd quarter	4th quarter
	(in thousands, except per share information)			
Operating revenue	$255,992	$264,968	$256,898	$259,148
Operating income	17,395	19,248	18,893	13,621
Income before income taxes	17,103	19,123	19,359	12,367
Provision for income taxes	2,664	3,378	4,307	9,915
Net income	$ 14,439	$ 15,745	$ 15,052	$ 2,452
Earnings per common share:				
Basic	$ 0.48	$ 0.52	$ 0.50	$ 0.08
Diluted	$ 0.48	$ 0.52	$ 0.50	$ 0.08
Weighted average number of common shares outstanding:				
Basic	30,065	30,022	30,018	30,023
Diluted	30,065	30,022	30,018	30,041

(17) Segment Reporting

We report our financial results in two reportable segments, the transportation segment and the logistics segment, based on the nature of the underlying customer commitment and the types of investments required to support these commitments. This presentation reflects the manner in which management evaluates our operating segments, including an evaluation of economic characteristics and applicable aggregation criteria.

(17) Segment Reporting—continued

Operations aggregated in our transportation segment are associated with individual freight shipments coordinated by our agents, company-managed terminals and specialized services operations. In contrast, operations aggregated in our logistics segment deliver value-added services, machining or transportation services to specific customers on a dedicated basis, generally pursuant to contract terms of one year or longer. Other non-reportable operating segments are comprised of the Company's subsidiaries that provide support services to other subsidiaries and to owner-operators, including shop maintenance and equipment leasing.

The following tables summarize information about our reportable segments as of and for the fiscal years ended December 31, 2013, 2012 and 2011 (in thousands):

2013	Transportation	Logistics	Other	Total
Operating revenues	$705,557	$327,498	$ 437	$1,033,492
Eliminated inter-segment revenues	679	179	—	858
Depreciation and amortization	11,557	7,861	268	19,686
Income from operations	28,537	58,724	(2,768)	84,493
Capital expenditures	9,084	6,426	1,525	17,035
Total assets	221,428	229,947	38,761	490,136

2012	Transportation	Logistics	Other	Total
Operating revenues	$747,313	$289,268	$ 425	$1,037,006
Eliminated inter-segment revenues	514	83	—	597
Depreciation and amortization	12,066	5,957	214	18,237
Income from operations	30,623	49,497	(10,963)	69,157
Capital expenditures	15,463	12,927	1,176	29,566
Total assets	226,896	77,563	22,910	327,369

2011	Transportation	Logistics	Other	Total
Operating revenues	$722,936	$267,345	$ 391	$ 990,672
Eliminated inter-segment revenues	596	37	—	633
Depreciation and amortization	11,614	5,959	158	17,731
Income from operations	27,587	40,351	(1,870)	66,068
Capital expenditures	20,084	8,252	1,267	29,603
Total assets	217,461	67,195	31,191	315,847

We provide a portfolio of transportation and logistics services to a wide range of customers throughout the United States, Mexico, Canada, and to a lesser extent, Europe and other countries around the world. Revenues for selected services as provided to the chief operating decision maker are as follows (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Transportation services	$ 706,998	$ 741,650	$740,089
Value-added services	195,086	174,975	147,814
Intermodal services	131,408	120,381	102,769
Total	$1,033,492	$1,037,006	$990,672

(17) Segment Reporting—continued

Revenues are attributed to geographic areas based upon completion of the underlying service at the point of delivery. In some instances, we are paid one rate for "round-trip" services that originate and terminate in Canada, but have destinations in the United States. In those instances we allocate half of the total revenue to Canada and half to the United States (in thousands).

	Year Ended December 31,		
	2013	2012	2011
United States	$ 992,511	$ 999,668	$955,189
Mexico	23,440	20,266	16,017
Canada	14,029	13,407	14,628
Europe	2,278	2,057	3,040
Other	1,234	1,608	1,798
Total	$1,033,492	$1,037,006	$990,672

Net long-lived property and equipment assets are presented in the table below (in thousands):

	Year Ended December 31,	
	2013	2012
United States	$134,951	$117,910
Mexico	7,640	9,791
Canada	65	90
Total	$142,656	$127,791

(18) Subsequent Events

On February 20, 2014, our Board of Directors declared a quarterly cash dividend of $0.07 per share of common stock, which is payable to shareholders of record at the close of business on March 3, 2014 and was paid on March 13, 2014. Declaration of future cash dividends is subject to final determination by the Board of Directors each quarter after its review of 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.

On January 16, 2014, suit was brought against a Universal subsidiary and two co-defendants in a Michigan Circuit Court by Chrysler Group, LLC seeking to recover damages related to containers allegedly stolen by one of the co-defendants, who provided truckload services that operated through one of our consolidation centers. On February 28, 2014, a cross-claim was filed by one of the co-defendants against the subsidiary and the second co-defendant alleging, among other things, negligence on our part in connection with failure to identify the loss. We intend to answer the cross-claim denying liability. Insurance coverage for this matter has yet to be determined, and a legal analysis remains to be conducted. The claim is in its very early stages and a range of possible outcomes cannot be determined.

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

On April 24, 2013, KPMG, our previous independent registered public accounting firm, notified the Company that they would resign upon the completion of their review of the Company's financial statements as of and for this quarter ended March 30, 2013. On April 26, 2013, the Company's Audit Committee selected BDO USA, LLP to be our new independent registered public accounting firm for the fiscal year ending December 31, 2013. Information with respect to this matter is included in the Company's current report on Form 8-K filed April 26, 2013.

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 paragraph (b) of Rule 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended (or the Exchange Act). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2013, 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 (i) to be recorded, processed, summarized and reported, to the extent applicable, within the time periods required for us to meet the Securities and Exchange Commission's (or SEC) filing deadlines for these reports specified in the SEC's rules and forms and (ii) to be accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Remediation of Prior Material Weakness in Internal Control Over Financial Reporting

On November 27, 2013, the Company filed a Form 10-K/A to our previously filed Annual Report on Form 10-K for the year ended December 31, 2012 to amend and restate Item 9A. Controls and Procedures related to the effectiveness of our disclosure controls and procedures and internal controls over financial reporting. In connection with this filing, management concluded that as of December 31, 2012, as it relates to LINC Logistics Company, we did not (1) adequately assign and monitor internal control responsibilities to address segregation of duties and maintain effective internal controls over information technology systems to properly restrict access for information technology and financial management users to their specific responsibilities and to properly review development, change management, and maintenance of system applications; (2) maintain effective internal controls to ensure the completeness, accuracy and validity of manual journal entries. As a result, management concluded that these control deficiencies could have resulted in a material misstatement of the consolidated financial statements that would not have been prevented or detected on a timely basis, and as such, these control deficiencies result in material weaknesses.

At the time of the filing, management had already remediated our material weakness related to journal entries by requiring a review and approval of all manual journal entries. To remediate the material weakness related to segregation of duties and maintaining effective internal controls over information technology systems, management has implemented a number of measures. Specifically, to properly restrict access management has implemented and completed a periodic review, at least annually, of the active/terminated employee listing of job functions and user access rights. Additionally, to properly review development, change management, and maintenance of system applications, management has implemented a policy requiring appropriate approvals for changes and maintaining a log of changes. As a result of these measures, management has concluded that it has remediated the material weaknesses that existed as of December 31, 2012.

Changes in Internal Controls

Except as otherwise discussed above, there have been no changes in our internal controls over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the quarter ended December 31, 2013 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) under the Securities Exchange Act of 1934, 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, 2013. This assessment was performed using the criteria established under *the Internal Control-Integrated Framework (1992) established by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO*.

The scope of management's assessment as of December 31, 2013 did not include an assessment of the internal controls over financial reporting during 2013 for Westport USA Holding, LLC (Westport), which was acquired on December 19, 2013. Management has excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2013, Westport's internal control over financial reporting associated with total assets of $155.3 million, no operating revenues and a net loss of $0.5 million, which are included in the consolidated financial statements Universal Truckload Services, Inc. as of and for the year ended December 31, 2013. For the fiscal year ending December 31, 2014, the scope of management's assessment on internal control over financial reporting will include Westport's operations.

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, 2013.

BDO USA 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, 2013, has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2013. Such report appears immediately below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Universal Truckload Services, Inc.
Warren, Michigan

We have audited Universal Truckload Services, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). 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 "Item 9A, 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.

As indicated in the accompanying "Item 9A, Report of Management on Internal Control Over Financial Reporting", management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Westport USA Holding, LLC, which was acquired on December 19, 2013, and which is included in the consolidated balance sheet of Universal Truckload Services, Inc. as of December 31, 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year then ended. Westport USA Holding, LLC had $155.3 million of total assets as of December 31, 2013, and $0.0 million and $0.5 million of revenues and net loss, respectively, for the year then ended. Management did not assess the effectiveness of internal control over financial reporting of Westport USA Holding, LLC because of the timing of the acquisition which was completed on December 19, 2013. Our audit of internal control over financial reporting of Universal Truckload Services, Inc. also did not include an evaluation of the internal control over financial reporting of Westport USA Holding, LLC.

In our opinion, Universal Truckload Services, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Universal Truckload Services, Inc. as of December 31, 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year ended December 31, 2013, and our report dated March 14, 2014 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Troy, Michigan
March 14, 2014

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, 2013, 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, 2013, 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, 2013, 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, 2013, 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, 2013, and is incorporated herein by reference.

PART IV

ITEM 15: EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(1) Financial Statements

(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
2.1^	Unit Purchase Agreement, dated November 27, 2013, among Universal Truckload Services, Inc., Hiberis International Corp., SM International Holdings and SM Brasil Participações, S.A. (Incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on December 2, 2013 (Commission File No. 000-51142))
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. 000-51142))
3.2	Amendment to Articles of Incorporation (Incorporated by reference to Exhibit 3(i)-1 and 3(i)-2 to the Registrant's Current Report filed on November 1, 2012 (Commission File No. 000-51142))
3.3	Amended and Restated Bylaws, as amended effective April 22, 2009 (Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on April 24, 2009 (Commission File No. 000-51142))
4.1	Amended and Restated Registration Rights Agreement, dated as of July 25, 2012, among Registrant, Matthew T. Moroun, the Manuel J. Moroun Revocable Trust U/A March 24, 1977, as amended and restated on December 22, 2004 and the M.J. Moroun 2012 Annuity Trust dated April 30, 2012 ((Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed July 26, 2012 (Commission File No. 000-51142))
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. 000-51142))
10.1+	Employment agreement, dated December 20, 2012, by and between Universal Truckload Service, Inc. and H.E. "Scott" Wolfe (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 26, 2012 (Commission File No. 000-51142))
10.2+	Employment agreement, dated January 16, 2013, by and between Universal Truckload Service, Inc. and Donald B. Cochran (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 18, 2013 (Commission File No. 000-51142))

Exhibit No.	Description
10.3+	Universal Truckload Services, Inc. 2013 Short-Term Incentive Plan B (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on April 26, 2013 (Commission File No. 000-51142))
10.4	Consulting Agreement between Universal Truckload Services, Inc. and Manuel J. Moroun, dated April 24, 2013. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 26, 2013 (Commission File No. 000-51142))
10.5	Revolving Credit and Term Loan Agreement, dated as of August 28, 2012, among Universal Truckload Services, Inc., the lenders parties thereto and Comerica Bank, as administrative agent, arranger and documentation agent ((Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed August 31, 2012 (Commission File No. 000-51142))
10.6	First Amendment to Revolving Credit and Term Loan Agreement, date June 3, 2013 (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 5, 2013 (Commission File No. 000-51142))
10.7	Second Amendment to Revolving Credit and Term Loan Agreement, dated December 19, 2013 Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 20, 2013 (Commission File No. 000-51142))
21.1*	Subsidiaries of Universal Truckload Services, Inc.
23.1*	Consent of BDO USA LLP, independent registered public accounting firm
23.2*	Consent of KPMG LLP, independent registered public accounting firm
23.3*	Consent of Grant Thornton, independent registered public accounting firm
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
101.INS**	XBRL Instance Document
101.SCH**	XBRL Schema Document
101.CAL**	XBRL Calculation Linkbase Document
101.DEF**	XBRL Definition Linkbase Document
101.LAB**	XBRL Labels Linkbase Document
101.PRE**	XBRL Presentation Linkbase Document

^ Schedules and exhibits to the Agreement have been omitted pursuant to Section 601(b)(2) of Regulation S-K. Universal Truckload Services, Inc. agrees to furnish supplementally a copy of any omitted schedule or exhibit upon the request of the SEC.

\+ Indicates a management contract, compensatory plan or arrangement.

* Filed herewith.

** Furnished herewith

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/ DAVID A. CRITTENDEN
David A. Crittenden, Chief Financial Officer

Date: March 14, 2014

POWER OF ATTORNEY

Know all persons by these presents, that each person whose signature appears below constitutes and appoints H. E. "Scott" Wolfe and David A. Crittenden, 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.

Signatures	Title	Date
/s/ H. E. "SCOTT" WOLFE H.E. "Scott" Wolfe	Chief Executive Officer (Principal Executive Officer)	March 14, 2014
/s/ DAVID A. CRITTENDEN David A. Crittenden	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 14, 2014
/s/ DONALD B. COCHRAN Donald B. Cochran	President and Vice-chairman of the Board	March 14, 2014
/s/ MATTHEW T. MOROUN Matthew T. Moroun	Chairman of the Board	March 14, 2014
/s/ MANUEL J. MOROUN Manuel J. Moroun	Director	March 14, 2014
/s/ FREDERICK P. CALDERONE Frederick P. Calderone	Director	March 14, 2014
/s/ JOSEPH J. CASAROLL Joseph J. Casaroll	Director	March 14, 2014
/s/ DANIEL J. DEANE Daniel J. Deane	Director	March 14, 2014

Signatures	Title	Date
/s/ MICHAEL A. REGAN Michael A. Regan	Director	March 14, 2014
/s/ DANIEL C. SULLIVAN Daniel C. Sullivan	Director	March 14, 2014
/s/ RICHARD P. URBAN Richard P. Urban	Director	March 14, 2014
/s/ TED B. WAHBY Ted B. Wahby	Director	March 14, 2014

UNIVERSAL TRUCKLOAD SERVICES, INC.
12755 E. Nine Mile Road
Warren, Michigan 48089

April 29, 2014

To all Our Shareholders:

The Board of Directors joins us in inviting you to attend our Annual Meeting of Shareholders. The meeting will be held at 12755 E. Nine Mile Road, Warren, Michigan, 48089, on June 3, 2014. The meeting will begin at 10:00 a.m. (local time).

In addition to the matters described in the attached Proxy Statement, we will report on our business and progress during 2013 and the first quarter of 2014. Our performance for the year ended December 31, 2013 is discussed in the enclosed 2013 Annual Report to Shareholders.

We hope you will be able to attend the meeting and look forward to seeing you there.

Sincerely,

/s/ H. E. "Scott" Wolfe

H. E. "Scott" Wolfe
Chief Executive Officer

Important Notice Regarding the Internet Availability of Proxy Materials for the Annual Shareholders' Meeting to Be Held on June 3, 2014

Universal Truckload Services, Inc. is providing access to its proxy materials both by sending you this full set of materials and by notifying you of the availability of its proxy materials on the Internet. You may access the 2013 Annual Report and Proxy Statement as of the date the proxy materials are first sent to our shareholders at *http://www.proxyvote.com*.

UNIVERSAL TRUCKLOAD SERVICES, INC.
12755 E. Nine Mile Road
Warren, Michigan 48089

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on June 3, 2014

TO THE SHAREHOLDERS OF UNIVERSAL TRUCKLOAD SERVICES, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Universal Truckload Services, Inc., a Michigan corporation, or the Company, will be held at 12755 E. Nine Mile Road, Warren, Michigan, 48089, on June 3, 2014. The meeting will begin at 10:00 a.m. (local time), for the following purposes:

1. To elect ten Directors for the coming year.
2. To ratify the appointment of BDO USA, LLP to serve as our independent registered public accountants for our year ending December 31, 2014.
3. To approve, on a non-binding advisory basis, the compensation of our named executive officers.
4. To approve the 2014 Amended and Restated Stock Incentive Plan, including the material terms of the performance goals under such plan.
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

Only holders of record of the Company's common stock at the close of business on April 14, 2014 are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement of the Annual Meeting. If there is an insufficient number of votes for a quorum or to approve or ratify any of the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned or postponed to allow further solicitation of proxies by the Company. Your attention is directed to the Proxy Statement accompanying this Notice for a more complete description of the matters to be acted upon at the Annual Meeting.

Each of you is invited to attend the Annual Meeting in person, if possible. Whether or not you plan to attend in person, please vote promptly by following the instructions in this Proxy Statement or on the Proxy Card that was mailed to you.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Steven A. Fitzpatrick

Steven A. Fitzpatrick
Secretary

Warren, Michigan
April 29, 2014

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING PLEASE EXECUTE YOUR VOTE PROMPTLY BY ENTERING YOUR VOTING INSTRUCTIONS AT 1-800-690-6903, ON THE INTERNET AT WWW.PROXYVOTE.COM, OR COMPLETE AND SIGN THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED. THE PROXY MAY BE REVOKED BY YOU AT ANY TIME, AND GIVING YOUR PROXY WILL NOT AFFECT YOUR RIGHT TO VOTE IN PERSON IF YOU ATTEND THE ANNUAL MEETING.

UNIVERSAL TRUCKLOAD SERVICES, INC.
12755 E. NINE MILE ROAD
WARREN, MICHIGAN 48089

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS TO BE HELD JUNE 3, 2014

Solicitation of Proxies and Date, Time and Place of Annual Meeting

This Proxy Statement is first being sent to the Shareholders of Universal Truckload Services, Inc. on or about April 29, 2014, in connection with the solicitation of proxies by our Board of Directors to be voted at our Annual Meeting of Shareholders, or the Annual Meeting, which is scheduled to be held at 12755 E. Nine Mile Road, Warren, Michigan, 48089, on June 3, 2014. The meeting will begin at 10:00 a.m. (local time) as set forth in the attached notice. A proxy card is enclosed.

Cost of Solicitation

The expense of the solicitation of proxies for the Annual Meeting, including the cost of mailing, has been or will be paid by us. In addition to solicitation by mail, directors and officers may solicit proxies by telephone, facsimile or personal interview, and we will reimburse directors and officers for their reasonable out-of-pocket expenses in connection with such solicitation. We have retained Broadridge Financial Solutions, Inc. to aid in the solicitation of proxies, for which the estimated cost is $7,000 plus reasonable out-of-pocket expenses. We will arrange with brokerage houses and other custodian nominees and fiduciaries to send proxies and proxy materials to their principals, and will reimburse them for their expenses in so doing.

Record Date

The record date for our Annual Meeting is the close of business on April 14, 2014, which we will refer to as the Record Date. Only holders of record of our common stock, no par value, or the Common Stock, on the Record Date are entitled to notice of the Annual Meeting and to vote at the Annual Meeting. On the Record Date, there were 30,103,190 shares of Common Stock outstanding, all of which are entitled to one vote per share at the Annual Meeting.

Voting

A share of our Common Stock cannot be voted at the Annual Meeting unless the holder thereof is present or represented by proxy. Whether or not you plan to attend the Annual Meeting in person, please execute your vote promptly. You may enter your voting instructions at 1-800-690-6903, on the internet at *www.proxyvote.com*, or you may sign, date and return the enclosed proxy card as promptly as possible in the postage paid envelope provided to ensure that there is a quorum and that your shares will be voted at the Annual Meeting. When proxies in the accompanying form are returned properly executed and dated, the shares represented thereby will be voted at the Annual Meeting.

If a choice is specified in the proxy, the shares represented thereby will be voted in accordance with such specification. If no specification is made, the proxy will be voted (i) FOR approval of the proposals: (a) to elect ten Directors to serve until the next Annual Meeting in 2015 and until their successors are elected and qualified or until their earlier resignation, removal from office or death, (b) to ratify the appointment of BDO USA, LLP, or BDO, to serve as our independent registered public accountants for the year ending December 31, 2014, (c) to approve, on an advisory basis, the compensation of our named executive officers, and (d) to approve the 2014 Amended and Restated Stock Incentive Plan, including the material terms of the performance goals under such plan.

How do I revoke my proxy?

Any stockholder giving a proxy has the right to revoke it any time before it is voted by filing with our Secretary a written revocation, or by filing a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person. The revocation of a proxy will not be effective until notice thereof has been received by our Secretary.

What constitutes a quorum?

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the total number of shares of Common Stock outstanding on the Record Date will constitute a quorum for the transaction of business by such holders at the Annual Meeting. Abstentions will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum is present. Shares held by nominees for beneficial owners also will be counted for purposes of determining whether a quorum is present if the nominee has the discretion to vote on at least one of the matters presented, even though the nominee may not exercise discretionary voting power with respect to other matters and even though voting instructions have not been received from the beneficial owner, which we call a "broker non-vote."

What are my voting rights?

Holders of the Common Stock have one vote for each share on any matter that may be presented for consideration and action by the shareholders at the Annual Meeting. Shareholders are not entitled to cumulative voting in the election of directors. In the election of directors, a plurality of shares voted, either in person or by proxy, is required. This means that the nominees for election as directors who receive the highest number of votes at the Annual Meeting will be elected as directors. The ratification of the appointment of BDO as independent registered public accountants will require the affirmative vote of the holders of a majority of the shares of the Common Stock present or represented by proxy at the Annual Meeting. Proposal 3 is an advisory vote which is mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). This means that while we ask shareholders to approve resolutions regarding Say on Pay, this is not an action that requires shareholder approval. We will report the results of the shareholder vote on this proposal based on the number of shares cast. If more shares vote "FOR" the Say on Pay proposal than vote "AGAINST," we will consider that the proposal was approved. Although the advisory vote on Proposal 3 is non-binding, our Board and the Compensation and Stock Options Committee will review the result of this vote and take it into account in making a determination concerning executive compensation. The approval of the 2014 Amended and Restated Stock Incentive Plan, including the material terms of the performance goals under such plan, requires the affirmative vote of the holders of a majority of the shares of Common Stock present or represented by proxy at the Annual Meeting. Abstentions and broker non-votes will not be counted in determining whether a proposal has been approved.

Proposals of Shareholders

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, which we may refer to as Exchange Act, any shareholder wishing to have a proposal considered for inclusion in our proxy solicitation material for the Annual Meeting of Shareholders to be held in 2015 must set forth such proposal in writing and file it with our Secretary no later than December 31, 2014, the date that is 120 days before May 1, 2015. Further, pursuant to Rule 14a-4, if a shareholder fails to notify us of a proposal before March 16, 2015, the date that is 45 days before May 1, 2015, such notice will be considered untimely, and management proxies may use their discretionary voting authority to vote on any such proposal.

Executive Office

Our executive office is located at 12755 E. Nine Mile Road, Warren, Michigan 48089. Our telephone number is (586) 920-0100.

Financial Information Available

A copy of our Annual Report on Form 10-K for the year ended December 31, 2013, including the consolidated financial statements, may be obtained without charge by writing to our Secretary at the above address. The Annual Report is also available on our website at www.goutsi.com in the Investor Relations section under the heading, "Annual Reports."

PROPOSAL 1—ELECTION OF DIRECTORS

The Board of Directors, which we may refer to as the Board, is currently composed of the following ten directors: Donald B. Cochran, Matthew T. Moroun, Manuel J. Moroun, Frederick P. Calderone, Joseph J. Casaroll, Daniel J. Deane, Michael A. Regan, Daniel C. Sullivan, Richard P. Urban and Ted B. Wahby. The Directors' terms will expire upon the election and qualification of directors at the Annual Meeting to be held on June 3, 2014. At each annual meeting of shareholders, directors will be elected for a full term until the next annual meeting of shareholders, to succeed those directors whose terms are expiring.

Our Second Amended and Restated Bylaws provide that the number of directors on the Board shall be fixed from time to time and determined by the Board of Directors serving at the time; provided, that the number of directors shall be no less than one and no more than thirteen, and that the number of directors shall not be reduced so as to shorten the terms of any directors at that time in office. The number of directors is currently set at ten. The directors are elected at each annual meeting of the shareholders, each to hold office until the next annual meeting of shareholders and until a successor is elected, or until his or her resignation, death or removal from office. It is intended by the Board that proxies received will be voted to elect the ten directors named below to serve until the next annual meeting of shareholders and until a successor is elected, or until his or her resignation, death or removal from office.

The Board has nominated Donald B. Cochran, Matthew T. Moroun, Manuel J. Moroun, Frederick P. Calderone, Joseph J. Casaroll, Daniel J. Deane, Michael A. Regan, Daniel C. Sullivan, Richard P. Urban and Ted B. Wahby as directors, each to serve until the 2015 annual meeting of shareholders. THE BOARD OF DIRECTORS RECOMMENDS THAT MESSRS. COCHRAN, MATTHEW T. MOROUN, MANUEL J. MOROUN, CALDERONE, CASAROLL, DEANE, REGAN, SULLIVAN, URBAN AND WAHBY BE ELECTED AT THE ANNUAL MEETING AS DIRECTORS.

Each of the nominees has consented to serve until his term expires if elected at the Annual Meeting as a Director. If any nominee declines or is unable to accept such nomination to serve as a director, events which the Board does not now expect, the proxies reserve the right to vote for another person as a Board nominee. The proxy solicited hereby will not be voted to elect more than ten directors.

The ten nominees for directors receiving a plurality of the votes of the shares of Common Stock present in person or represented by proxy and entitled to vote will be elected as directors, provided a quorum is present. Certain information about all of the directors and nominees for director is furnished below. THE BOARD RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES NAMED BELOW.

MANAGEMENT—DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth, as of the date of this Proxy Statement, the names and ages of our directors and executive officers and the positions they hold. All of the directors listed below are nominees for director as listed herein. Executive officers serve at the pleasure of the Board of Directors.

Name	Age	Position
H. E. "Scott" Wolfe	68	Chief Executive Officer
Donald B. Cochran	63	President and Vice-chairman of the Board of Directors (1)(4)
David A. Crittenden	51	Chief Financial Officer and Treasurer
Matthew T. Moroun	40	Chairman of the Board of Directors (1)(3)(4)
Manuel J. Moroun	86	Director (1)(3)
Frederick P. Calderone	63	Director (1)
Joseph J. Casaroll	77	Director (1)(2)
Daniel J. Deane	58	Director (1)
Michael A. Regan	59	Director (1)
Daniel C. Sullivan	73	Director (1)
Richard P. Urban	72	Director (1)(2)
Ted B. Wahby	83	Director (1)(2)(3)(4)(5)

(1) Director currently nominated for re-election.
(2) Member of Audit Committee.
(3) Member of Compensation and Stock Option Committee.
(4) Member of Executive Committee.
(5) Chairman of the Audit Committee.

Directors of the Company

In addition to certain biographical information about each director, listed below is the specific experience, qualifications, attributes and/or skills that led the Board to conclude that the person should serve as a director of our Company.

Donald B. Cochran, age 63. Mr. Cochran has been our President and a director since our formation in December 2001 and is currently a member of our Executive Committee and Vice Chairman of our Board. Previously, Mr. Cochran served as our Chief Executive Officer from December 2001 through December 2012, and as the President of Universal Am-Can, Ltd., one of our subsidiaries, from October 1995 through March 2006. Mr. Cochran has had responsibility for the managerial oversight of the operating companies that now make up Universal Truckload Services, Inc. since October 1995. Mr. Cochran also serves on the board of the Detroit International Bridge Company. Mr. Cochran is also a member of the Board of Directors of the Truckload Carriers Association and has held several committee assignments with that organization. Mr. Cochran's significant expertise with the asset-light transportation model, coupled with his personal leadership and experience in the Company's management, provide him with valuable insight into our business risks and opportunities.

Matthew T. Moroun, age 40. Mr. Moroun has served as a director and as the Chairman of our Board of Directors since 2004 and is a member of our Executive Committee and Compensation and Stock Option Committee. Mr. Moroun has served as Vice Chairman and as a director of CenTra, Inc., a holding company based in Warren, Michigan, since 1993. Mr. Moroun is the principal shareholder and has served as Chairman of Oakland Financial Corporation, an insurance and real estate holding company based in Sterling Heights, Michigan, and its subsidiaries, since 1996. Mr. Moroun is a principal shareholder in other family owned businesses engaged in providing transportation services. Mr. Moroun has served on the Board of P.A.M Transportation Services, Inc. (NASDAQ: PTSI) since 1992 and as Chairman of that Board since 2007. Matthew T. Moroun is the son of Manuel J. Moroun. Mr. Moroun's extensive leadership experience with businesses providing transportation and logistics services brings invaluable perspective and insight to the Board's role of evaluating the Company's business planning and performance.

Manuel J. Moroun, age 86. Mr. Moroun has been a director on our Board of Directors since 2004. Mr. Moroun is a principal shareholder of CenTra, Inc., a holding company based in Warren, Michigan and has served as Chief Executive Officer of CenTra since 1970. Mr. Moroun is a principal shareholder in other family owned businesses engaged in providing transportation services. Mr. Moroun has served as a director of P.A.M. Transportation Services, Inc. (NASDAQ: PTSI) since 2002. Manuel J. Moroun is the father of Matthew T. Moroun. With over 50 years experience in starting and managing transportation businesses, Mr. Moroun brings the perspective and insight of a successful transportation entrepreneur to the Board's role in evaluating the Company's business planning and performance.

Frederick P. Calderone, age 63. Mr. Calderone was appointed to our Board of Directors in December 2009. For over 20 years, Mr. Calderone has served as a Vice President of CenTra, Inc., a transportation holding company headquartered in Warren, Michigan. Prior to joining CenTra, Mr. Calderone was a partner with Deloitte, Haskins, & Sells, Certified Public Accountants (now Deloitte & Touche LLP). Mr. Calderone has also served as a director of P.A.M. Transportation Services, Inc. (NASDAQ: PTSI) since May 1998. Mr. Calderone is a certified public accountant and an attorney. With his thorough understanding of financial reporting, generally accepted accounting principles, financial analytics, taxation and budgeting, Mr. Calderone brings to the Board expertise in accounting and finance.

Joseph J. Casaroll, age 77. Mr. Casaroll has served as a director on our Board of Directors since November 2004 and is currently a member of our Audit Committee. Mr. Casaroll served as Vice President and General Manager of F.C.S., Inc., a multi-level railcar loading and unloading, automotive yard management and railcar-maintenance company, from October 2000 to May 2002. Previously, Mr. Casaroll held various positions at General Motors from 1959 through 1998. Mr. Casaroll has also served as a director of P.A.M. Transportation Services, Inc. from June 1998 to September 2000. Mr. Casaroll's significant experience in various senior-level positions provides him with a unique perspective from which to evaluate both our financial and operational risks and opportunities.

Daniel J. Deane, age 58. Mr. Deane was appointed to our Board of Directors in July 2009. Mr. Deane has been the President of Nicholson Terminal & Dock Company since June 1990, and previously served as its Vice President and General Manager since 1980. He also serves as the President of Shamrock Chartering Company, and has been a Member of the Society of Naval Architects and Marine Engineers since 1985. Mr. Deane is also a Member of the International Stevedoring Council. Previously Mr. Deane served on the Board of Southern Wayne County Regional Chamber and was a past President of the Port of Detroit Operators Association. Mr. Deane's background in the transportation industry gives him an in-depth understanding of our business and offers a valuable resource to the Board.

Michael A. Regan, age 59. Mr. Regan has served as a director on our Board of Directors since April 2013. Mr. Regan is the Chief Relationship Development Officer of TranzAct Technologies, Inc., a privately held logistics information company that he co-founded in 1984. Mr. Regan was CEO and Chairman of the Board for TranzAct Technologies until 2011. Prior to starting TranzAct, Mr. Regan worked for Bank of America, PriceWaterhouse and the Union Pacific Corporation. He is a certified public accountant with a B.S.B.A. from the University of Illinois at Urbana-Champaign. He serves or has served on the boards of numerous industry groups including the American Society of Transportation & Logistics, National Industrial Transportation League and the National Association of Strategic Shippers. He is the past Chairman of the Transportation Intermediaries Association Foundation. Mr. Regan's extensive experience in the logistics industry and his background and experience in both internal and external auditing make him uniquely qualified to serve on our Board.

Daniel C. Sullivan, age 73. Mr. Sullivan has served as a director on our Board of Directors since November 2004. Mr. Sullivan has been a practicing attorney, specializing in transportation law for more than 40 years, and has been a partner with the law firm of Sullivan Hincks & Conway since 1970. Mr. Sullivan has also has served on the board of P.A.M. Transportation Services, Inc. (NASDAQ: PTSI) since 1986. Mr. Sullivan's background as an attorney and his knowledge of transportation law makes him well prepared to offer valuable insight into our business risks and opportunities.

Richard P. Urban, age 72. Mr. Urban has served as a director on our Board of Directors since November 2004. He was a consultant with Urban Logistics Inc, a consulting firm, from November 2000 through 2004. Prior to 2000, Mr. Urban was an executive in various supply and logistics capacities at DaimlerChrysler AG and several of its predecessor companies. He is a member of our Audit Committee. Mr. Urban brings to the Board a comprehensive understanding of the challenges and opportunities of the transportation industry. His management experience and oversight of supply and logistics operations provide him with valuable insight into our financial affairs.

Ted B. Wahby, age 83. Mr. Wahby has served as a director on our Board of Directors since December 2004 and is currently the Chairman of our Audit Committee and a member of our Executive and Compensation and Stock Option Committees. Mr. Wahby has been the Treasurer of Macomb County, Michigan, since January 1995. Previously, Mr. Wahby was the Mayor of the City of St. Clair Shores, Michigan from 1983 to 1995, and held various positions at Comerica Bank from 1952 through 1983, including serving as Vice President. Mr. Wahby also serves as the Chairman of the Board of McLaren Medical Center—Macomb and previously served on the Finance and Audit Committees of the Board of Trustees of Ferris State University. Mr. Wahby's diverse experience in corporate, educational, and political fields provides him with a unique perspective from which to evaluate both our financial and operational business risks and opportunities.

Executive Officers of the Company

H. E. "Scott" Wolfe, age 68. Mr. Wolfe was elected to serve as our Chief Executive Officer in December 2012. Mr. Wolfe had previously been President and Treasurer of LINC Logistics Company, or LINC, and its chief executive officer, since its formation in March 2002, and was a director since July 2007. Mr. Wolfe led the development of Logistics Insight Corp., a wholly-owned subsidiary, and has been President and Treasurer of this subsidiary since its formation in 1992. Before 1992, Mr. Wolfe was responsible for pricing and marketing at Central Transport International, Inc. Earlier in his career, he was manager of inbound transportation at American Motors Corporation, where he established that company's first corporate programs for logistics and transportation management. For 15 years, Mr. Wolfe was employed at General Motors, where he held various plant, divisional and corporate responsibilities. Mr. Wolfe has taught college courses in logistics and transportation management. He brings to the company significant expertise with the asset-light business model and extensive personal leadership skills.

Donald B. Cochran, age 63. Mr. Cochran has been our President and a director since our formation in December 2001 and is currently a member of our Executive Committee and Vice Chairman of our Board. Previously, Mr. Cochran served as our Chief Executive Officer from December 2001 through December 2012, and as the President of Universal Am-Can, Ltd., one of our subsidiaries, from October 1995 through March 2006. Mr. Cochran has had responsibility for the managerial oversight of the operating companies that now make up Universal Truckload Services, Inc. since October 1995.

David A. Crittenden, age 51. Mr. Crittenden was elected to serve as our Chief Financial Officer and Treasurer in December 2012. Previously, Mr. Crittenden was the Chief Financial Officer of LINC, the position he held since joining the company in August 2006. Mr. Crittenden has also served as an executive officer and a director for several of the various operating subsidiaries that made up LINC. Before joining in 2006, Mr. Crittenden served as Vice President of Corporate Finance and Assistant Treasurer of MSX International, Inc., a portfolio company of a Citicorp-related private equity firm that delivers a variety of business, product development and aftermarket services globally. Mr. Crittenden joined MSX International at its inception in 1997, following its spinout from MascoTech, Inc. (at the time, an NYSE-listed company), where he was responsible for various corporate development and corporate finance programs. Mr. Crittenden's career involves extensive international experience in corporate development and finance. Mr. Crittenden received a B.B.A. in finance and accounting and an M.B.A. in finance and strategic planning from The University of Michigan's Ross School of Business and is a member of Financial Executives International.

Key Relationships

Matthew T. Moroun, the Chairman of our Board of Directors, is the son of Manuel J. Moroun, also one of our directors. Matthew T. Moroun and trusts controlled by Mr. Moroun and his father, Manuel J. Moroun, together own 23,424,832 shares, or 77.82% of the shares of our Common Stock, and hold these shares as one block of shares for voting purposes.

Information Regarding Board of Directors and Committees

Our business and property are managed under the direction of our Board of Directors. The Board held seven formal meetings during 2013. Five were regular meetings and two were special meetings. During 2013, all of the members of our Board of Directors, with the exception of Mr. Matthew T. Moroun who was excused for good reason, attended over 75% of the aggregate of the formal meetings of the Board and the committee meetings on which they sit.

Our Board currently consists of ten directors. Our Board has determined that each of Messrs. Casaroll, Deane, Regan, Urban and Wahby is "independent," as defined under and required by the federal securities laws and the rules of The NASDAQ Global Select Market. Each of our directors is standing for reelection at the Annual Meeting.

Because more than fifty percent (50%) of the voting power of our company is controlled by Matthew T. Moroun and trusts controlled by Mr. Moroun and his father, Manuel J. Moroun, we have elected to be treated as a "controlled company" in accordance with the rules of The NASDAQ Global Select Market. Accordingly, we are not required to comply with The NASDAQ Global Select Market rules which would otherwise require a majority of our Board to be comprised of independent directors and require our Board to have a compensation committee and a nominating and corporate governance committee comprised of independent directors.

We encourage all Board members to attend our annual shareholders' meeting. Failure to attend annual meetings without good reason is a factor considered in determining whether to renominate a current Board member. All Board members, except Mr. Manuel J. Moroun, who was excused for good reason, attended our annual shareholders' meeting for 2013 held on June 7, 2013.

Board Leadership Structure and Role in Risk Oversight

The Board of Directors oversees the Company's business objectives and strategies, and is currently made up of ten directors. There is one management representative on the Board, our President, and nine remaining directors, including the Chairman of the Board. The Chairman of the Board appoints committees of the Board, acts as a liaison with shareholders and non-employee directors, and oversees the actions of executive management. The Chief Executive Officer is responsible for seeing that all orders and resolutions of the Board of Directors are carried into effect and for the general powers of supervision and management over the day-to-day operations of the Company. The Board believes that risk oversight is one of the areas in which having two separate individuals serve as Chairman of the Board and Chief Executive Officer is important in order to ensure that views that may differ from those of management are expressed. The Board also has standing Executive, Audit, and Compensation and Stock Option Committees.

Like many companies, we face a variety of risks, including credit risks, liquidity risks, operational risks, and other events beyond our reasonable control, many of which are further described in the Company's Annual Report on Form 10-K for the year ended December 31, 2013. It is the responsibility of management to develop and implement strategies to manage these risks and the Board, as a whole, has oversight responsibility for the Company's overall strategic and operational risks. To assist in addressing the oversight of certain risks, the Board has also established an Audit Committee and a Compensation and Stock Option Committee.

Periodically, the Board's Audit Committee meets with management and the Company's independent registered public accountants and discusses: (a) current business trends affecting the Company; (b) the major risks facing the Company; (c) the steps management has taken to monitor and control such risk factors; and (d) the adequacy of internal controls that could significantly affect the Company's financial statements. The Compensation and Stock Option Committee reviews and assesses the Company's compensation programs and their effectiveness by aligning the interest of programs with the interest of our shareholders. The Board believes that its current leadership structure assures the appropriate level of management oversight and independence.

Shareholder Communications

We encourage shareholder communications with directors. Shareholders may communicate with a particular director, all directors or the Chairman of the Board by mail or courier addressed to any of them or the entire Board in care of Steven A. Fitzpatrick, Secretary, Universal Truckload Services, Inc., 12755 E. Nine Mile Road, Warren, Michigan 48089. All correspondence should be in a sealed envelope marked "Confidential" and will be forwarded unopened to the person to whom it is addressed.

The standing committees of our Board of Directors currently consist of an Executive Committee, an Audit Committee and a Compensation and Stock Option Committee.

Executive Committee

Our Executive Committee for the current term is composed of Messrs. Cochran, Matthew Moroun and Wahby. The Executive Committee held no meetings in 2013.

Audit Committee

Our Audit Committee is governed by a written charter, which is also available free of charge on our website, www.goutsi.com, in the Investor Relations section under the heading, "Corporate Governance."

Our Audit Committee for the current term is composed of Messrs. Casaroll, Urban and Wahby, with Mr. Wahby serving as Chairman. Our Board has determined that Messrs. Casaroll, Urban and Wahby are "independent" as defined under and required by the federal securities laws and the rules of The Nasdaq Global Select Market, including Rule 10A-3(b)(i) under the Exchange Act. That is, the Board has determined that none of them has a relationship with us that may interfere with their independence from us and our management. During 2013, the Audit Committee met nine times. Four were regular meetings and five were special meetings.

The principal duties and responsibilities of our Audit Committee are as follows:

- to review and discuss with management the annual and quarterly financial statements, internal control reports, and other relevant reports submitted by the independent registered public accountants;
- to review with management and the independent registered public accountants each Quarterly Report on Form 10-Q and recommend to the Board whether the financial statements should be included in the Annual Report on Form 10-K;
- to review earnings press releases with management;
- to select, evaluate, oversee, compensate, annually review the performance of and, when appropriate, replace the independent registered public accountants;
- to review any problems or difficulties that the independent registered public accountants bring to its attention and management's response thereto;
- to review the independent registered public accountants' audit report and management's report on internal controls over financial reporting;

- to discuss with the independent registered public accountants all critical accounting policies and practices, all alternative treatments of financial information, material written communication between the independent registered public accountants and management and the quality of our accounting principles;
- to obtain and review, at least annually, an independent registered public accountants' report describing the independent registered public accountants' internal quality-control procedures, any material issues raised by the most recent internal quality-control review of the independent registered public accountants or any inquiry by governmental authorities, and all relationships between us and the independent registered public accountants;
- to review and pre-approve both audit and nonaudit services to be provided by the independent registered public accountants, and to engage in dialogue with the independent registered public accountants regarding any services or relationships which might impact the independent registered public accountants' objectivity;
- to review and approve related party transactions;
- to establish and maintain procedures to receive, retain and process complaints regarding accounting, internal accounting controls, or auditing matters;
- to review the activities and qualifications of the internal audit function; and
- to report periodically to our full Board with respect to any issues raised by the foregoing.

Our Board has determined that Mr. Wahby qualifies as an "audit committee financial expert" as that term is defined in Item 407(d)(5)(ii) of Regulation S-K of the Securities and Exchange Commission, or SEC, and has the "financial sophistication" required under the rules of The Nasdaq Global Select Market. Under SEC regulations, a person who is determined to be an audit committee financial expert will not be deemed an expert for any purpose, including without limitation for purposes of Section 11 of the Securities Act of 1933, as amended, or the Securities Act, as a result of being designated or identified as an audit committee financial expert. The designation or identification of a person as an audit committee financial expert does not (i) impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Audit Committee and Board in the absence of such designation or identification or (ii) affect the duties, obligations or liability of any other member of the Audit Committee or Board.

REPORT OF THE AUDIT COMMITTEE[1]

The Audit Committee assists the Board in overseeing the Company's financial reporting process. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal control over financial reporting and disclosure controls and procedures. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 with management, including a discussion of the adequacy and quality of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee is responsible for reviewing, approving and managing the engagement of the Company's independent registered public accounting firm, including the scope, extent and procedures of the annual audit and compensation to be paid therefore, and all other matters the Audit Committee deems appropriate, including the independent registered public accounting firm's accountability to the Board and the Audit Committee. The Audit Committee discussed with BDO, the Company's independent registered public

1 The material in this report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference into any filing of Universal Truckload Services, Inc. under the Securities Act or the Exchange Act whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

accounting firm for the fiscal year ended December 31, 2013, which is responsible for expressing an opinion on the conformity of our audited financial statements with U.S. generally accepted accounting principles, the judgment of BDO as to the acceptability and quality of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under Auditing Standard No. 16, "Communications with Audit Committees" issued by the Public Company Accounting Oversight Board ("PCAOB"). The Audit Committee also discussed and reviewed with BDO the results of BDO's audit of the financial statements and internal control over financial reporting. In addition, the Audit Committee has received from BDO the written disclosures and the letter required by applicable requirements of the PCAOB regarding BDO's communications with the Audit Committee concerning independence and discussed with BDO its own independence from management and the Company. The Audit Committee also considered whether the provision of non-audit services was compatible with maintaining BDO's independence.

The Audit Committee discussed with BDO the overall scope and plans for its audit. The Audit Committee meets with the independent registered public accountants with and without management present, to discuss the results of its audit, its evaluations of the Company's internal control over financial reporting, and the overall quality of the Company's financial reporting. The Audit Committee held nine meetings during the fiscal year ended December 31, 2013.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 for filing with the SEC.

Audit Committee:

Joseph J. Casaroll
Richard P. Urban
Ted B. Wahby, Chairman

Compensation and Stock Option Committee

Our Board has adopted a written charter for the Compensation and Stock Option Committee. The Compensation and Stock Option Committee Charter is posted on our website, www.goutsi.com, in the Investor Relations section under "Corporate Governance", and is available free of charge through our website.

Our Compensation and Stock Option Committee for the current term of the Board is composed of Matthew T. Moroun, Manuel J. Moroun and Ted B. Wahby. Messrs. Matthew T. Moroun and Manuel J. Moroun are not independent directors.

The principal duties of the Compensation and Stock Option Committee are as follows:

- to determine, or recommend for determination by our Board of Directors, the compensation of our chief executive officer and other executive officers;
- to establish, review and consider employee compensation policies and procedures;
- to review and approve, or recommend to our Board of Directors for approval, any employment contract or similar arrangement between the company and any executive officer of the Company; and
- to review, monitor, and make recommendations concerning long-term incentive compensation plans, including the use of stock options and other equity-based plans.

The Compensation and Stock Option Committee does not use the services of compensation consultants in determining or recommending executive officer and/or director compensation.

The Compensation and Stock Option Committee met one time during 2013, at which the Committee approved the Compensation and Stock Option Committee Report on Executive Compensation to be included in the 2013 Proxy Statement.

Director Nomination Process

The Board of Directors has no standing nominating committee or any committee performing the functions of a nominating committee. The Board believes that, based on the evaluations conducted by its members, as described below, it is not necessary to have a standing nominating committee at this time. The full Board recommends nominees for the position of director, for shareholder consideration. Our Board of Directors has not adopted specific minimum qualifications that it believes must be met by a person it recommends for nomination as a director. The Board has determined that the Board as a whole must have the right diversity, mix of characteristics and skills for the optimal functioning of the Board in its oversight of the Company. In selecting director nominees, the directors take into account all factors they consider appropriate, which may include experience, accomplishments, education, understanding of our business and the industry in which we operate, specific skills, general business acumen, and personal and professional integrity. The directors believe that continuity in leadership and Board tenure will maximize the Board's ability to exercise meaningful Board oversight. The directors generally consider as potential candidates those incumbent directors interested in standing for reelection whom the directors believe have satisfied director performance expectations, including regular attendance at, preparation for and meaningful participation in Board and committee meetings. The directors also consider compliance with independence rules as mandated by federal securities laws and the rules of The Nadsaq Global Select Market, and the need to have at all times at least one "audit committee financial expert" who possesses the requisite "financial sophistication" for such a role.

Shareholder Recommendations for Director Nominees

It is generally the policy of the Board to consider the shareholder recommendations of proposed director nominees, if such recommendations are serious and timely received. To be considered "timely received," recommendations must be received in writing at our principal executive offices, 12755 E. Nine Mile Road, Warren, Michigan, 48089, no later than December 31, 2014, the date that is 120 days before May 1, 2014. In addition, any shareholder director nominee recommendation must include the following information:

- the proposed nominee's name and qualifications and the reason for such recommendation;
- the name and record address of the shareholder proposing such nominee; and
- a description of any financial or other relationship between the shareholder and such nominee or between the nominee and us or our subsidiaries.

In order to be considered by the Board, any candidate proposed by one or more shareholders will be required to submit appropriate biographical and other information equivalent to that required of all other director candidates.

The nominees for director for this 2014 annual meeting were all recommended by the Board.

Code of Business Conduct and Ethics

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 the heading, "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 the heading, "Corporate Governance."

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own beneficially more than ten percent (10%) of the shares of our Common Stock, to file reports of ownership and changes of ownership with the SEC. Copies of all filed reports are required to be furnished to us pursuant to Section 16(a). Based solely on the reports received by us and on written representations from reporting persons, we believe that the current directors and executive officers complied with all applicable filing requirements during the fiscal year ended December 31, 2013.

SECURITY OWNERSHIP BY MANAGEMENT AND OTHERS

We had outstanding 30,103,190 shares of Common Stock on April 14, 2014. The Common Stock constitutes the only class of our outstanding voting securities.

The table below sets forth the number of shares of our Common Stock beneficially owned and the percentage ownership of our Common Stock for the following persons:

- each person that beneficially owns 5% or more of our Common Stock;
- each of our directors;
- each of our executive officers; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the federal securities rules that generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws. In computing the number of shares beneficially owned by a person or group and the percentage ownership of that person or group, shares subject to options or warrants held by that person or member of that group that are or will become exercisable within 60 days are deemed outstanding, although the shares are not deemed outstanding for purposes of computing percentage ownership of any other person.

	Shares Beneficially Owned	
Name and Address of Beneficial Owner	**Number**	**Percentage**
Greater than 5% owners:		
Matthew T. Moroun (1)(2)(4)(5)	12,352,286	41.03%
Manuel J. Moroun Revocable Trust (1)(2)(3)	7,161,462	23.79%
MJ Moroun 2012 Annuity Trust (1)(2)(4)	2,658,929	8.83%
Manuel J. Moroun (1)(2)(3)(5)	1,252,155	4.16%
Directors:		
Frederick P. Calderone (1)	—	—
Joseph J. Casaroll (1)(6)	500	*
Daniel J. Deane (1)	—	—
Michael A. Regan (1)	—	—
Daniel C. Sullivan (1)(6)	2,000	*
Richard P. Urban (1)(6)	5,000	*
Ted B. Wahby (1)	—	—
Executive Officers		
H.E. "Scott" Wolfe (1)(7)	86,352	*
Donald B. Cochran (1)(4)(6)	1,500	*
David A. Crittenden (1)(8)	9,135	*
All directors and executive officers as a group (14 persons)	23,529,319	78.16%

(1) The address for this person is c/o Universal Truckload Services, Inc., 12755 E. Nine Mile Road, Warren, Michigan 48089.

(2) Matthew T. Moroun is the son of Manuel J. Moroun. The Morouns have agreed to vote their shares as a group. The table above reflects the actual number of shares that each of them owns. Each of Matthew T. Moroun and Manuel J. Moroun disclaims beneficial ownership of the shares owned by the other.
(3) All shares are held by the Manuel J. Moroun Revocable Trust U/A/D 3/24/77, as amended and restated on December 22, 2004. Voting and investment power over this trust is exercised by Manuel J. Moroun, as trustee.
(4) All shares are held by the MJ Moroun 2012 Annuity Trust, dated April 30, 2012, of which Matthew T. Moroun is trustee. Matthew T. Moroun disclaims beneficial ownership of these securities except to the extent of his residual pecuniary interest therein.
(5) This person is also a member of the Board of Directors of the Company.
(6) This person owns the listed shares directly and not by virtue of any right to acquire the shares.
(7) On December 20, 2012, the Company's Board of Directors granted Mr. Wolfe 91,352 shares of restricted stock. The grants vested 20% on December 20, 2012, and an additional 20% will vest on each anniversary of the grant through December 20, 2016, subject to continued employment with the Company (see the Outstanding Equity Award Table).
(8) On December 20, 2012, the Company's Board of Directors granted Mr. Crittenden 9,135 shares of restricted stock. The grants vested 20% on December 20, 2012, and an additional 20% will vest on each anniversary of the grant through December 20, 2016, subject to continued employment with the Company (see the Outstanding Equity Award Table).
(*) Less than 1%

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

COMPENSATION OF EXECUTIVE OFFICERS

COMPENSATION DISCUSSION AND ANALYSIS

The following is a discussion of the material elements of our compensation program as it relates to our chief executive officer, chief financial officer, and the other executive officers named in the Summary Compensation Table, whom we refer to as "named executive officers." Our named executive officers at December 31, 2013 were H. E. "Scott" Wolfe, our Chief Executive Officer; David A. Crittenden, our Chief Financial Officer and Treasurer; Donald B. Cochran, our President and Vice Chairman of our Board. Messrs. Wolfe and Crittenden were elected by our Board of Directors to serve as our principal executive officer and principal financial officer, respectively, on December 20, 2012. Prior to such date, Mr. Wolfe was President and Treasurer of LINC Logistics Company, or LINC, a company we acquired on October 1, 2012, and Mr. Crittenden was Chief Financial Officer of LINC. This discussion is intended to provide perspective to the tables and other narrative disclosures that follow it.

Overview of Compensation Program

The Compensation and Stock Option Committee of our Board of Directors, or, for purposes of this Section, the Committee, has the responsibility for establishing, implementing and continually monitoring our compensation philosophy. The Committee's philosophy is to provide our executive leadership total compensation that is competitive in its forms and levels, as compared to companies of similar size and business area. Generally, the types of compensation and benefits provided to our named executive officers are similar to that provided to executive officers by other companies.

Compensation Objectives and Philosophy

The Committee's philosophy is intended to assist us in attracting, motivating and retaining executives with superior leadership and management abilities and to create incentives among those individuals to meet or exceed company and individual objectives. The philosophy is designed to align the named executive officers' incentives with the expectations of our shareholders, which are to increase the financial strength, competitive positioning and overall value of the company. The compensation program is designed to reward those executives who successfully manage their respective area of the company in cooperation with employees and other executives. The relationship between individual objectives among our executives leads to a cohesive entity that will potentially meet or exceed overall goals as a result of having individuals meet their specific objectives. Consistent with this philosophy, the Committee determines a total compensation structure for each officer consisting primarily of salary, bonus and long-term incentive awards. The proportions of the various elements of compensation vary among the officers depending upon their levels of responsibility, their specific personal goals, and their role in the achievement of annual, long-term and strategic goals by us.

Role of Executive Officers in Compensation Decisions

Currently, the Committee reviews, establishes and recommends to the Board for approval the salaries and bonuses of our named executive officers, subject to any employment agreements in effect with the executive officers. Salary and bonus levels are established after discussions with our executive officers and are intended to be competitive with the average salaries and bonuses of executive officers in comparable companies. In addition, the Committee recommends to the Board the granting of long-term incentives under our Stock Incentive Plan to named executive officers and other selected employees, directors and consultants, and otherwise administers our Stock Incentive Plan. Neither the Committee nor the Board hired a compensation consultant with respect to 2013 compensation.

Risk Assessment of Compensation Programs

We have conducted a review of our compensation programs, including our annual cash and other compensation programs. We believe that our policies and practices are designed to reward individual performance based on our overall company performance and are aligned with the achievement of both long-term and short-term company goals. Our base salaries are consistent with similar positions at comparable companies and the two components of our bonus programs, operating ratios and revenue growth, are directly tied to the overall success of the organization. In addition, any bonuses awarded under the plans are generally payable over a five-year period. Based on our review of our programs, including the above noted items, we have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Annual Cash Compensation

In order to stay competitive with other companies in our peer group, we pay our named executive officers commensurate with their experience and responsibilities. Cash compensation is divided between base salary and cash incentives.

Base Salary. Each of our named executive officers receives a base salary to compensate him or her for services performed during the year. Base salaries for our named executive officers are established based on the scope of their responsibilities, their level of experience and expertise, and their abilities to lead and direct the company and achieve various financial and operational objectives. Our general compensation philosophy is to pay executive base salaries that are competitive with the salaries of executives in similar positions, with similar responsibilities, at comparable companies. We have not benchmarked our named executive officer base salaries against the base salaries at any particular company or group of companies. The base salaries of our named executive officers are established in accordance with their employment agreements. Base salaries are reviewed and adjusted, where applicable, by the Committee on an annual basis after taking into account individual responsibilities, performance and expectations. The base salaries paid to our named executive officers are set forth below in the “Summary Compensation Table.”

Annual Non-Equity Incentive Compensation. It is the Committee’s practice to award an annual cash bonus to each of the named executive officers as part of his or her annual compensation. Bonuses are intended to provide executives with an opportunity to receive additional cash compensation, and are based on individual performance and our performance. This practice is consistent with the Committee's philosophy of supporting a performance-based environment and aligning the interests of management with the interests of the shareholders. The bonuses, if any, earned by our named executive officers in 2013 are set forth below in the "Summary Compensation Table."

In April 2013, the Board approved Universal Truckload Services, Inc. 2013 Short-Term Incentive Compensation Plan B, or the Plan, pursuant to which the President and Executive Vice President of the Company are eligible to earn annual cash bonuses based upon the financial results of certain operating subsidiaries of the Company. The Plan is not applicable to the Company's Chief Executive Officer or Chief Financial Officer, who are eligible for incentive compensation under a separate short-term incentive compensation plan. Bonuses are determined by the achievement of certain operating ratios (total operating expenses divided by revenue) of less than 96% and revenue growth (current year revenue minus prior year revenue, divided by prior year revenue) of at least 3% for the applicable bonus year. The amount of the bonus can vary from 40% to 100% of base salary. If the targeted operating ratio was less than 96% and revenue growth was at least 3% in the applicable bonus year, then the minimum bonus of 40% of the executives' base salary in effect at the end of the applicable bonus year is earned. The maximum bonus under the plan of 100% of the executives' base salary in effect at the end of the applicable bonus year is earned if the targeted operating ratio is less than 93% and revenue growth is at least 15% in the applicable bonus year. For performance between the minimum and maximum, bonuses are determined according to a schedule where if each the operating ratio declines and the revenue growth increases by 2% an additional 10% of base salary is earned.

The calculation of the targeted operating ratio and the annual increase in revenues is subject to adjustment as determined by the Board to reflect extraordinary events such as an acquisition or a disposition of a line of business. For the year ended December 31, 2013, the operating ratio of the applicable subsidiaries of the Company was 96.3% and revenue declined by 5.5%. A bonus awarded under the Plan is generally payable in five equal annual installments, subject to the executive officer's continued employment on each payment date.

Bonuses earned by Mr. Wolfe and Mr. Crittenden during 2013 were awarded solely based on LINC's performance in accordance with a short-term incentive plan approved by LINC's board of directors in 2010. The LINC short-term incentive plan allows its chief executive officer and chief financial officer to earn annual cash bonuses based upon LINC's consolidated financial results. The bonuses are determined by achievement of a targeted consolidated operating ratio (total operating expenses divided by revenue) of less than 91% and revenue growth (current year revenue minus prior year revenue, divided by prior year revenue) of at least 3% for the applicable bonus year. The amount of the cash bonus can vary from 40% to 100% of base salary. If LINC's consolidated operating ratio was less than 91% and revenue growth was at least 3% in the applicable bonus year, then the minimum bonus of 40% of the officer's base salary in effect at the end of the applicable bonus year is earned. The maximum bonus under the plan of 100% of the officer's base salary in effect at the end of the applicable bonus year is earned if LINC's consolidated operating ratio is less than 85% and its revenue growth is at least 15% in the applicable bonus year. For performance between the minimum and maximum, bonuses are determined according to a schedule where if each the operating ratio declines and the revenue growth increases by 2% an additional 10% of base salary is earned.

The calculation of LINC's annual consolidated operating ratio and its annual increase in consolidated revenues is subject to adjustment to reflect extraordinary events such as an acquisition or a disposition of a line of business. For the year ended December 31, 2013, LINC's consolidated operating ratio was 84.5% and its revenue growth was 12.1%. A bonus awarded under the LINC plan is generally payable in five equal annual installments, subject to the executive officer's continued employment on each payment date.

Neither LINC's nor our incentive compensation plan for executive officers is intended to satisfy the requirements under Section 162(m) of the Internal Revenue Code of 1986 (and the rules and regulations promulgated thereunder) regarding the disqualification of payments made from deductibility under federal income tax law.

Other Compensation

Long-Term Incentive Compensation. Long-term incentive grants are awarded to our named executive officers as part of our overall compensation package, and are provided through stock options or restricted stock granted under our Stock Incentive Plan. The stock options and restricted stock are consistent with our philosophy and represent an additional vehicle for aligning management's interests with the interests of our shareholders. When determining the amount of long-term incentive grants to be awarded to our named executive officers, the Committee considers, among other factors, the business performance of the Company, the responsibilities and performance of the executive, and the performance of our stock price. In 2013, the Committee did not grant any awards of long-term incentives to our named executive officers.

Perquisites and Other Personal Benefits. We provide our named executive officers with perquisites and other personal benefits that we and the Committee believe are reasonable and consistent with our overall compensation program and philosophy, to help us to attract and retain superior employees for key positions. The primary perquisites we provide to our named executive officers are the provision of a car allowance, personal club dues and payment of life insurance premiums. Currently, we have no formal plan regarding perquisites, and therefore, perquisites are not uniformly provided to the named executive officers and will likely continue to be provided on a discretionary basis.

The executive officers, including our named executive officers, are also eligible to participate in other benefit plans on the same terms as our other employees. As part of its ongoing review of executive compensation, the Committee intends to periodically review the perquisites and other personal benefits provided to our named executive officers and other key employees.

Potential Payments Upon Termination or Change in Control. We have entered into employment agreements with our named executive officers which provide severance payments under specified conditions. These severance payments are described below in the section entitled "Compensation of Executive Officers – Severance Arrangements." We feel that the inclusion of such provisions in executive employment agreements helps us to attract and retain well-qualified executives, and is essential to our long-term success.

Tax and Accounting Implications

Deductibility of Executive Compensation. Section 162(m) of the Internal Revenue Code of 1986, as amended, limits the deductibility on our tax returns of compensation over $1,000,000 to any of our named executive officers. To date, we have not paid "compensation" within the meaning of Section 162(m) to any of our executive officers in excess of $1,000,000, and management does not believe that we will do so in the near future. Therefore, we do not have a policy at this time regarding qualifying compensation paid to our executive officers for deductibility under Section 162(m), but we will formulate such a policy if the compensation level for any executive approaches $1,000,000.

Accounting for Stock-Based Compensation. The Company records compensation expense for restricted stock or stock options granted on or after January 1, 2006, if any. In each 2013 and 2012, the Company recorded $585,000 in compensation expense for vested restricted stock awards that were granted during 2012. No options were granted in 2013 or 2012. Additionally, no options or restricted stock awards were granted in 2011, and as such, no compensation expense was recorded.

Summary Compensation Table

The following table sets forth information for the fiscal years ended December 31, 2013, 2012 and 2011 concerning the compensation of our "named executive officers":

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards (1)($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($) (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (3)	Total ($)
H. E. "Scott" Wolfe . . .	2013	428,693	—	—	—	441,000	—	8,307	878,000
Chief Executive Officer	2012	405,327	—	1,500,000	—	378,250	—	7,714	2,291,291
Donald B. Cochran	2013	422,292	—	—	—	—	—	13,108	435,400
President and Vice	2012	402,168	—	—	—	84,455	—	13,087	499,710
Chairman	2011	380,667	—	—	—	60,180	—	13,087	453,934
David A. Crittenden . . .	2013	300,459	—	—	—	318,500	—	8,833	627,792
Chief Financial Officer and Treasurer	2012	268,516	—	149,997	—	238,979	—	7,887	665,379

(1) On December 20, 2012, the Company's Board of Directors granted Mr. Wolfe 91,352 shares and Mr. Crittenden 9,135 shares of restricted stock. The grants vested 20% on December 20, 2012, and an additional 20% will vest on each anniversary of the grant through December 20, 2016, subject to continued employment with the Company. The dollar amount reported represents the fair value of the award on the grant date as computed in accordance with FASB Topic 718. Assumptions used in the valuation are discussed in Note 13 "Stock Based Compensation" to the Financial Statements included in Item 8 of our Annual Reports on Forms 10-K for the years ended December 31, 2013 and 2012.

(2) Included in Non-Equity Incentive Plan Compensation in 2013 is a $441,000 cash bonus earned under our short-term incentive compensation plan of 98% of Mr. Wolfe's base salary in effect at December 31, 2013, payable in five equal installments beginning in 2014, subject to continued employment on each payment date; and a $318,500 cash bonus earned under our short-term incentive compensation plan of 98% of Mr. Crittenden's base salary in effect at December 31, 2013, payable in five equal installments beginning in 2014, subject to continued employment on each payment date. In 2013, certain operating subsidiaries of the Company did not achieve the targeted operating ratio and revenue growth requirements included in our 2013 Short-Term Incentive Compensation Plan B, thus no bonus was awarded for Mr. Cochran. Included in Non-Equity Incentive Plan Compensation in 2012 is a $378,250 cash bonus earned under our short-term incentive compensation plan of 89% of Mr. Wolfe's base salary in effect at December 31, 2012, payable in five equal installments beginning in 2013, subject to continued employment on each payment date; and $84,455 earned in 2012, and payable in installments over the next five years beginning in 2013, under the Universal Truckload Services, Inc. Incentive Compensation Plan for Calendar Year 2012 for Mr. Cochran, subject to continued employment on each payment date; and a $238,979 cash bonus earned under our short-term incentive compensation plan of 89% of Mr. Crittenden's base salary in effect at December 31, 2012, payable in five equal installments beginning in 2013, subject to continued employment on each payment date. Included in Non-Equity Incentive Plan Compensation in 2011 is $60,180 earned in 2011, and payable in installments over the next five years beginning in 2012, under the Universal Truckload Services, Inc. Incentive Compensation Plan for Calendar Year 2011 for Mr. Cochran.

(3) Included in All Other Compensation in 2013 is $6,759 in dues associated with a club membership, $1,440 for a car allowance and $108 in term life insurance premiums for Mr. Wolfe; and $13,000 in car allowance and $108 in term life insurance premiums for Mr. Cochran; and $8,725 in car allowance and $108 in term life insurance premiums for Mr. Crittenden. Included in All Other Compensation in 2012 is $6,187 in dues associated with a club membership, $1,440 for a car allowance and $87 in term life insurance premiums for Mr. Wolfe; and $13,000 in car allowance and $87 in term life insurance premiums for Mr. Cochran; and $7,800 in car allowance and $87 in term life insurance premiums for Mr. Crittenden. Included in All Other Compensation in 2011 is $13,000 in car allowance and $87 in term life insurance premiums for Mr. Cochran.

Employment Agreements

H. E. "Scott" Wolfe

We are party to an employment agreement with H. E. "Scott" Wolfe, our Chief Executive Officer, entered into on December 20, 2012. The employment agreement provides for an initial base salary of $425,000 per year, effective October 1, 2012, and an increase of $25,000 on October 1, 2013. In addition, Mr. Wolfe is eligible to receive a discretionary bonus and other incentive compensation as approved by the Company's Board of Directors Compensation and Stock Option Committee. The employment agreement also provides Mr. Wolfe with fringe benefits provided by us to all of our employees in the normal course of business, including insurance coverage and reimbursement for all reasonable and necessary business expenses.

The term of the employment agreement is set to expire on December 31, 2014, unless Mr. Wolfe's employment relationship is terminated on an earlier date. The employment agreement will terminate upon the expiration of the term unless otherwise agreed to by the parties in writing.

Mr. Wolfe's employment will immediately terminate (1) upon death or (2) for just cause, which includes: conviction of a crime, moral turpitude, gross negligence in the performance of duties, intentional failure to perform duties, insubordination or dishonesty. His employment may be terminated due to his medical disability (as described in the employment agreement) and by our Board of Directors without just cause. Mr. Wolfe may voluntarily terminate his employment upon three months prior written notice.

Upon the termination of Mr. Wolfe's employment agreement, we have the right to retain him as an independent consultant under an exclusive consulting contract.

Donald B. Cochran

On January 16, 2013, we entered into to an employment agreement with Donald B. Cochran, our current President and Vice Chairman of our Board, thereby replacing Mr. Cochran's prior employment agreement with us dated September 13, 2008. Under the employment agreement, we have the option of extending the term for an additional two years, one year at a time. The employment agreement provides for an initial base salary of $422,276 per year, effective December 17, 2012, with a five percent increase in each subsequent year thereafter. In addition, Mr. Cochran is eligible to receive a discretionary bonus and other incentive compensation as approved by our Board of Directors or Compensation and Stock Option Committee from time to time. The agreement also provides Mr. Cochran fringe benefits provided by us to all of its employees in the normal course of business, including insurance coverage and reimbursement for all reasonable and necessary business expenses.

The term of the employment agreement is set to expire on December 17, 2016, unless Mr. Cochran's employment relationship is terminated on an earlier date. The employment agreement will terminate upon the expiration of the term unless the Company exercises its option to extend or as is otherwise agreed to by the parties in writing.

Mr. Cochran's employment will immediately terminate (1) upon death or (2) for just cause, which includes: conviction of a crime of moral turpitude or dishonesty. His employment may be terminated due to his medical disability (as described in the employment agreement) and by our Board of Directors without just cause. Mr. Cochran may voluntarily terminate his employment upon three months prior written notice.

Upon the termination of Mr. Cochran's employment agreement, we have the right to retain him as an independent consultant under an exclusive consulting contract.

David A. Crittenden

Currently, we have not entered into an employment agreement with Mr. Crittenden. Mr. Crittenden's 2013 compensation was based on his employment agreement with LINC that was entered into on September 7, 2010.

That agreement provides for a base salary of $250,000 per year, subject to future increases at the discretion of LINC's board or directors or its compensation and stock option committee. Effective May 27, 2013, Mr. Crittenden's annual base salary was increased to $325,000. In addition, Mr. Crittenden is eligible to receive a discretionary bonus and other incentive compensation as approved by our board of directors or Compensation and Stock Option Committee from time to time. Mr. Crittenden is entitled to the fringe benefits provided to all of its employees in the normal course of business. Mr. Crittenden is reimbursed for all reasonable and necessary business expenses, subject to business expense policies in effect from time to time.

Under the 2010 agreement, Mr. Crittenden's employment will immediately terminate (1) upon death or (2) for just cause, which includes: conviction of a crime, moral turpitude, gross negligence in the performance of duties, intentional failure to perform duties, insubordination or dishonesty. His employment may be terminated due to his medical disability (as described in the employment agreement) and by LINC's board of directors without just cause. Mr. Crittenden may voluntarily terminate his employment upon 90 days written notice.

Upon the termination of Mr. Crittenden's employment agreement, we have the right to retain him as an independent consultant under an exclusive consulting contract.

Severance Arrangements

The information below describes certain compensation and benefits to which our named executive officers are entitled in the event their employment is terminated under certain circumstances. The table at the end of this section provides the amount of compensation and benefits that would have become payable under existing contractual arrangements assuming a termination of employment had occurred on December 31, 2013, given the named executive officers' compensation and service levels as of such date. There can be no assurance that an actual triggering event would produce the same or similar results as those estimated if such event occurs on any other date or if any other assumption used to estimate potential payments and benefits is not correct. Due to the number of factors that affect the nature and amount of any potential payments or benefits, any actual payments and benefits may be different.

Mr. Wolfe. Pursuant to his employment agreement, if we terminate Mr. Wolfe without cause, as defined in his employment agreement, he will continue to receive his salary, benefits and any earned but unpaid bonus for a period of 12 months. If we terminate him due to a medical disability which renders him unable to perform the essential functions of his employment, his compensation shall be continued for 12 months from the date of his disability or through the end of the employment agreement, whichever comes first. Thereafter, he will continue to receive any earned but unpaid bonus. Mr. Wolfe has agreed not to compete with us for a one-year period following the end of his employment with us. If Mr. Wolfe's employment is terminated due to his death, his estate will be entitled to receive his salary, benefits and earned but unpaid bonus through the date of his death.

Mr. Cochran. Pursuant to his employment agreement, if we terminate Mr. Cochran without cause, as defined in his employment agreement, he will continue to receive his then-current contract salary for the greater of 12 months or the remaining term of the agreement up to a maximum of 24 months. If we terminate him due to a medical disability which renders him unable to perform the essential functions of his employment, his then-current contract salary shall be continued for 12 months from the date of his disability or through the end of the employment agreement, whichever comes first. Mr. Cochran has agreed not to compete with us for a one-year period following the end of his employment with us. If Mr. Cochran's employment is terminated due to his death, his estate will be entitled to receive his salary, benefits and earned but unpaid bonus through the date of his death.

Mr. Crittenden. Pursuant to his employment agreement with LINC, if Mr. Crittenden is terminated without cause, as defined in his employment agreement, he will continue to receive his then-current salary and benefits for a period of 12 months. In addition, any deferred bonus owed to Mr. Crittenden in the calendar year of the termination will be paid. If he is terminated due to a medical disability which renders him unable to perform the essential functions of his employment, he will be paid his salary, benefits and earned but unpaid bonus through the date of his disability. If Mr. Crittenden's employment is terminated due to his death, his estate will be entitled to receive his salary, benefits and earned but unpaid bonus through the date of his death.

The table below sets forth the estimated value of the potential payments to each of the named executive officers, assuming the executive's employment had terminated on December 31, 2013. These figures are based on the employment agreements in effect on December 31, 2013.

	Termination Payments Not In Connection with a Change of Control		
Name	**Termination without cause(1)**	**Termination due to medical disability**	**Termination due to death**
H. E. "Scott" Wolfe			
Severance	$1,583,600	$1,583,600	$1,133,600
Donald B. Cochran			
Severance	$ 964,562	$ 521,158	$ 77,754
David A. Crittenden			
Severance	$ 325,000	$ 768,263	$ 768,263

(1) In addition to the provisions regarding a termination without cause described above and reflected in this table, pursuant to each named executive officer's employment agreement, upon three months written notice each named executive officer has the right to terminate his employment relationship with us. Upon receipt of such notice we have the right to immediately terminate the named executive officer. In the event of the named executive officer's immediate termination, he is entitled to receive his base salary and benefits for the three-month period following his termination.

Grants of Plan-Based Awards

Each of our named executive officers is eligible to receive bonus awards under an annual non-equity incentive compensation plan and stock option and restricted stock grants under our Stock Incentive Plan. No options or restricted stock awards were granted in 2013. As of April 14, 2014, 316,880 shares of common stock remain available for future awards under the Stock Incentive Plan.

The following table shows the estimated possible payouts under the annual incentive compensation plan that applied to the named executive officer during fiscal year 2013.

	Estimated future payouts under non-equity incentive plan awards(1)(2)		
Name	**Threshold ($)**	**Target ($)**	**Maximum ($)**
H. E. "Scott" Wolfe	180,000	450,000	450,000
Donald B. Cochran	177,362	443,404	443,404
David A. Crittenden	130,000	325,000	325,000

(1) The 2013 annual incentive awards are payable in five annual installments beginning in 2014, subject to the named executive officer's continued employment with the Company on each payment date. The actual amounts earned in 2013 are reported in the Summary Compensation Table on page 17.

(2) The threshold, target and maximum values under our annual incentive plans are measured based on the attainment of targeted operating ratios and revenue growth for the applicable bonus year. The calculation of the annual operating ratios and the annual increase in revenues are subject to adjustment as determined by the board of directors to reflect extraordinary events such as an acquisition or a disposition of a line of business.

Outstanding Equity Awards Table

The following table sets forth information concerning the outstanding equity awards previously awarded to the named executive officers as of December 31, 2013:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END, AS OF DECEMBER 31, 2013

	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Name	Exercisable	Unexercisable							
H. E. "Scott" Wolfe . . .	—	—	—	—	—	54,812	1,672,314	—	—
Donald B. Cochran . . .	—	—	—	—	—	—	—	—	—
David A. Crittenden . . .	—	—	—	—	—	5,481	167,225	—	—

Options Exercised and Stock Vested

On December 20, 2012, we granted a total of 100,487 restricted shares of our common stock to Messrs. Wolfe and Crittenden in connection with their election as our Chief Executive Officer and Chief Financial Officer, respectively. These grants vested 20% on the grant date, and an additional 20% will vest on each anniversary of the grant date through December 20, 2016, subject to the officer's continued employment with us. On December 20, 2013, grants of 18,270 and 1,827 restricted shares of our common stock vested for Messrs. Wolfe and Crittenden, respectively.

Pension Benefits Table

We do not offer, and the named executive officers did not participate in, any pension plan during any period while employed by us.

Non-Qualified Deferred Compensation

We do not offer, and the named executive officers did not participate in, any non-qualified deferred compensation programs during the fiscal year ended December 31, 2013.

COMPENSATION OF DIRECTORS

Director Compensation Table

The following table sets forth the compensation information for the one year period ending December 31, 2013, for each member of our Board of Directors:

DIRECTOR COMPENSATION FOR THE YEAR ENDED DECEMBER 31, 2013

Name[(1)]	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)[(2)]	Total ($)
Matthew T. Moroun	107,700	—	—	—	—	—	107,700
Manuel J. Moroun	20,800	—	—	—	—	100,000	120,800
Frederick P. Calderone	23,300	—	—	—	—	—	23,300
Joseph J. Casaroll	34,900	—	—	—	—	—	34,900
Daniel J. Deane	25,100	—	—	—	—	—	25,100
Michael A. Regan	19,800	—	—	—	—	—	19,800
Daniel C. Sullivan	25,100	—	—	—	—	2,000	27,100
Richard P. Urban	34,900	—	—	—	—	391	35,291
Ted B. Wahby	37,950	—	—	—	—	—	37,950

(1) Donald B. Cochran, the Company's President and Vice Chairman, is not included in this table as he is an employee of the Company and receives no compensation for his services. The compensation received by Mr. Cochran as an employee is shown in the Summary Compensation table.

(2) Included in All Other Compensation is $100,000 in consulting service fees for Mr. Manuel Moroun; and $2,000 of other out-of-pocket reimbursements for Mr. Sullivan; and $391 of other out-of-pocket reimbursements for Mr. Urban.

Additional Disclosures Regarding Director Compensation

Director compensation is determined by our Board of Directors. In April 2013, our Board of Directors adopted a director compensation policy pursuant to which each non-employee director, excluding the Chairman of the Board, will receive an annual cash retainer of $20,000, payable in quarterly installments. Our directors also will receive an additional payment of $1,800 for each meeting of the Board or Board committees that they attended in person, and $600 for each meeting that they attended by telephone. The Chairman of the Board will receive an annual cash retainer of $100,000, payable in quarterly installments. The Chairman of our Audit Committee will receive an additional annual cash retainer of $5,000, payable in quarterly installments. We also reimburse our non-employee directors for all out-of-pocket expenses incurred in the performance of their duties as directors, including expenses for food, lodging and transportation. Our employee directors do not receive any fees for attendance at meetings or for their service on our Board of Directors.

Additional information concerning transactions between us and entities affiliated with members of the Compensation and Stock Option Committee is included under the heading "Transactions with Management and Others and Certain Business Relationships."

Compensation Committee Interlocks and Insider Participation

No member of our Compensation and Stock Option Committee has ever been an officer or employee of the Company.

No member of our Compensation and Stock Option Committee, and no member of our Board of Directors, serves as an executive officer of any entity that has one or more of our executive officers serving as a member of such entity's board of directors or compensation committee.

Matthew T. Moroun is Vice Chairman and Manuel J. Moroun is President and CEO of CenTra, Inc., a related party under Item 404 of Regulation S-K. For further disclosure of relationships for Matthew T. Moroun and Manuel J. Moroun, see section, Key Relationships, above.

COMPENSATION AND STOCK OPTION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation and Stock Option Committee of the Board of Directors has reviewed and discussed the above section entitled "Compensation Discussion and Analysis" with management and, based on such review and discussion, recommended to the Board of Directors that this section be included in this Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2013.

Compensation and Stock Option Committee:

Matthew T. Moroun
Manuel J. Moroun
Ted B. Wahby

TRANSACTIONS WITH MANAGEMENT AND OTHERS

Policies and Procedures for Approving Related Person Transactions

As set forth in its charter, the Audit Committee of the Board of Directors reviews the material facts of any proposed Related Person Transactions, and is responsible for approving or denying such transactions.

Any transactions involving the following persons are reviewed as potential Related Person Transactions: (i) any person who is or was an executive officer, director or nominee for election as a director since the beginning of the last fiscal year; or (ii) any person or group who is a greater than 5% beneficial owner of the Company's voting securities; or (iii) any immediate family member of any of the foregoing, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, and anyone residing in such person's home (other than a tenant or employee).

In making its determination to approve or ratify, the Audit Committee considers such factors as (i) the extent of the Related Person's interest in the Related Person Transaction, (ii) if applicable, the availability of other sources of comparable products or services, (iii) whether the terms of the Related Person Transaction are no less favorable than terms generally available in unaffiliated transactions under like circumstances, (iv) the benefit to the Company, and (v) the aggregate value of the Related Person Transaction. No director of the Company may engage in any Audit Committee discussion or approval of any Related Person Transaction in which he or she is a Related Person in such proposed transaction; provided however, that such director must provide to the Audit Committee all material information reasonably requested concerning the proposed Related Person Transaction.

The section below, entitled "Transactions with Management and Others and Certain Business Relationships," sets forth in detail the Related Person Transactions to which the Company is currently a party.

Transactions with Management and Others and Certain Business Relationships

Registration Rights Agreement

Pursuant to an amended and restated registration rights agreement we entered into with Matthew T. Moroun and trusts controlled by Mr. Moroun and his father, Manuel J. Moroun on July 25, 2012, or the Registration Rights Agreement, we granted piggyback registration rights to trusts controlled by Manuel J. Moroun, Matthew T. Moroun, and their transferees.

As a result of these registration rights, if we propose to register any of our securities, other than a registration relating to our employee benefit plans or a corporate reorganization or other transaction under Rule 145 of the Securities Act, whether or not the registration is for our own account, we are required to give each of our shareholders that is party to the Registration Rights Agreement the opportunity to participate, or "piggyback," in the registration. If a piggyback registration is underwritten and the managing underwriter advises us that marketing factors require a limitation on the number of shares to be underwritten, priority of inclusion in the piggyback registration generally is such that we receive first priority with respect to the shares we are issuing and selling.

The registration rights are subject to conditions and limitations, among them the right of the underwriters of an offering to limit the number of shares included in the offering. We generally are required to pay the registration expenses in connection with piggyback registrations.

Administrative Support Services

CenTra, Inc., or CenTra, is controlled by two of our directors, Matthew T. Moroun and Manuel J. Moroun, who also hold a controlling interest in the Company. Manuel J. Moroun serves as the CEO of CenTra. Matthew T. Moroun serves as Vice Chairman of CenTra's board of directors. Frederick P. Calderone serves as Vice President of CenTra. CenTra, and affiliates of CenTra, provide administrative support services to us, including legal, human resources, and tax services. The cost of these services is based on the actual or estimated utilization of the specific services and is charged to the Company. These costs totaled $2,367,000 for 2013.

Arrangements with CenTra and its Affiliates that We Expect to Continue

In addition to the arrangements described under the headings, "Registration Rights Agreement" and "Administrative Support Services" described above, we are currently a party to a number of arrangements with CenTra and its affiliates that we expect to continue.

In the past, we have carried freight for CenTra and its affiliates and we expect to continue to do so in the ordinary course of our business. We have charged, and intend to continue charging for these services at market rates. Revenue for these services for 2013 totaled $9,800,000. Affiliates of CenTra have also provided transportation services in the ordinary course of business to us, at market rates. The cost of providing these services for 2013 totaled $311,000.

In connection with our transportation services, we also routinely cross the Ambassador Bridge between Detroit, Michigan and Windsor Ontario, and we pay tolls and other fees to certain related entities which are under common control with CenTra. CenTra also charges us for the direct variable cost of various maintenance, fueling and other operational support costs for services delivered at their trucking terminals that are geographically remote from our own facilities. Such activities are billed when incurred, paid on a routine basis, and reflect actual labor utilization, repair parts costs or quantities of fuel purchased. The cost of providing these services for 2013 totaled $1,774,000. We have also performed truck fueling and maintenance services for CenTra and its affiliates and we expect to continue to do so in the ordinary course of our business. Charges for such services totaled $184,000 in 2013. We believe that the rates we paid and received for these truck fueling and maintenance services reflect market rates.

We currently lease thirty-eight office, terminal and yard facilities from affiliates of CenTra, based on either month-to-month or contractual, multi-year lease arrangements which are billed and paid monthly. We paid an aggregate of $11,352,000 in rent and related costs to affiliates in 2013. We believe that the rent we currently pay for these properties is at market rates.

We purchase our workers' compensation, property and casualty, and other general liability insurance from an insurance company controlled by our majority shareholders. Our employee health care benefits and 401(k) programs are also provided by this affiliate. We paid this affiliate $32,710,000 for 2013. We believe that the rates we paid for these services reflect market rates.

We may also assist affiliates with selected transportation and logistics services and we expect to continue to do so in the ordinary course of our business. We have charged, and intend to continue charging for these services at market rates. Revenue for these administrative and customer support services for 2013 totaled $113,000.

Other Related Person Transactions

During 2013, we purchased 39 used tractors from an affiliate for $1,600,000.

We also retained the law firm of Sullivan Hincks & Conway to provide legal services during 2013. Daniel C. Sullivan, a member of our Board, is a partner at Sullivan Hincks & Conway. Amounts paid for legal services during 2013 were $7,000.

We incurred $524,000 of costs during 2013 related to an underwritten public offering of our common stock. Pursuant to the Registration Rights Agreement, we were responsible to pay for the cost of the offering. After deducting the underwriting discount and offering expenses, we did not have any remaining proceeds from the sale of our common stock.

Principal Accountant Fees and Services

The following table shows the fees for professional services for audit and other services of our principal accountant, BDO for 2013, and KPMG LLP, or KPMG, for 2012.

	2013	2012
Audit Fees (1)	$453,183	$466,975
Audit-Related Fees (2)	—	25,678
Tax Fees (3)	—	33,909
All Other Fees (4)	—	—
	$453,183	$526,562

(1) Audit fees includes fees billed for professional services for the audits of our financial statements included in our Annual Report on Form 10-K, and reviews of our financial statements included in our Quarterly Reports on Form 10-Q. This category also includes fees for services that are normally provided by the independent registered public accounting firms in connection with statutory and regulatory filings or engagements, including comfort letters and consents issued in connection with SEC filings.

(2) Audit-related fees billed for professional services rendered by the independent registered public accounting firms related to the performance of the audit or review of the financial statements that are not disclosed as Audit Fees. For 2012, audit-related fees include financial due diligence services provided by KPMG in connection with our acquisition of LINC. There were no such fees for 2013.

(3) Tax fees include financial due diligence services provided by KPMG in connection with our acquisition of LINC in 2012. There were no such fees for 2013.

(4) All other fees represent fees for all other services or products provided that are not covered by the categories above. There were no such fees for 2012 or 2013.

Audit Committee Approval Policies

Our Audit Committee Charter includes procedures for the approval by the Audit Committee of all services provided by our independent registered public accountants. Our Audit Committee has the authority and responsibility to pre-approve (other than with respect to *de minimis* exceptions permitted by the Sarbanes-Oxley Act of 2002) both audit and non-audit services to be provided by our independent registered public accountants. The Audit Committee Charter sets forth the policy of the committee for such approvals. The policy allows our Audit Committee to delegate to one or more members of the Audit Committee the authority to approve the independent registered public accountants' services. The decisions of any Audit Committee member to whom authority is delegated to pre-approve services are reported to the full Audit Committee. The policy also provides that our Audit Committee will have authority and responsibility to approve and authorize payment of the independent registered public accountants' fees.

Information Regarding Change in Accountants

Our consolidated financial statements as of and for the fiscal years ended December 31, 2012 and 2011, were audited by KPMG. On April 24, 2013, KPMG notified the Company that they would resign upon the completion of their review of the Company's financial statements as of and for the quarter ended March 30, 2013. On April 26, 2013, our Audit Committee selected BDO USA, LLP, or BDO, subject to the completion of standard client acceptance procedures, to be our new independent registered public accounting firm for the fiscal year ending December 31, 2013.

The audit reports of KPMG on our consolidated financial statements as of and for the fiscal years ended December 31, 2012 and 2011, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to audit scope or accounting principles. Our consolidated financial statements for the two-year period ended December 31, 2012 included the financial statements of LINC for the year ended December 31, 2011. We acquired LINC on October 1, 2012. The audit report of KPMG on our consolidated financial statements for the two-year period ended December 31, 2012, was based, with respect to the financial statements of LINC, on an audit report of Grant Thornton on LINC's financial statements for the year ended December 31, 2011. The audit report of KPMG on the effectiveness of internal control over financial reporting as of December 31, 2012 expressed an adverse opinion on the effectiveness of our internal control over financial reporting due to material weaknesses related to ineffective segregation of duties and general information technology controls to restrict user access and to review the development, change management, and maintenance of system applications; and ineffective controls over the completeness, accuracy and validity of manual journal entries at LINC Logistics Company. The audit report of KPMG on the effectiveness of internal control over financial reporting as of December 31, 2011 did not contain any adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope, or accounting principles.

During the years ended December 31, 2012 and 2011, and the subsequent interim period through April 24, 2013, there were no: (1) disagreements with KPMG on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures, which disagreements if not resolved to the satisfaction of KPMG, would have caused them to make reference in connection with their opinion to the subject matter of the disagreement, or (2) reportable events.

During the years ended December 31, 2012 and 2011, and the period from January 1, 2013 through April 26, 2013, neither we nor any person on our behalf consulted with BDO regarding the application of accounting principles to a specific completed or contemplated transaction or the type of audit opinion that might be rendered on our financial statements, and we were not provided with a written report or oral advice by BDO that was an important factor that we considered in reaching a decision as to an accounting, auditing or financial reporting issue.

During the year ended December 31, 2012, BDO provided consultation and assisted the Company with its documentation regarding the application of accounting principles in regards to its planned acquisition of LINC, along with the requirements for various filings with the Securities and Exchange Commission and other considerations. We have delivered a copy of this disclosure to BDO, and BDO has not indicated that it disagrees with any of the statements made in this section.

On April 26, 2013, we reported our change in independent registered public accounting firms to the SEC in a Current Report on Form 8-K. KPMG furnished us with a letter dated April 26, 2013, addressed to the SEC that was attached as Exhibit 16.1 to our Current Report on Form 8-K.

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PROPOSAL 2—RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The firm of BDO USA, LLP, or BDO, served as independent registered public accountants for the year-ended December 31, 2013 and has been selected by our Audit Committee to serve as our independent registered public accounting firm for the year ending December 31, 2014. Although the submission of this matter for approval by the shareholders is not legally required, the Board believes that such submission follows sound business practice and is in the best interests of the shareholders. If the appointment is not ratified by the holders of a majority of the shares present in person or by proxy at the Annual Meeting, we will consider the selection of another accounting firm. If such a selection were made, it may not become effective until 2015 because of the difficulty and expense of making such a substitution. A representative of BDO is expected to attend the Annual Meeting and will be available to respond to appropriate questions. That representative will have the opportunity to make a statement if he or she so desires.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF BDO TO SERVE AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FOR THE YEAR ENDING DECEMBER 31, 2014, AS SELECTED BY OUR AUDIT COMMITTEE.

PROPOSAL 3—ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are providing shareholders an advisory vote on executive compensation, or Say on Pay, as required by the Dodd-Frank Act. The Say on Pay vote is a non-binding vote on the compensation of our named executive officers, as described in the "Compensation Discussion and Analysis" section, the "Summary Compensation Table", and the accompanying narrative disclosure, set forth in this Proxy Statement. At our Annual Meeting in 2011, our shareholders voted to recommend that we hold future Say on Pay votes once every three years until the Company is next required to hold an advisory vote on the frequency with which we will hold future Say on Pay votes, which will be in 2017. Accordingly, we present the resolution set forth below for approval by the shareholders in accordance with the Dodd-Frank Act and Section 14A of the Securities Exchange Act of 1934.

We encourage shareholders to review the "Compensation Discussion and Analysis", the "Summary Compensation Table" and the related narrative disclosure. As discussed in the Compensation Discussion and Analysis, we believe that our compensation policies and decisions are designed to align the interests of our executives with the interests of our shareholders by rewarding performance based on the overall performance of the Company, as well as the achievement of specific personal goals, which the Committee believes will ultimately maximize shareholder value.

We believe that our executive compensation program strikes the appropriate balance between utilizing responsible, measured pay practices and effectively incentivizing our executives to dedicate themselves fully to value creation for our shareholders.

We have conducted a review of our compensation programs, including our annual cash and other compensation programs. We believe that our policies and practices are designed to reward individual performance based on our overall company performance and is aligned with the achievement of both long term and short term company goals. Our base salaries are consistent with similar positions at comparable companies and the two components of our bonus programs, operating ratios and revenue growth, are directly tied to the overall success of the organization. We believe the balance of short-term and long-term compensation continues to align our executives' interests with those of our shareholders and discourages excessive risk taking for short-term gains.

On the basis of the “Compensation Discussion and Analysis”, the “Summary Compensation Table” and the related narrative disclosure of this Proxy Statement, we are requesting that our shareholders vote on the following resolution:

RESOLVED, that the shareholders of the Company approve, on an advisory basis, the compensation of our named executive officers, as described in the “Compensation Discussion and Analysis” section, the “Summary Compensation Table”, and the accompanying narrative disclosure, set forth in this Proxy Statement.

Although this Say on Pay vote on executive compensation is non-binding, the Board and the Compensation Committee will review the results of the vote and will take into account the outcome of the vote when determining future executive compensation arrangements.

THE BOARD RECOMMENTS A VOTE “FOR” ADOPTION OF THE RESOLUTION APPROVING THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DESCRIBED IN THE COMPENSATION DISCUSSION AND ANALYSIS SECTION.

PROPOSAL 4—APPROVAL OF 2014 AMENDED AND RESTATED STOCK INCENTIVE PLAN

On April 23, 2014, our Board of Directors adopted the Universal Truckload Services, Inc. 2014 Amended and Restated Stock Incentive Plan, or the Restated Plan, for employees, directors and consultants of the Company and its subsidiaries and recommends that the stockholders vote for approval of the Plan. This Plan is an amendment and restatement of the Universal Truckload Services, Inc. 2004 Stock Incentive Plan, which was adopted by the Board and approved by the stockholders on December 10, 2004, and which expires on December 10, 2014. This amendment and restatement of the Stock Incentive Plan extends the term of the plan to April 22, 2024.

The Restated Plan will replace our 2004 Stock Incentive Plan. Stock options and restricted stock awards currently outstanding under the 2004 Stock Incentive Plan will remain outstanding in accordance with the terms of that plan and the stock option agreements entered into under that plan.

As discussed in our Compensation Discussion and Analysis on page 13, we intend to continue our practice of compensating our executives through programs that emphasize performance. Performance-based equity awards issued under the Restated Plan represent an important element of long-term incentive compensation, and accordingly, we have modified the Restated Plan to enable the Company to further its eligibility to deduct for federal income tax purposes certain performance-based equity awards that may be granted to our named executive officers in accordance with Section 162(m) of the Internal Revenue Code, as amended, or the Code. Under Section 162(m), the material terms of the performance goals outlined within the Restated Plan must be disclosed to and reapproved by the shareholders every five years. Accordingly, this proposal seeks shareholder approval of the Restated Plan, including the material terms of the performance goals under which compensation may be paid that is intended to meet the performance-based compensation exception under Section 162(m) of the Code.

Description of the Plan

The following summary of the material terms of the Restated Plan is not complete and is qualified in its entirety by reference to the full text of the Restated Plan, which is set forth in Appendix A to this Proxy Statement and incorporated by reference into this proposal.

Purpose of the Plan. The purpose of the Restated Plan is to attract and retain highly-qualified key employees, directors and consultants, to encourage such individuals to exert maximum efforts toward the success of the Company and our affiliates, and to further align the interests of such individuals with those of our shareholders.

Shares Available. A total of 500,000 shares of common stock have been reserved for issuance under the Restated Plan. Shares of common stock covered by awards that expire, terminate, lapse, are reacquired by us prior to vesting or are redeemed for cash will revert to and again become available for grant under the Restated Plan. No employee will be eligible to be granted options or stock appreciation rights covering more than 100,000 shares during any fiscal year. As of April 23, 2014, approximately 317,000 shares of common stock are available for issuance under the 2004 Stock Option Plan.

The number of shares issued or reserved pursuant to the Restated Plan (or pursuant to outstanding awards) is subject to adjustment on account of mergers, consolidations, reorganizations, stock splits, stock dividends and other dilutive changes in the common stock; further, our board of directors may adjust outstanding awards to preserve the awards' benefits or potential benefits.

Administration. The Restated Plan is administered by our Board of Directors, which may delegate its duties and powers in whole or in part to a committee. The Board has the authority to designate participants in the plan; determine the type(s), number, terms and conditions of awards, as well as the timing and manner of grant; construe and interpret the plan; establish, adopt or revise any rules and regulations to administer the plan; and make all other decisions and determinations that may be required under the plan.

Performance-Based Criteria. Section 162(m) of the Code limits publicly held companies to an annual deduction for federal income tax purposes of $1.0 million for compensation paid to their Chief Executive Officer and the three next highest compensated executive officers (other than the Chief Financial Officer) determined at the end of each year (referred to as covered employees). However, performance-based compensation that meets certain conditions is excluded from this limitation.

Any awards that the Board intends to qualify for the Section 162(m) performance-based compensation deduction exemption must be based on pre-established, objective performance goals. These goals must be established by the Board in writing no later than 90 days after the beginning of the service period to which the award relates and while the outcome is substantially uncertain (i.e., before 25% of the performance period has elapsed). Performance goals must be based on an objective formula or standard and may be based on one or more criteria, including (i) the earnings or earnings per share of the Company or of any business unit of the Company designated by the Board; (ii) the net operating margin of the Company or of any business unit of the Company designated by the Board; (iii) the cash flow return on investment of the Company or any business unit of the Company designated by the Board; (iv) the earnings before interest, taxes, depreciation, and/or amortization of the Company or any business unit of the Company designated by the Board; (v) the return on shareholders' equity achieved by the Company; (vi) the total shareholders' return achieved by the Company; (vii) any of the foregoing calculated on a "non-GAAP basis"; (viii) the price of a share of common stock; (ix) the Company's market share; (x) the market share of a business unit of the Company designated by the Board; (xi) the Company's sales; (xii) the sales of a business unit of a Company designated by the Board; (xiii) the economic value added; (xiv) operating income of the Company or of any business unit of the Company designated by the Board; (xv) operating expense ratios of the Company or of any business unit of the Company designated by the Board; and (xvi) or any combination of the foregoing. Before the recipient may receive any payment, the Board (or the committee) must certify in writing that all of the performance goals have been met.

Options. Nonstatutory stock options must have an exercise price that is at least equal to 85% of the fair market value of the common stock on the date the option is granted. An option holder may exercise an option by payment of the exercise price (1) in cash or by check, (2) at the discretion of the committee at the time of the grant of the option (or subsequently in the case of a nonstatutory stock option) by delivery to the Company of other common stock, (3) pursuant to a "same day sale" program, (4) by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of common stock issued upon exercise by the largest whole number of shares with a fair market value that does not exceed the aggregate exercise price; provided, however, that the Company shall accept a cash or other payment from the participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; (5) by a combination of these means acceptable to the committee in its sole discretion. In the event of the option holder's termination, the option holder will generally have a period of time specified in the option holder's agreement to exercise his/her vested options, but in all cases, the option must be exercised before the expiration of its term.

Restricted Stock Awards. The Board may award restricted stock bonuses in consideration for past services actually rendered. The Board also may award restricted stock units, which entitle the participant the right to receive one share of common stock per unit at the time the unit vests, with delivery of such common stock on a date chosen by the participant. For both restricted stock bonuses and units, vesting will generally be based on the participant's continued service. In the event a participant's service terminates, any or all unvested common stock as of the date of termination may be subject to our reacquisition depending on the specific terms of that participant's award agreement.

Stock Appreciation Rights. The Board may grant stock appreciation rights independent of or in connection with an option. The base price per share of a stock appreciation right may be no less than 85% of the fair market value of the common stock on the date of the grant. Generally, each stock appreciation right will entitle a participant upon redemption to an amount equal to the excess of (a) the aggregate fair market value on the redemption date of one share of common stock over (b) the aggregate base price in effect for those shares established at the time of the grant.

Transferability. Unless otherwise determined by our Board of Directors or provided for in a written agreement evidencing an award, awards granted under the Plan are not transferable other than by will or by the laws of descent and distribution.

Change of Control. In the event of a change of control (as defined in the Restated Plan) other than dissolution, and if the surviving entity refuses to assume or continue outstanding awards, or substitute similar awards, the Board may provide for the (1) assumption or continuation of any stock awards outstanding under the Restated Plan, (2) payment in exchange for the cancellation of an award or (3) termination of an award upon the consummation of the change of control, but only if the participant has been permitted to exercise or redeem an option, stock appreciation right or phantom stock unit prior to the change of control. Furthermore, at any time the Board may provide for the acceleration of exercisability and/or vesting of an award. In the event of the dissolution of the Company, all outstanding awards will terminate immediately prior to such event.

Amendment and Termination. The Board may amend, suspend, or terminate the Restated Plan in any respect at any time, but no amendment may materially impair any of the rights of a participant under any awards previously granted, without his or her consent. No amendment of the Restated Plan will be effective unless approved by our shareholders to the extent such approval is necessary under applicable law, regulation or securities exchange listing requirement.

Plan Benefits. Awards under the Restated Plan are granted at the discretion of the Compensation and Stock Option Committee or the Board, and accordingly, the amount of any such awards that may be granted to any individual is not yet determinable. Benefits under the Restated Plan depend on a number of factors, including the fair market value of our common stock on future dates, our actual performance against performance goals established with respect to performance awards and decisions made by the participants, and accordingly, are also not yet determinable.

Federal Income Tax Consequences of Options and Stock Awards Under the Restated Plan

THE FOLLOWING IS A GENERAL SUMMARY OF THE TYPICAL FEDERAL INCOME TAX CONSEQUENCES OF THE ISSUANCE AND EXERCISE OF OPTIONS, STOCK APPRECIATION RIGHTS OR AWARDS OF RESTRICTED STOCK UNDER THE RESTATED PLAN. IT DOES NOT DESCRIBE APPLICABLE FOREIGN, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE ISSUANCE

AND EXERCISE OF OPTIONS OR OF THE GRANT OF RESTRICTED STOCK. THIS SUMMARY IS BASED UPON THE PROVISIONS OF THE INTERNAL REVENUE CODE, APPLICABLE TREASURY REGULATIONS, ADMINISTRATIVE RULINGS AND JUDICIAL DECISIONS, ALL AS IN EFFECT AS OF THE DATE OF THIS PROXY STATEMENT. THERE CAN BE NO ASSURANCE THAT FUTURE LEGISLATIVE, ADMINISTRATIVE OR JUDICIAL CHANGES OR INTERPRETATIONS, WHICH CHANGES COULD APPLY RETROACTIVELY, WILL NOT AFFECT THE ACCURACY OF THIS SUMMARY.

Stock Awards. A recipient of a stock award has taxable income in the amount equal to the excess of the fair market value of the stock on the date it "vests" over any consideration paid for the common stock (the "spread"). Stock vests either (i) when it is no longer subject to a "substantial risk of forfeiture" (such as a requirement that the recipient retransfer shares at cost or some other material discount from fair market value upon cessation of employment), (ii) when it is freely transferable, or (iii) at the time of issuance if the recipient makes an election under Section 83(b) of the Code within 30 days of the issuance. The taxable income constitutes wages subject to income and employment tax withholding, and the Company receives a corresponding income tax deduction. The recipient will have a basis in his or her shares equal to the value of the shares on the date they vest, and the holding period for the shares will date from vesting. In general, a sale of the shares will produce capital gain or loss which will be long term or short term depending on the period of time included in the recipient's holding period, except that a recipient who makes a Section 83(b) election will not be entitled to any loss should the shares subsequently be forfeited back to the Company.

Options. The grant of an option has no federal income tax effect on the optionee. Upon exercise of the option, unless the option was qualified as an incentive stock option as discussed below, the optionee is treated in the same manner as a recipient of a stock award. Special federal income tax rules apply if our common stock is used to pay all or part of the option exercise price whether or not the options qualify as incentive stock options.

Incentive Stock Options. Like other options, the recipient of an "incentive stock option" does not recognize any income on the grant of the option. Unlike other transferees of shares, however, the optionee does not recognize income for "regular" tax purposes at the time the option is exercised. If the optionee does not dispose of the incentive stock option shares until at least one year after the date the incentive stock option was exercised and two years after the date the incentive stock option was granted, the only gain or loss the optionee will recognize for regular tax purposes will be the long-term capital gain or loss on the sale of the shares. However, any shares sold or otherwise disposed of before both of the holding period requirements have been met (a "disqualifying disposition"), will result in the gain being treated as ordinary income in an amount up to the excess of the fair market value of the stock subject to an option over the exercise price of such option (the "option spread"). Any additional gain will be treated as capital gain or loss and as long-term or short-term depending on the holding period for the stock.

In addition to the regular tax consequences discussed above, the exercise of an incentive stock option can have material alternative minimum tax consequences. In general, the transfer of the shares pursuant to the incentive stock option will create alternative minimum taxable income in the same way that the exercise of other options would create regular taxable income. As a result, the exercise of an incentive stock option can result in substantial alternative minimum tax. The Company is not entitled to a federal income tax deduction in connection with incentive stock options, except to the extent that the optionee has taxable ordinary income on a disqualifying disposition.

Stock Appreciation Rights. Upon the grant of a stock appreciation right, the recipient will not recognize ordinary income. However, upon the exercise of a stock appreciation right, the recipient will, in general, recognize ordinary income in an amount equal to the amount of cash (or the value of the shares) distributed to the recipient. Such income will be treated as wages subject to income and employment tax withholding. The Company will have a deduction equal to the income to the recipient.

Limitation on Deduction of Certain Compensation. A publicly held corporation may not deduct compensation of over a certain amount that is paid in any year to one of its executive officers unless the compensation constitutes “qualified performance-based” compensation under the Code. We will generally attempt to ensure that any awards under the Restated Plan will qualify for deduction, but may not do so in every instance.

Vote Required

Shareholder approval of this proposal is required. We urge you to read the text of the 2014 Amended and Restated Stock Incentive Plan, which is attached to this Proxy Statement as Appendix A and incorporated by reference into this proposal. We believe the Restated Plan will result in additional benefit to the Company while continuing our practice of compensating our executives through programs that emphasize performance. Accordingly, we ask our shareholders to vote “FOR” the following resolution at the Annual Meeting:

RESOLVED, that the stockholders of Universal Truckload Services, Inc. approve the 2014 Amended and Restated Stock Incentive Plan, including the material terms of the performance goals under such plan.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE 2014 AMENDED AND RESTATED STOCK INCENTIVE PLAN, INCLUDING THE MATERIAL TERMS OF THE PERFORMANCE GOALS UNDER SUCH PLAN.

OTHER MATTERS

We are not aware of any matters to be presented for action at the Annual Meeting other than the matters set forth above. If any other matters do properly come before the meeting or any adjournment thereof, it is intended that the persons named in the proxy will vote in accordance with their judgment on such matters.

SHAREHOLDERS’ PROPOSALS FOR NEXT ANNUAL MEETING

Pursuant to Rule 14a-8 under the Exchange Act, any shareholder wishing to have a proposal considered for inclusion in our proxy solicitation material for the Annual Meeting of Shareholders to be held in 2015 must set forth such proposal in writing and file it with the Secretary of the Company no later than December 31, 2014, the date that is 120 days before May 1, 2015. Further, pursuant to Rule 14a-4, if a shareholder fails to notify us of a proposal before March 16, 2015, the date that is 45 days before May 1, 2015, such notice will be considered untimely, and management proxies may use their discretionary voting authority to vote on any such proposal.

BY THE ORDER OF THE BOARD OF DIRECTORS

/s/ Steven A. Fitzpatrick

Steven A. Fitzpatrick
Secretary

APPENDIX A

UNIVERSAL TRUCKLOAD SERVICES, INC.

2014 AMENDED AND RESTATED STOCK INCENTIVE PLAN
TERMINATION DATE: APRIL 22, 2024

1. ESTABLISHMENT AND PURPOSES.

(a) Adoption. Universal Truckload Services, Inc., a Michigan corporation (the "Company") hereby adopts the Universal Truckload Services, Inc. 2014 Amended and Restated Stock Incentive Plan (the "Plan"). The Plan shall become effective on April 23, 2014 (the "Effective Date"), the date it was adopted by the Company's Board of Directors, subject to the approval of the Company's shareholders at the 2014 Annual Meeting. After the Effective Date, Stock Awards may be made as provided herein and may be made pursuant to and in accordance with agreements for the issuance thereof entered into prior to the Effective Date. This Plan or any subsequent plan may be amended and readopted by the Board and the shareholders from time to time. Each re-adoption shall constitute a new plan. Participants may hold awards under more than one plan.

(b) Eligible Stock Award Recipients. The persons eligible to receive Stock Awards are the Employees, Directors and Consultants of the Company and its Affiliates.

(c) Available Stock Awards. The purpose of the Plan is to provide a means by which eligible recipients of Stock Awards may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Stock Awards including, but not limited to: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Restricted Stock Bonuses, (iv) Restricted Stock Purchase Rights, (v) Stock Appreciation Rights, (vi) Phantom Stock Units, (vii) Restricted Stock Units and (viii) unrestricted Common Stock. The granting, vesting and/or exercisability of any Stock Award may be conditioned in whole or in part on performance.

(d) General Purpose. The Company, by means of this Plan, seeks to provide incentives for the group of persons eligible to receive Stock Awards to attract and retain highly-qualified key Employees, Directors and Consultants, to encourage such individuals to exert maximum efforts toward the success of the Company and its Affiliates, and to further align the interests of such individuals with those of the Company's shareholders.

(e) This Plan is an amendment and restatement of Universal Truckload Services, Inc. 2004 Stock Incentive Plan, which was adopted by the Board and approved by the Company's shareholders on December 10, 2004. Should any material provision of this Plan be determined to impair the rights of a Participant under an award granted prior to the Effective Date of this Plan, the award agreement covering the Stock Award shall instead be treated as including the provision as stated in the 2004 Stock Incentive Plan as an explicit term.

2. DEFINITIONS.

(a) "Affiliate" means generally with respect to the Company, any entity directly, or indirectly through one or more intermediaries, controlling or controlled by (but not under common control with) the Company. Solely with respect to the granting of any Incentive Stock Options, Affiliate means any parent corporation or subsidiary corporation of the Company, whether now or hereafter existing, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(b) "Beneficial Owner" means the definition given in Rule 13d-3 of the Exchange Act.

(c) "Board" means the Board of Directors of the Company.

(d) "Change of Control" means the occurrence, in a single transaction or in a series of related transactions, of any of the following events:

(i) The sale, exchange, lease or other disposition of all or substantially all of the assets of the Company to a person or group of related persons, as such terms are defined or described in Sections 3(a)(9) and 13(d)(3) of the Exchange Act (other than CenTra, Inc. and its affiliates, Manuel J. Moroun and his affiliates, Matthew T. Moroun and his affiliates, or any group in which any of the foregoing is a member) that will continue the business of the Company in the future;

(ii) A merger or consolidation involving the Company in which the voting securities of the Company owned by the shareholders of the Company immediately prior to such merger or consolidation do not represent, after conversion if applicable, more than fifty percent (50%) of the total voting power of the surviving controlling entity outstanding immediately after such merger or consolidation; provided that any person who (1) was a beneficial owner (within the meaning of Rules 13d-3 and 13d-5 promulgated under the Exchange Act) of the voting securities of the Company immediately prior to such merger or consolidation, and (2) is a beneficial owner of more than 20% of the securities of the Company immediately after such merger or consolidation, and (3) is not CenTra, Inc. or one of its affiliates, Manuel J. Moroun or one of his affiliates, Matthew T. Moroun or one of his affiliates, or any group in which any of the foregoing is a member, shall be excluded from the list of "shareholders of the Company immediately prior to such merger or consolidation" for purposes of the preceding calculation;

(iii) Any person or group (other than CenTra, Inc. and its affiliates, Manuel J. Moroun and his affiliates, Matthew T. Moroun and his affiliates, or any group in which any of the foregoing is a member) is or becomes the Beneficial Owner, directly or indirectly, of more than 50% of the total voting power of the voting stock of the Company (including by way of merger, consolidation or otherwise) and the representatives of CenTra, Inc. and its affiliates, Manuel J. Moroun and his affiliates, Matthew T. Moroun and his affiliates, or any group in which any of the foregoing is a member, individually or in the aggregate, cease to have the ability to elect a majority of the Board (for the purposes of this clause (iii), a member of a group will not be considered to be the Beneficial Owner of the securities owned by other members of the group);

(iv) A dissolution or liquidation of the Company.

(e) "Code" means the Internal Revenue Code of 1986, as amended. References in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any rules and regulations promulgated thereunder.

(f) "Committee" means a committee of two or more members of the Board (or other individuals who are not members of the Board to the extent allowed by law) appointed by the Board in accordance with Subsection 3(b) of the Plan. To the extent the Board has not delegated its authority under the Plan to such committee, the term "Committee" shall mean the Board.

(g) "Common Stock" means the common stock of the Company.

(h) "Company" means Universal Truckload Services, Inc., a Michigan corporation.

(i) "Consultant" means any person, including an advisor, (i) engaged by the Company or an Affiliate to render consulting or advisory services (including services which are deemed to be consulting or advisory services under applicable federal securities law) and who is compensated for such services or (ii) who is a member of the Board of Directors of an Affiliate and is compensated for such services. However, the term "Consultant" shall not include Directors who are not compensated by the Company for their services as Directors or Directors who are compensated by the Company solely for their services as Directors.

(j) “Continuous Service” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. The Participant’s Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s Continuous Service. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or a Director will not constitute an interruption of Continuous Service. The Board or the chief executive officer of the Company, in that party’s sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by the Company or an Affiliate, including sick leave, military leave or any other personal leave.

(k) “Covered Employee” means the chief executive officer and the four (4) other highest compensated officers of the Company for whom total compensation is required to be reported to shareholders under the Exchange Act, as determined for purposes of Section 162(m) of the Code.

(l) “Director” means a member of the Board of Directors of the Company.

(m) “Disability” means the permanent and total disability of a person within the meaning of Section 22(e)(3) of the Code for all Stock Awards, unless otherwise defined in the document evidencing the grant of the Stock Award. The determination of Disability made in writing by the Company shall be final and conclusive for all purposes of the Stock Awards.

(n) “Employee” means any person employed by the Company or an Affiliate. Service solely as a Director or compensation by the Company or an Affiliate solely for services as a Director shall not be sufficient to constitute “employment” by the Company or an Affiliate.

(o) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(p) “Fair Market Value” means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange, the Fair Market Value of a share of Common Stock shall be the closing price of the Common Stock as reported by the principal national securities exchange on which the Common Stock is listed or admitted to trading, regularly quoted, or if no sale of Common Stock shall have been reported on such date, then the immediately preceding date on which sales of the Common Stock have been so reported or quoted shall be used.

(ii) In the event the Common Stock is no longer listed for trading on a national securities exchange, the Fair Market Value shall be determined in good faith by the Committee.

(iii) Notwithstanding anything to the contrary in the foregoing, the Fair Market Value for purposes of grants under the Plan shall be determined in a manner consistent with avoiding adverse tax consequences under Sections 409A and 422 of the Code.

(q) “Incentive Stock Option” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(r) “Non-Employee Director” means a Director who either (i) is not a current Employee or Officer of the Company or an Affiliate, does not receive compensation (directly or indirectly) from the Company an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“Regulation S-K”)), does not possess an interest in any other transaction as to which disclosure would be required under Item 404(a) of Regulation S-K and is not engaged in a business relationship as to which disclosure would be required under Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(s) “Nonstatutory Stock Option” means an Option not intended to qualify as an Incentive Stock Option.

(t) “Officer” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(u) “Option” means an Incentive Stock Option or a Nonstatutory Stock Option to purchases shares of Common Stock granted pursuant to the Plan.

(v) “Option Agreement” means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an individual Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan and generally may be in the form provided in Exhibit A or such other form as determined by the Committee.

(w) “Optionholder” means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(x) “Outside Director” means a Director who either (i) is not a current employee of the Company or an “affiliated corporation” (within the meaning of Treasury Regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an “affiliated corporation” receiving compensation for prior services (other than benefits under a tax qualified pension plan), was not an officer of the Company or an “affiliated corporation” at any time and is not currently receiving direct or indirect remuneration from the Company or an “affiliated corporation” for services in any capacity other than as a Director; or (ii) is otherwise considered an “outside director” for purposes of Section 162(m) of the Code.

(y) “Participant” means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(z) “Performance Award” means a Stock Award granted to a Participant that is conditioned in some manner upon the achievement of one or more of the performance measures described in Section 9 of the Plan.

(aa) “Phantom Stock Unit” means the right to receive the value of one (1) share of the Company’s Common Stock, subject to the provisions of Subsection 7(d) of the Plan.

(bb) “Plan” means this Universal Truckload Services, Inc. 2014 Amended and Restated Stock Incentive Plan.

(cc) “Restricted Stock Agreement” means a written agreement between the Company and a Participant evidencing the terms and conditions of the grant of a Restricted Stock Bonus or a Restricted Stock Purchase Right or a Restricted Stock Unit as specified therein. Each Restricted Stock Agreement shall be subject to the terms and conditions of the Plan and generally may be in the form provided in Exhibit B or such other form as determined by the Committee.

(dd) “Restricted Stock Bonus” means a grant of shares of the Company’s Common Stock not requiring a Participant to pay any amount of monetary consideration, and subject to the provisions of Subsection 7(a) of the Plan.

(ee) “Restricted Stock Purchase Right,” means the right to acquire shares of the Company’s Common Stock upon the payment of the agreed-upon monetary consideration, subject to the provisions of Subsection 7(b) of the Plan.

(ff) “Restricted Stock Unit” means the right to receive one (1) share of the Company’s Common Stock at the time the Restricted Stock Unit vests, with the further right to elect to defer receipt of shares of Common Stock otherwise deliverable upon the vesting of an award of restricted stock. These Restricted Stock Units are subject to the provisions of Subsection 7(e).

(gg) “Rule 16b-3” means Rule 16b-3 promulgated under the Exchange Act or any successor rule, regulation or statute fulfilling the same or a similar function, as in effect from time to time.

(hh) “Section 162(m) Exception” means the exception under Section 162(m) of the Code for “qualified performance-based compensation.”

(ii) “Section 409A” means Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder.

(jj) “Securities Act” means the Securities Act of 1933, as amended.

(kk) “Stock Appreciation Right” or “SAR” means the right to receive an amount equal to the Fair Market Value of one (1) share of the Company’s Common Stock on the day the Stock Appreciation Right is redeemed, reduced by the deemed exercise price or base price of such right.

(ll) “Stock Award” means any grant of an Option, Restricted Stock, a Restricted Stock Purchase Right, a Stock Appreciation Right, a Phantom Stock Unit, a Restricted Stock Unit, unrestricted Common Stock or any other stock-based award. These Awards may include, but are not limited to those listed in Subsection 1(c).

(mm) “Ten Percent Shareholder” means a person who owns (or is deemed to own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any of its Affiliates.

3. ADMINISTRATION.

(a) Administration. The Board shall administer the Plan unless and until the Board delegates administration to a Committee. The Board may delegate administration of the Plan to a Committee or Committees of two or more individuals, and the term “Committee” shall apply to any person or persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise, subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan. References in this Plan to the “Committee” shall apply to (i) the Board to the extent the Board has not delegated, or has reassumed, its authority to administer the Plan, and (ii) any subcommittee to the extent the Committee has delegated its authority to such subcommittee to administer the Plan.

(b) Composition of the Committee. If the Board appoints a Committee, the Committee shall be comprised of at least two members of the Board; *provided that* (i) with respect to any Stock Award that is intended to satisfy the requirements of Rule 16b-3, the Committee shall consist of at least such number of Directors as is required from time to time by Rule 16b-3, and each committee member shall satisfy the qualification requirements of such rule; (ii) with respect to any Award that is intended to satisfy the requirements of the Section 162(m) Exception, such Committee shall consist of at least such number of Directors as is required from time to time to satisfy Section 162(m) of the Code, and each such committee member shall satisfy the qualification requirements of such exception; and (iii) to the extent required under the rules of any stock exchange or automated quotation system on which the Common Stock is listed for trading or quoted, each member of the Committee shall satisfy any “independence” or other requirements of such exchange or quotation system; *provided, however,* that if any such committee member is found not to have met the qualification requirements set forth in clauses (i) and/or (ii) above, any actions taken or Stock Awards granted by such Committee shall not be invalidated by such failure to so qualify. Subject to the limitations set forth herein and applicable law, the Committee shall have the authority to delegate some or all of its authority under the Plan to one or more members of the committee or to one or more officers of the Company.

(c) Powers of Committee. The Committee (or if no Committee, the Board) shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time (A) the recipients of Stock Awards; (B) the timing of Stock Awards; (C) the types of Stock Awards to be granted; (D) the number of shares or cash amounts payable in connection with Stock Awards; (E) the terms, conditions, restrictions and/or limitations applicable to each Stock Award in accordance with the terms of the Plan (which need not be identical), including the time or times and the conditions upon which a person shall be permitted to receive Common Stock pursuant to a Stock Award; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Committee, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any document or agreement evidencing a Stock Award, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iii) To amend the Plan or a Stock Award as provided in Section 13 of the Plan.

(iv) Generally, to exercise such powers and to perform such acts as the Committee deems necessary, desirable, convenient or expedient to promote the best interests of the Company which are not in conflict with the provisions of the Plan.

(v) Subject to the express provisions of the Plan (e.g., relating to repricing and minimum vesting requirements), to amend the terms of any outstanding Stock Award or to waive any condition or restriction applicable to any Stock Award in any manner that is not inconsistent with the terms of the Plan; *provided, however*, that no amendment may materially impair the rights of the holder thereof without the holder's consent. Notwithstanding the foregoing, subject to the limitations of applicable law, the Committee may amend the terms of any Stock Award without the affected Participant's consent if necessary to comply with any law, regulation, judicial decision, accounting standards, regulatory guidance or other legal requirement, or to comply with Section 409A of the Code.

(vi) To adopt sub-plans and/or special provisions applicable to Stock Awards regulated by the laws of a jurisdiction other than and outside of the United States. Such sub-plans and/or special provisions may take precedence over other provisions of the Plan, with the exception of Section 4 of the Plan, but unless otherwise superseded by the terms of such sub-plans and/or special provisions, the provisions of the Plan shall govern.

(d) Delegation to Subcommittee. Within the scope of such authority, the Committee may (1) delegate to a committee of one or more individuals who are not Outside Directors the authority to grant Stock Awards to eligible persons who are either (a) not then Covered Employees and are not expected to be Covered Employees at the time of recognition of income resulting from such Stock Award or (b) not persons with respect to whom the Company wishes to comply with Section 162(m) of the Code and/or (2) delegate to a committee of one or more individuals who are not Non-Employee Directors the authority to grant Stock Awards to eligible persons who are either (a) not then subject to Section 16 of the Exchange Act or (b) receiving a Stock Award as to which the Board or the Committee elects not to comply with Rule 16b-3 by having two or more Non-Employee Directors grant such Stock Award. (For instance, the Board or Committee may instead elect to comply with Rule 16b-3 by having the Board approve the Stock Award, by having the Company's shareholders approve or ratify the Stock Award, or designing the Stock Award so that the Common Stock must be held by the Participant for a period of at least six (6) months (in the case of the grant of a Option or SAR, at least six (6) months must elapse from the date of grant until the date of disposition (and not exercise) of either (x) the Option or SAR, as applicable, or (y) the underlying Common Stock)).

(e) Changes in Required Restrictions. With respect to any restriction in the Plan, or to which any Stock Award is subject, that is based on the requirements of Rule 16b-3, Section 422 of the code, the Section 162(m) Exception, Section 409A of the Code, the rules of any exchange upon which the Company's securities are listed or automated quotation system upon which the Company's securities are quoted, or any other applicable law, rule or restriction, to the extent that any such restriction is no longer required, the Committee shall have the sole discretion and authority to grant Stock Awards that are not subject to such restriction and/or to waive any such restriction with respect to outstanding Stock Awards.

(f) Non-Uniform Determinations. The Committee's determinations under the Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Stock Awards under the Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee shall be entitled, among other things, to make non-uniform and selective determinations.

(g) Effect of Committee's Decision. All determinations, interpretations and constructions made by the Committee (or the Board if no Committee) in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

4. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to the provisions of Section 12 of the Plan relating to adjustments upon changes in Common Stock, the maximum aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards shall not exceed Five Hundred Thousand (500,000) shares.

(b) Reversion of Shares to the Share Reserve. If any Stock Award shall for any reason (i) expire or otherwise terminate, in whole or in part, without having been exercised or redeemed in full, (ii) be reacquired by the Company prior to vesting, or (iii) be repurchased at cost by the Company prior to vesting, the shares of Common Stock not acquired under such Stock Award shall revert to and again become available for issuance under the Plan. To the extent that a Stock Appreciation Right or Phantom Stock Unit granted under the Plan is redeemed by payment in cash rather than shares of Common Stock, the shares of Common Stock subject to the redeemed portion of the Stock Appreciation Right shall revert to and again become available for issuance under the Plan. Notwithstanding the foregoing, if any such shares of Common Stock could not again be available for Awards to a particular Participant under any applicable law or regulation, the shares will be available exclusively for Stock Awards to Participants who are not subject to such limitation.

(c) Source of Shares. The shares of Common Stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

5. ELIGIBILITY.

(a) Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to Employees. Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants, which shall include individual independent sales agents who provide services primarily to the Company and its Affiliates.

(b) Ten Percent Shareholders. A Ten Percent Shareholder shall not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value of the Common Stock at the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

(c) Section 162(m) Limitation. Subject to the provisions of Section 12 of the Plan relating to adjustments upon changes in the shares of Common Stock, no Employee shall be granted Options or Stock Appreciation Rights designed to satisfy the Section 162(m) Exception covering more than One Hundred Thousand (100,000) shares of Common Stock during any fiscal year.

(d) Consultants.

(i) A Consultant shall not be eligible for the grant of a Stock Award if, at the time of grant, a Form S-8 Registration Statement under the Securities Act ("Form S-8") is not available to register either the offer or the sale of the Company's securities to such Consultant because of the nature of the services that the Consultant is providing to the Company, or because the Consultant is not a natural person, or as otherwise provided by the rules governing the use of Form S-8, unless the Company determines both (i) that such grant (A) shall be registered in another manner under the Securities Act (e.g., on a Form S-3 Registration Statement) or (B) does not require registration under the Securities Act in order to comply with the requirements of the Securities Act, if applicable, and (ii) that such grant complies with the securities laws of all other relevant jurisdictions.

(ii) Form S-8 generally is available to consultants and advisors only if (i) they are natural persons; (ii) they provide bona fide services to the issuer, its parents, its majority owned subsidiaries; and (iii) the services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the issuer's securities.

6. OPTION PROVISIONS.

Each Option shall be evidenced by an Option Agreement and shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. All Options shall be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant. If an Option is not specifically designated as an Incentive Stock Option, then the Option shall be a Nonstatutory Stock Option. The provisions of separate Option Agreements need not be identical, but each Option Agreement shall include (through incorporation of provisions hereof by reference in the Option Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Subsection 5(b) of the Plan regarding Ten Percent Shareholders, no Incentive Stock Option shall be exercisable after the expiration of ten (10) years from the date it was granted.

(b) Exercise Price of an Incentive Stock Option. Subject to the provisions of Subsection 5(b) of the Plan regarding Ten Percent Shareholders, the exercise price of each Incentive Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option on the date the Option is granted. Notwithstanding the foregoing, an Incentive Stock Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option pursuant to a Change in Control and in a manner satisfying the provisions of Section 424(a) of the Code.

(c) Exercise Price of a Nonstatutory Stock Option. The exercise price of each Nonstatutory Stock Option shall be not less than eighty five percent (85%) of the Fair Market Value of the Common Stock subject to the Option on the date the Option is granted. Notwithstanding the foregoing, a Nonstatutory Stock Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option pursuant to a Change in Control and in a manner satisfying the provisions of Section 424(a) of the Code.

(d) Consideration. The purchase price of Common Stock acquired pursuant to the exercise of an Option shall be paid, to the extent permitted by applicable statutes and regulations, either (1) in cash or by check at the time the Option is exercised or (2) at the discretion of the Committee at the time of the grant of the Option (or subsequently in the case of a Nonstatutory Stock Option) by delivery to the Company of other Common Stock, (3) pursuant to a "same day sale" program or delivery to the Company of an irrevocable Option exercise notice together with irrevocable instructions from the Participant to a broker or dealer, reasonably acceptable to the Company, to sell certain shares of Common Stock purchased upon exercise of an Option and promptly deliver to the Company the amount of the sale proceeds necessary to pay the exercise price of the Option (provided that with respect to such a cashless exercise, the Option shall be deemed exercised on the date of sale of the shares of Common Stock received upon exercise), (4) by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company shall accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; or (5) by some combination of the foregoing that is acceptable to the Committee in its sole discretion. Unless otherwise specifically provided in the Option, the purchase price of Common Stock acquired pursuant to an Option that is paid by delivery to the Company of other Common Stock acquired, directly or indirectly from the Company, shall be paid only by shares of the Common Stock of the Company that have been held for more than six (6) months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes).

(e) Transferability of an Incentive Stock Option. An Incentive Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

(f) Transferability of a Nonstatutory Stock Option. A Nonstatutory Stock Option shall be transferable to the extent provided in the Option Agreement. If the Nonstatutory Stock Option does not provide for transferability, then the Nonstatutory Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

(g) Vesting Generally. Options granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee. The vesting provisions of individual Options may vary. The provisions of this Subsection 6(g) are subject to any Option provisions governing the minimum number of shares of Common Stock as to which an Option may be exercised.

(h) Termination of Continuous Service. Unless the Option Agreement otherwise provides, in the event an Optionholder's Continuous Service terminates, the Optionholder's Options that have not vested or were not exercisable as of the date of termination shall automatically and without notice terminate and become null and void at 5:00 p.m. Eastern Time on the date of termination. With regard to those Options that have vested, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination) but (i) for Incentive Stock Options, only within such period of time ending on the earlier of (A) the date three (3) months following the termination of the Optionholder's Continuous Service, or (B) the expiration of the term of the Option as set forth in the Option Agreement, and (ii) for Nonstatutory Stock Options, only within such period of time ending on the earlier of (A) the date specified in the Option Agreement, or (B) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination of Continuous Service, the Optionholder does not exercise his or her Option within such time period, the Option shall terminate. Nothing in this Section 6(h) shall restrict the Committee from amending an Incentive Stock Option in order to cause it to be treated as a Nonstatutory Stock Option.

(i) Extension of Termination Date. An Optionholder's Option Agreement may also provide that if the exercise of the Option following the termination of the Optionholder's Continuous Service (other than upon the Optionholder's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act or other applicable securities law, then the Option shall terminate on the earlier of (i) the expiration of the term of the Option set forth in the Option Agreement or (ii) the expiration of a period of three (3) months after the termination of the Optionholder's Continuous Service during which the exercise of the Option would not be in violation of such registration requirements.

(j) Disability of Optionholder. Unless the Option Agreement provides otherwise, in the event that an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her vested Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination), provided that the Option is exercised within such period of time ending on the earlier of (i) twelve (12) months following such termination (or such longer or shorter period specified in the Option Agreement) or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified herein, the Option shall terminate.

(k) Death of Optionholder. Unless the Option Agreement provides otherwise, in the event (i) an Optionholder's Continuous Service terminates as a result of the Optionholder's death or (ii) the Optionholder dies within the period (if any) specified in the Option Agreement after the termination of the Optionholder's Continuous Service for a reason other than death, then the vested Option may be exercised (to the extent the Optionholder was entitled to exercise such Option as of the date of death) by the Optionholder's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the Option upon the Optionholder's death pursuant to Subsection 6(e) or 6(f) of the Plan, provided that the Option is exercised within such period of time ending on the earlier of (i) twelve (12) months following the date of death (or such longer or shorter period specified in the Option Agreement) or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after death, the Option is not exercised within the time specified herein, the Option shall terminate.

(l) Early Exercise. The Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the shares of Common Stock subject to the Option prior to the full vesting of the Option. Any unvested shares of Common Stock so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Committee determines to be appropriate.

(m) Shareholder Rights and Privileges. An Optionholder shall have no right to receive dividends, vote or otherwise exercise the privileges and rights of a shareholder with respect to an unexercised Option. The Participant shall be entitled to all privileges and rights of a shareholder only with respect to such shares of Common Stock as have been purchased under the Option and for which shares of Common Stock have been registered in the Participant's name or otherwise credited to the Participant.

7. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS.

(a) Restricted Stock Bonus Awards. Each Restricted Stock Agreement shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. The terms and conditions of Restricted Stock Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Agreements need not be identical, but each Restricted Stock Agreement for Restricted Stock Bonus Awards shall be deemed to include (unless expressly stated otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Bonus may be awarded in consideration for past services actually rendered to the Company or an Affiliate for its benefit.

(ii) Vesting. Vesting shall generally be based on the Participant's Continuous Service. Shares of Common Stock awarded under the Restricted Stock Agreement shall be subject to a share reacquisition right in favor of the Company in accordance with a vesting schedule to be determined by the Committee; provided, however, that in no event shall any Restricted Stock Bonus Award that is a Performance Award vest (or be accelerated such that it vests) in under one year from the date of grant. The Committee may provide that the shares will vest upon (A) the Participant's Continued Service with the Company for a specified period of time; (B) the attainment of one or more performance measures established by the Committee as set forth in Section 9; (C) the occurrence of any event or the satisfaction of any other condition specified by the Committee in its sole discretion; or (D) a combination of any of the foregoing.

(iii) Termination of Participant's Continuous Service. Unless otherwise provided in the Restricted Stock Agreement, in the event a Participant's Continuous Service terminates (including upon death or Disability), any shares that have not vested as of the date of termination shall automatically and without notice be forfeited on the date of termination.

(iv) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Agreement, as the Committee shall determine in its discretion, so long as Common Stock awarded under the Restricted Stock Agreement remains subject to the terms of the Restricted Stock Agreement.

(v) Rights and Restrictions Governing Restricted Stock. Common Stock awarded pursuant to a Restricted Stock Bonus Award shall be registered in the Participant's name or otherwise credited to the participant. Unless provided otherwise in a Restricted Stock Agreement, the Participant shall have no right to vote or to receive dividends or other distributions with respect to shares of Common Stock subject to a Restricted Stock Bonus Award that have not vested. In addition, with regard to shares of Common Stock subject to a Restricted Stock Bonus Award that have not vested, (A) the Participant shall not be entitled to delivery of unrestricted shares until all conditions to vesting have been satisfied; (B) the Participant may not sell, transfer, pledge, assign, exchange, hypothecate or otherwise encumber or dispose of the shares until all conditions to vesting have been satisfied; (C) and a breach of the terms and conditions established by the Committee pursuant to the Restricted Stock Agreement shall cause a forfeiture of the Restricted Stock Bonus.

(b) Restricted Stock Purchase Rights. Each Restricted Stock Agreement shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. The terms and conditions of the Restricted Stock Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Agreements need not be identical, but each Restricted Stock Agreement for Restricted Stock Purchase Rights shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Purchase Price. The purchase price under each Restricted Stock Agreement shall be such amount as the Board shall determine and designate in such Restricted Stock Agreement. The purchase price shall not be less than eighty five percent (85%) of the Common Stock's Fair Market Value on the date such award is made.

(ii) Consideration. The purchase price of Common Stock acquired pursuant to the Restricted Stock Agreement shall be paid either: (i) in cash or by check at the time of purchase; or (ii) in any other form of legal consideration that may be acceptable to the Committee in its discretion.

(iii) Vesting. The Committee shall determine the criteria under which shares of purchased Common Stock under the Restricted Stock Agreement shall vest. The criteria may or may not include performance criteria or Continuous Service; provided, however, that the limitations on the vesting schedule stated in Section 7(a)(ii) shall apply. Shares of Common Stock acquired may, but need not, be subject to a share repurchase option in favor of the Company in accordance with a vesting schedule to be determined by the Committee.

(iv) Termination of Participant's Continuous Service. Unless otherwise provided in the Restricted Stock Agreement, in the event a Participant's Continuous Service terminates (including upon death or Disability), any Restricted Stock Purchase Rights for which the purchase price has not been paid and any shares that have not vested as of the date of termination shall automatically and without notice be forfeited.

(v) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Agreement, as the Committee shall determine in its discretion, so long as Common Stock awarded under the Restricted Stock Agreement remains subject to the terms of the Restricted Stock Agreement.

(vi) A Participant shall have no right to receive dividends, vote or otherwise exercise the privileges and rights of a shareholder with respect to an unexercised Restricted Stock Purchase Right. The Participant shall be entitled to all privileges and rights of a shareholder only with respect to such shares of Common Stock as are issued pursuant to the Restricted Stock Purchase Right and for which shares of Common Stock have been registered in the Participant's name or otherwise credited to the Participant.

(c) Stock Appreciation Rights. Two types of Stock Appreciation Rights ("SARs") shall be authorized for issuance under the Plan: (i) stand-alone SARs and (ii) stapled SARs.

(i) Stand-Alone SARs. The following terms and conditions shall govern the grant and redeemability of stand-alone SARs:

(A) The stand-alone SAR shall cover a specified number of underlying shares of Common Stock and shall be redeemable upon such terms and conditions as the Committee may establish. Upon redemption of the stand-alone SAR, the Participant shall be entitled to receive a distribution from the Company in an amount equal to the excess of (i) the aggregate Fair Market Value (on the redemption date) of the shares of Common Stock underlying the redeemed right over (ii) the aggregate base price in effect for those shares established at the time of the grant.

(B) The number of shares of Common Stock underlying each stand-alone SAR and the base price in effect for those shares shall be determined by the Committee in its sole discretion at the time the stand-alone SAR is granted. In no event, however, may the base price per share be less than eighty five percent (85%) of the Fair Market Value per underlying share of Common Stock on the grant date.

(C) The distribution with respect to any redeemed stand-alone SAR may be made in shares of Common Stock valued at Fair Market Value on the redemption date, in cash, or partly in shares and partly in cash, as the Committee shall in its sole discretion deem appropriate.

(ii) Stapled SARs. The following terms and conditions shall govern the grant and redemption of stapled SARs:

(A) Stapled SARs may only be granted concurrently with an Option to acquire the same number of shares of Common Stock as the number of such shares underlying the stapled SARs.

(B) Stapled SARs shall be redeemable upon such terms and conditions as the Committee may establish and shall grant a Participant the right to elect among (i) the exercise of the concurrently granted Option for shares of Common Stock, whereupon the number of shares of Common Stock subject to the stapled SARs shall be reduced by an equivalent number, (ii) the redemption of such stapled SARs in exchange for a distribution from the Company in an amount equal to the excess of the Fair Market Value (on the redemption date) of the number of vested shares which the holder redeems over the aggregate base price for such vested shares, whereupon the number of shares of Common Stock subject to the concurrently granted Option shall be reduced by any equivalent number, or (iii) a combination of (i) and (ii).

(C) The distribution to which the holder of stapled SARs shall become entitled under this Section 7 upon the redemption of stapled SARs as described in Section 7(c)(ii)(b) above may be made in shares of Common Stock valued at Fair Market Value on the redemption date, in cash, or partly in shares and partly in cash, as the Committee shall in its sole discretion deem appropriate.

(iii) The following terms and conditions shall govern the grant and redeemability of SARs (both stand-alone and stapled):

(A) The term of each SAR shall be as specified by the Committee, but in no event shall a SAR be exercisable after the expiration of ten (10) years from the date of grant.

(B) In the event a Participant's Continuous Service terminates (including upon death or Disability), SARs that have not vested as of the date of termination shall automatically and without notice terminate and become null and void at 5:00 p.m. Eastern Time on the date of termination. With regard to those SARs that have vested, unless the document evidencing the grant states otherwise, the Participant or Participant's designee may exercise a SAR (to the extent that the Participant was entitled to exercise the SAR as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service, or (ii) the expiration of the term of the SAR or tandem Option, if any. If, after termination of Continuous Service, the Participant does not exercise his or her SAR within such time period, the SAR shall terminate.

(C) A Participant shall have no right to receive dividends, vote or otherwise exercise the privileges and rights of a shareholder with respect to an unexercised or exercised SAR.

(d) Phantom Stock Units. The following terms and conditions shall govern the grant and redeemability of Phantom Stock Units:

(i) Phantom Stock Unit awards shall be redeemable by the Participant to the Company upon such terms and conditions as the Committee may establish. The value of a single Phantom Stock Unit shall be equal to the Fair Market Value of a share of Common Stock, unless the Committee otherwise provides in an agreement representing the Phantom Stock Units; provided, however, that no such agreement shall be required to effect an award of Phantom Stock Units.

(ii) The distribution with respect to any exercised Phantom Stock Unit award may be made in shares of Common Stock valued at Fair Market Value on the redemption date, in cash, or partly in shares and partly in cash, as the Committee shall in its sole discretion deem appropriate.

(iii) In the event a Participant's Continuous Service terminates (including upon death or Disability), Phantom Stock Units that have not vested as of the date of termination shall automatically and without notice terminate and become null and void at 5:00 p.m. Eastern Time on the date of termination. With regard to those Phantom Stock Units that have vested, unless the document evidencing the grant states otherwise, the Participant or Participant's designee may redeem a Phantom Stock Unit (to the extent that the Participant was entitled to redeem such Phantom Stock Unit as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service, or (ii) the expiration of the term of the Phantom Stock Unit, if any. If, after termination of Continuous Service, the Participant does not redeem his Phantom Stock Units within such time period, the Phantom Stock Units shall terminate.

(iv) A Participant shall have no right to receive dividends, vote or otherwise exercise the privileges and rights of a shareholder with respect to Phantom Stock Units.

(e) Restricted Stock Units. The following terms and conditions shall govern the grant and redeemability of Restricted Stock Units:

(i) A Restricted Stock Unit is the right to receive one (1) share of the Company's Common Stock at the time the Restricted Stock Unit vests. Participants may elect to defer receipt of shares of Common Stock otherwise deliverable upon the vesting of an award of restricted stock. An election to defer such delivery shall be irrevocable and shall be made in writing on a form acceptable to the Company. The election form shall be filed prior to the vesting date of such restricted stock in a manner determined by the Committee. When the Participant vests in such restricted stock, the Participant will be credited with a number of Restricted Stock Units equal to the number of shares of Common Stock for which delivery is deferred. Restricted Stock Units shall be paid by delivery of shares of Common Stock in accordance with the timing and manner of payment elected by the Participant on his/her election form, or if no deferral election is made, as soon as administratively practicable following the vesting of the Restricted Stock Unit.

(ii) Each Restricted Stock Agreement shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. The terms and conditions of Restricted Stock Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Agreements need not be identical, but each Restricted Stock Agreement for Restricted Stock Units shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(A) Consideration. A Restricted Stock Unit may be awarded in consideration for past services actually rendered to the Company or an Affiliate for its benefit.

(B) Vesting. Vesting shall generally be based on the Participant's Continuous Service. Shares of Common Stock awarded under the Restricted Stock Agreement shall be subject to a share reacquisition right in favor of the Company in accordance with a vesting schedule to be determined by the Committee; provided, however, that the limitations on the vesting schedule stated in Section 7(a)(ii) shall apply to Restricted Stock Units.

(C) Termination of Participant's Continuous Service. Unless otherwise provided in the Restricted Stock Agreement, in the event a Participant's Continuous Service terminates (including upon death or Disability), any shares that have not vested as of the date of termination shall automatically and without notice be forfeited on the date of termination.

(D) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Agreement, as the Committee shall determine in its discretion, so long as Common Stock awarded under the Restricted Stock Agreement remains subject to the terms of the Restricted Stock Agreement.

(E) Rights and Privileges. A Participant shall have no right to receive dividends, vote or otherwise exercise the privileges and rights of a shareholder with respect to an unexercised or unvested Restricted Stock Unit. The Participant shall be entitled to all privileges and rights of a shareholder only with respect to such shares of Common Stock as are issued pursuant to the Restricted Stock Unit and for which shares of Common Stock have been registered in the Participant's name or otherwise credited to the Participant.

(f) Unrestricted Stock. The Committee may cause the Company to grant unrestricted shares of Common Stock to Participants at such time or times, in such amounts and for such reasons as the Committee, in its sole discretion, shall determine. Unrestricted Common Stock shall immediately vest and shall not be subject to any restricted period. Except as required by applicable law, no payment shall be required for shares of unrestricted Common Stock. The Company shall issue, in the name of each Participant to whom unrestricted shares of Common Stock have been granted, stock certificates representing the total number of shares granted to the Participant and shall deliver such certificates to the Participant as soon as reasonably practicable after the date of grant or on such later date as the Committee shall determine at the time of grant.

8. COVENANTS OF THE COMPANY.

(a) Availability of Shares. During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock reasonably required to satisfy such Stock Awards.

(b) Securities Law Compliance. The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise, redemption or satisfaction of the Stock Awards; provided, however, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after commercially reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock related to such Stock Awards unless and until such authority is obtained.

(c) No Obligation to Notify or Minimize Taxes. The Company shall have no duty or obligation to any Participant to advise such Participant as to the time or manner of exercising his or her Stock Award. Furthermore, the Company shall have not duty or obligation to warn or otherwise advise any Participant of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the Participant of such Stock Award.

9. PERFORMANCE AWARDS

(a) The grant, vesting, and/or exercisability of any Stock Award may, in the Committee's sole discretion, be conditioned, in whole or in part, on the attainment of performance targets related to one or more performance measures over a performance period, in which case, such Stock Award shall constitute a Performance Award under the Plan.

(b) Performance Awards that are not intended to qualify for the Section 162(m) Exception may be based on the achievement of such goals and be subject to such terms, conditions, and restrictions as the Committee shall determine.

(c) Performance Awards that are intended to qualify for the Section 162(m) Exception based on the satisfaction of one or more performance measures shall be conditioned upon the achievement during a specified performance period of specified levels of one or more of the measures listed below. The Committee shall establish the performance measures applicable to such performance either (i) prior to the beginning of the performance period or (ii) within 90 days after the beginning of the performance period if the outcome of the performance targets is substantially uncertain at the time such targets are established, but not later than the date on which 25% of the performance period has elapsed; provided such measures may be made subject to adjustment for specified significant extraordinary items or events to the extent consistent with Section 162(m) of the Code. The performance measures established by the Committee may be based upon (1) the earnings or earnings per share of the Company or of any business unit of the Company designated by the Committee; (2) the net operating margin of the Company or of any business unit of the Company designated by the Committee; (3) the cash flow return on investment of the Company or any business unit of the Company designated by the Committee; (4) the earnings before interest, taxes, depreciation, and/or amortization of the Company or any business unit of the Company designated by the Committee; (5) the return on shareholders' equity achieved by the Company; (6) the total shareholders' return achieved by the Company; (7) any of the foregoing calculated on a "non-GAAP basis"; (8) the price of a share of Common Stock; (9) the Company's market share; (10) the market share of a business unit of the Company designated by the Committee; (11) the Company's sales; (12) the sales of a business unit of the Company designated by the Committee; (13) operating income of the Company or of any business unit of the Company designated by the Committee; (14) operating expense ratios of the Company or of any business unit designated by the Committee; (15) the economic value added; or (16) any combination of the foregoing. A measure that is calculated on a "non-GAAP basis" is a measure that is adjusted (to the extent consistent with the Section 162(m) Exception) to reflect the impact of special items, which items are reflected from time to time in the Company's published financials. Special items are material nonrecurring adjustments deemed appropriate to exclude by the Committee and may include, without limitation, (a) unrealized gains or losses and other items that are recorded by the Company as a result of Accounting Standards Codification Topic 815 (previously issued as Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended); (b) impairment and other non-cash charges including the impact of changes in accounting principles or estimates or other unusual, infrequent non-cash items; and (c) other items not considered to be representative of the Company's ongoing operations.

(d) To the extent the Committee intends for Stock Awards to qualify for the Section 162(m) Exception, prior to the Participants' receipt of shares of Common Stock (or cash, as applicable) pursuant to such Stock Awards (or prior to receipt of the Awards themselves, if applicable), the Committee shall certify whether the performance targets and measure(s) related to such Stock Awards have been achieved. The Committee, in its sole discretion, may provide for a reduction in a Participant's Performance Award during the performance period.

10. CANCELLATION AND RE-GRANT OF OPTIONS.

(a) Upon obtaining any approval of the shareholders of the Company required by applicable law or the listing requirements of the Nasdaq National Market System or any other securities exchange on which the Common Stock may then be traded, the Board shall have the authority to effect (i) the repricing of any outstanding Options under the Plan and/or (ii) with the consent of the affected Optionholders, the cancellation of any outstanding Options under the Plan and the grant in substitution therefor of new Options under the Plan covering the same or different number of shares of Common Stock, but having an exercise price per share not less than eighty five percent (85%) of the Fair Market Value (one hundred percent (100%) of Fair Market Value in the case of an Incentive Stock Option or, in the case of a 10% shareholder (as described in Subsection 5(b) of the Plan), not less than one hundred ten percent (110%) of the Fair Market Value) per share of Common Stock on the new grant date. Notwithstanding the foregoing, the Board may grant an Option with an exercise price lower than that set forth above if such Option is granted as part of a transaction to which Section 424(a) of the Code applies.

(b) Shares subject to an Option canceled under this Section 10 shall continue to be counted against the maximum award of Options permitted to be granted pursuant to Subsection 4(a) of the Plan as provided under Section 162(m) of the Code and the regulations promulgated thereunder. The repricing of an Option under this Section 10, resulting in a reduction of the exercise price, shall be deemed to be a cancellation of the original Option and the grant of a substitute Option; in the event of such repricing, both the original and the substituted Options shall be counted against the maximum awards of Options permitted to be granted pursuant to Subsection 5(c) of the Plan. The provisions of this Subsection 10(b) shall be applicable only to the extent required by Section 162(m) of the Code.

11. MISCELLANEOUS.

(a) No Right to an Award. Neither the adoption of the Plan nor any action of the Board or of the Committee shall be deemed to give any individual any right to be granted a Stock Award nor any other rights hereunder except as may be evidenced by an agreement, and then only to the extent and on the terms and conditions expressly set forth therein. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to assure the performance of its obligations with respect to any Stock Award.

(b) No Restriction on Corporate Action. Nothing contained in the Plan shall be construed to prevent the Company or any Affiliate from taking any action that is deemed by the Company or such Affiliate to be appropriate or in its best interest, whether or nor such action would have an adverse effect on the Plan or any Stock Award made under the Plan. No Participant, beneficiary or other person shall have any claim against the Company or any Affiliate as a result of any such action.

(c) Acceleration of Exercisability and Vesting. Subject to the requirements of Section 409A, the Committee (or if no Committee, the Board) shall have the power to accelerate exercisability and/or vesting when it deems fit, such as upon a Change of Control, and shall have the power to accelerate the time at which a Stock Award may first be exercised or the time during which a Stock Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Stock Award stating the time at which it may first be exercised or the time during which it will vest.

(d) Shareholder Rights. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to a Stock Award except to the extent that the Company has issued the shares of Common Stock relating to such Stock Award.

(e) No Employment or other Service Rights. Nothing in the Plan or any instrument executed or Stock Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or shall affect the right of the

Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate or (iii) the service of a Director pursuant to the Bylaws of the Company, and any applicable provisions of the corporate law of the state in which the Company is incorporated, as the case may be.

(f) Incentive Stock Option $100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars ($100,000), the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options.

(g) Investment Assurances. The Company may require a Participant, as a condition of exercising or redeeming a Stock Award or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of acquiring the Common Stock; (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock; and (iii) to give such other written assurances as the Company may determine are reasonable in order to comply with applicable law. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (1) the issuance of the shares of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act or (2) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws, and in either case otherwise complies with applicable law. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(h) Withholding Obligations. To the extent provided by the terms of a Stock Award Agreement, the Participant may satisfy any federal, state, local, or foreign tax withholding obligation relating to the exercise or redemption of a Stock Award or the acquisition of, vesting, distribution, or transfer of Common Stock under a Stock Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable to the Participant; provided, however, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law; or (iii) delivering to the Company owned and unencumbered shares of Common Stock.

(i) Fractional Shares. No fractional shares of Common Stock shall be delivered, nor shall any cash in lieu of fractional shares be paid.

(j) Restrictions on Transfer. Except as otherwise provided in this Plan, the Option Agreement, the Restricted Stock Agreement or other agreement evidencing such Stock Award, no Stock Award granted under this Plan or any right evidenced thereby shall be transferable by the Participant other than by will or the laws of descent and distribution. In addition, any Stock Award shall be subject to any additional restrictions on transfer provided for in the Plan or any agreement evidencing such Stock Award.

(k) Section 409A. The Plan is intended to provide compensation that is exempt from or that complies with Section 409A of the Code, and ambiguous provisions, if any, shall be construed in a manner that is compliant with or exempt from the application of Section 409A of the Code. The Plan shall not be amended in a manner that would cause the Plan or any amounts payable under the Plan to fail to comply with the requirements of

Section 409A of the Code, to the extent applicable, and further, the provisions of any purported amendment that may reasonably be expected to result in such non-compliance shall be of no force or effect with respect to the Plan. To the extent the Committee determines that any Stock Award granted under the Plan is subject to Section 409A of the Code, the agreement evidencing such Stock Award shall incorporate the terms and conditions necessary to avoid the adverse tax consequences under Section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, in the event that, following the Effective Date, the Committee determines that any Stock Award may be subject to Section 409A of the Code, the Committee may adopt such amendments to the Plan and the Stock Award or adopt other policies and procedures (including amendments, policies, and procedures with retroactive effect) or take any other actions that the Committee (if no Committee, the Board) determines are necessary or appropriate to exempt the Stock Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Stock Award or to comply with the requirements of Section 409A of the Code.

(l) Notwithstanding any provision of this Plan to the contrary, if a Participant is a "specified employee" within the meaning of Section 409A of the Code as of the date of the Participant's termination of Continuous Service and the Company determines, in good faith, that immediate payment of any amounts or benefits under this Plan would cause a violation of Section 409A of the Code, then any amounts or benefits that are payable under the Plan upon the Participant's "separation from service" within the meaning of Section 409A of the Code that (i) are subject to the provisions of Section 409A of the Code; (ii) are not otherwise excluded under Section 409A of the Code; and (iii) would otherwise be payable during the first six-month period following such separation from service, shall be paid on the first business day following the earlier of (1) the date that is six months and one day following the date of termination or (2) the date of the Participant's death.

12. ADJUSTMENTS UPON CHANGES IN STOCK.

(a) No Effect on Right or Power. The existence of the Plan and the Stock Awards granted hereunder shall not affect in any way the right or power of the Board of the shareholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization, or other change in the Company's or any Affiliate's capital structure of its business; (ii) any merger or consolidation of the Company or any Affiliate; (iii) any issue of debt or equity securities ahead of or affecting Common Stock or the rights thereof; (iv) the dissolution or liquidation of the company or any Affiliate; (v) any sale, lease, exchange or other disposition of all or any part of the company's or any Affiliate's assets or business; or (vi) any other corporate act or proceeding.

(b) Capitalization Adjustments. If any change is made in the Common Stock subject to the Plan, or subject to any Stock Award, without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, spinoff, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the Plan will be appropriately adjusted in the class(es) and maximum number of securities subject to the Plan pursuant to Subsection 4(a) above and the maximum number of securities subject to award to any person pursuant to Subsection 5(c) above, and the outstanding Stock Awards will be appropriately adjusted in the class(es) and number of securities and price per share of the securities subject to such outstanding Stock Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. (The conversion of any convertible securities of the Company shall not be treated as a transaction "without receipt of consideration" by the Company.)

(c) Adjustments Upon a Change of Control.

(i) In the event of a Change of Control as defined in 2(d)(i) through 2(d)(iii), such as an asset sale, merger, or change in ownership of voting power, then any surviving entity or acquiring entity shall assume or continue any Stock Awards outstanding under the Plan or shall substitute similar stock awards (including an award to acquire the same consideration paid to the shareholders in the transaction by which the Change of Control occurs) for those outstanding under the Plan. In the event any surviving entity or acquiring entity refuses to assume or continue such Stock Awards or to substitute similar stock awards for those outstanding under the Plan, then with respect to Stock Awards held by Participants whose Continuous Service has not terminated, the Board in its sole discretion and without liability to any person may (1) provide for the payment of a cash amount in exchange for the cancellation of a Stock Award equal to the product of (x) the excess, if any, of the Fair Market Value per share of Common Stock at such time over the exercise or redemption price, if any, times (y) the total number of shares then subject to such Stock Award, (2) continue the Stock Awards, or (3) notify Participants holding an Option, Stock Appreciation Right, Phantom Stock Unit or similar award that they must exercise or redeem any portion of such Stock Award (including, at the discretion of the Board, any unvested portion of such Stock Award) at or prior to the closing of the transaction by which the Change of Control occurs and that the Stock Awards shall terminate if not so exercised or redeemed at or prior to the closing of the transaction by which the Change of Control occurs. With respect to any other Stock Awards outstanding under the Plan, such Stock Awards shall terminate if not exercised or redeemed prior to the closing of the transaction by which the Change of Control occurs. The Board or Committee shall not be obligated to treat all Stock Awards, even those which are of the same type, in the same manner under this Section 12(c).

(ii) In the event of a Change of Control as defined in Section 2(d)(iv), such as a dissolution of the Company, all outstanding Stock Awards shall terminate immediately prior to such event.

(d) Section 409A Considerations. Notwithstanding anything to the contrary in this Section 12, any adjustments made pursuant to this section shall be made in conformity with Section 409A of the Code to the extent necessary to avoid its application or adverse tax consequences thereunder.

13. AMENDMENT OF THE PLAN AND STOCK AWARDS.

(a) Amendment of Plan. The Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 12 of the Plan relating to adjustments upon changes in Common Stock, no amendment shall be effective unless approved by the shareholders of the Company if such approval is required under applicable law or regulation or by any exchange or automated quotation system upon which the Common Stock is listed for trading or quoted.

(b) Shareholder Approval. The Board may, in its sole discretion, submit any other amendment to the Plan for shareholder approval.

(c) Contemplated Amendments. It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options and/or to bring the Plan and/or Incentive Stock Options granted under it into compliance therewith.

(d) No Material Impairment of Rights. Rights under any Stock Award granted before amendment of the Plan shall not be materially impaired by any amendment of the Plan unless (i) the Company requests the consent of the Participant and (ii) the Participant consents in writing.

(e) Amendment of Stock Awards. The Board at any time, and from time to time, may amend the terms of any one or more Stock Awards; provided, however, that the rights under any Stock Award shall not be materially impaired by any such amendment unless (i) the Company requests the consent of the Participant and (ii) the Participant consents in writing.

14. TERMINATION OR SUSPENSION OF THE PLAN.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on the tenth (10th) anniversary of the date the Plan is adopted by the Board. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Material Impairment of Rights. Subject to other applicable provisions of the Plan, all Stock Awards made under the Plan prior to termination of the Plan shall remain in effect until such Awards have been satisfied or terminated in accordance with the Plan and the terms of the Stock Awards. Suspension or termination of the Plan shall not materially impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the Participant.

15. USE OF PROCEEDS FROM STOCK.

Proceeds from the sale of Common Stock pursuant to Stock Awards shall constitute general funds of the Company.

16. CHOICE OF LAW.

The law of the State of Michigan shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to such state's conflict of laws rules.

EXHIBIT A
FORM OF OPTION AGREEMENT

UNIVERSAL TRUCKLOAD SERVICES, INC.
2014 AMENDED AND RESTATED STOCK INCENTIVE PLAN
NONSTATUTORY STOCK OPTION AGREEMENT

THIS NONSTATUTORY STOCK OPTION AGREEMENT (the "*Option*" or the "*Agreement*") is made on the __ day of __________, 20__ (the "*Effective Date*"), by and between **UNIVERSAL TRUCKLOAD SERVICES, INC.**, a Michigan corporation (the "*Company*"), and __________ (the "*Optionholder*").

Grant Date: __________

Number of Shares: __________

Option Price Per Share: __________

Expiration Date: __________

The Company, pursuant to the terms of the 2014 Amended and Restated Stock Incentive Plan adopted by the Company's Board of Directors on April __, 2014 (the "*Plan*"), hereby grants an option to purchase the aforementioned number of shares of common stock of the Company ("*Common Stock*") to the Optionholder at the aforementioned price and in all respects subject to the terms, definitions and provisions of this Agreement. The Option is intended to be a non-qualified stock option, and is not intended to be treated as an option that complies with Section 422 of the Internal Revenue Code of 1986, as amended.

1. **Exercise and Option**. This Option shall be exercisable at any time and from time to time pursuant to the exercise schedule and in accordance with the terms of this Agreement as follows:

(a) Exercise Schedule. This Option shall become exercisable and shall vest in installments as indicated below:

Percentage of option vested and available for exercise	Cumulative percentage of option vested and available for exercise	Exercise and Vesting Date
__%	__%	Immediately
__%	__%	_________
__%	__%	_________
__%	__%	_________
__%	__%	_________

(b) Method of Exercise. This Option shall be exercisable by a written notice, which shall:

(i) state the election to exercise the Option, the number of shares in respect of which it is being exercised, the person in whose name the stock certificate or certificates for such shares of Common Stock is to be registered, his or her address and Social Security Number (or if more than one, the names, addresses and Social Security Numbers of such persons);

(ii) contain such representations and agreements as to the holder's investment intent with respect to such shares of Common Stock as may be satisfactory to the Company's counsel;

(iii) be signed by the person or persons entitled to exercise the Option and, if the Option is being exercised by any person or persons other than the Optionholder, be accompanied by proof, satisfactory to the Company's counsel, of the right of such person or persons to exercise the Option;

(iv) be accompanied by payment to the Company of the full Option price for the shares with respect to which the Option is exercised. The option price shall be paid in the following manner:

(A) full payment in cash or equivalent;

(B) pursuant to a "same day sale" program or delivery to the Company of an irrevocable exercise notice together with irrevocable instructions from the Optionholder to a broker or dealer, reasonably acceptable to the Company, to sell certain shares of Common Stock purchased upon exercise of an Option and promptly deliver to the Company the amount of the sale proceeds necessary to pay the exercise price of the Option (provided that with respect to such a cashless exercise, the Option shall be deemed exercised on the date of sale of the shares of Common Stock received upon exercise);

(C) by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company shall accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued;

(D) any combination of subclauses "A" through "C", equal to the aggregate of the option price, or as approved by the Committee.

(c) Securities Exemption. The Company shall not be required to issue or deliver any certificates for shares of Common Stock purchased upon the exercise of an Option (i) prior to the completion of any registration or other qualification of such shares under any state or federal laws or rulings or regulations of any government regulatory body, which the Company shall determine to be necessary or advisable, or (ii) prior to receiving an opinion of counsel satisfactory to the Company that the sale or issuance of such shares is exempt from these registration or qualification requirements.

(d) Restrictions on Exercise. As a condition to the exercise of this Option, the Company may require the person exercising the Option to make any representation and warranty to the Company as may be required by any applicable law or regulation.

(e) Termination, Death or Disability

(i) In the event the Continuous Service of the Optionholder shall be terminated by the Company, the unvested portion of this Option shall be forfeited immediately. The vested portion of the Option may be exercised at any time within ______ (__) days after such termination of Continuous Service, but in no case later than the date on which the Option would otherwise terminate.

(ii) In the event the Continuous Service of the Optionholder shall be terminated by the Employee for any reason other than death or Disability (as defined by the Plan), the unvested portion of this Option shall be forfeited immediately. The vested portion of the Option may be exercised at any time after the 90th day following the date of termination but within ______ (__) days of such termination of Continuous Service, but in no case later than the date on which the Option would otherwise terminate; provided, however, that the vested portion of the Option may only be exercised if and only if the Optionholder has not become employed by another company in the motor freight business in the United States, Canada, or Mexico, in which case all vested shares shall be forfeited.

(iv) In the event the Continuous Service of the Optionholder shall be terminated due to Disability, the unvested portion of this Option shall be forfeited immediately. The vested portion of the Option may be exercised at any time within ______ (__) months after such Disability, but in no case later than the date on which the Option would otherwise terminate.

(v) If the Optionholder shall die while employed by the Company, the unvested portion of this Option shall be forfeited immediately. The vested portion of the Option shall become immediately exercisable by the Optionholder's estate, by the person who acquires the right to exercise such Option upon his or her death by bequest or inheritance, or by the person designated by the Optionholder to exercise the Option upon the Optionholder's death. Such exercise may occur at any time within ______ (__) months after the date of the Optionholder's death or such other period as the Committee may at any time provide, but in no case later than the date on which the Option would otherwise terminate.

(vi) This Option shall terminate on the aforementioned Expiration Date, unless terminated prior thereto as provided herein or in the Plan.

2. **Nontransferability of Option**. This Option may not be assigned or transferred other than by will or the laws of descent and distribution or to the Optionholder's designee as provided in Section 1(e)(v) and, during the lifetime of the Optionholder, may be exercised only by him or her. Any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided, however, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

3. **Stock Subject to the Option**. The Company and the Optionholder agree that the Common Stock of the Company acquired upon exercise of the Option shall not be sold or transferred for 180 days after issuance and shall be subject to the other restrictions set forth in the Plan and subject to the restriction as set out in Paragraph 4 of this Agreement.

4. **Right of First Refusal**. The Optionholder shall not sell or transfer the shares issued upon exercise of the Option without first providing to the Company a notice of intent to sale (the "*Notice*") at least five (5) days prior to the intended sale date. After the Notice, the Company shall have until the close of business on the fourth business day after the Notice to agree to purchase the shares intended for sale. If the Company exercises its right to purchase the shares, the purchase shall be on the fifth day after the Notice and the purchase price shall be the fair market value of the Common Stock on that day. If the Company does not exercise its right, then the Optionholder shall have ten (10) business days thereafter to sell the shares. If the Optionholder does not sell the shares within such ten-day period, this right of first refusal shall be applicable to any subsequent sale of said shares.

5. **Notices**. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Optionholder at the address appearing in the personnel records of the Company for the Optionholder or to either part at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

6. **No Right to Continued Employment**. Neither the Plan nor this Agreement shall be construed as giving the Optionholder the right to be retained in the employ of, or in any consulting relationship to, the Company. Further, the Company may at any time terminate the employment of the Optionholder or discontinue any consulting relationship, free from any liability or any claim under the Plan or this Agreement, except as otherwise expressly provided herein.

7. **Benefits of Agreement**. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and heirs of the respective parties. All obligations imposed upon the Optionholder and all rights granted to the Company under this Agreement shall be binding upon Optionholder's heirs, legal representatives, and successors. This Agreement shall be the sole and exclusive source of any and all rights which the Optionholder, his heirs, legal representatives or successors may have in respect to the Plan or any options or Common Stock granted or issued hereunder, whether to himself or to any other person.

8. **Withholding**. An Optionholder shall be required to pay to the Company, and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of an Option, its exercise or any payment or transfer under an Option or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such withholding taxes.

9. **Governing Plan and Plan Amendments**. By entering into this Agreement, the Optionholder agrees and acknowledges that the Optionholder has received a copy of the Plan. The award and this Agreement are subject to the terms and conditions of the Plan. The Plan is incorporated into this Agreement by reference. By signing this Agreement, you accept this award, acknowledge receipt of a copy of the Plan and acknowledge that the award is subject to all the terms and provisions of the Plan and this Agreement. You further agree to accept as

binding, conclusive and final all decisions and interpretations by the Committee of the Plan upon any questions arising under the Plan. This Agreement shall be subject to the terms of the Plan except that this Agreement may not in any way be restricted or limited by any Plan amendment or termination approved after the date of this Agreement without the Optionholder's written consent.

10. **Terms**. Any terms used in this Agreement that are not otherwise defined shall have the meanings ascribed to them in the Plan.

11. **Entire Agreement**. This Agreement contains the entire understanding of the parties and shall not be modified or amended except in writing and duly signed by the parties. No waiver by either party of any default under this Agreement shall be deemed a waiver of any later default.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

COMPANY:

By:______________________________________

Name:____________________________________

Title:_____________________________________

OPTIONHOLDER:

I acknowledge having received, read and understood the Plan and this Agreement. I accept the terms and conditions of my Option as set forth in this Agreement, subject to the terms and conditions of the Plan.

____

Signature of Optionholder

Name (please print): __________

Agreed to and accepted this __ day of __________, 20__.

EXHIBIT B
FORM OF RESTRICTED STOCK AGREEMENT

UNIVERSAL TRUCKLOAD SERVICES, INC.
2014 AMENDED AND RESTATED STOCK INCENTIVE PLAN
RESTRICTED STOCK BONUS AWARD
NOTIFICATION OF AWARD AND TERMS AND CONDITIONS OF AWARD

THIS RESTRICTED STOCK BONUS AWARD AGREEMENT (the "Agreement") contains the terms and conditions of the restricted stock bonus award granted to you by Universal Truckload Services, Inc., a Michigan corporation (the "Company") under Universal Truckload Services, Inc.'s 2014 Amended and Restated Stock Incentive Plan, adopted by the Company's Board of Directors on April __, 2014 (the "Plan").

Name of Grantee: __________

Grant Date: __________

Number of Shares: __________

The Company, pursuant to the terms of the Plan hereby grants to you, effective on the aforementioned Grant Date, the right to receive the number of shares shown above of Common Stock of the Company ("Shares") on the Vesting Date (as defined below). Before the Shares are vested, they are referred to in this Agreement as "Restricted Stock."

1. Payment. The Restricted Stock is granted without requirement of payment.

2. Stockholder Rights. Your Restricted Stock will be held for you by the Company or by a designated transfer agent until the applicable Vesting Date. You shall have all the rights of a stockholder only with respect to shares of Restricted Stock that have vested. Without limiting the generality of the forgoing, with respect to your unvested Restricted Stock, you shall have neither the right to vote such shares at any meeting of shareholders of the Company nor the right to receive any dividends paid in cash or otherwise with respect to such shares.

3. Vesting of Restricted Stock.

(a) Vesting. Your Restricted Stock will vest as follows, provided you have not incurred a Forfeiture Condition described below:

Percentage of shares vesting	Cumulative percentage vested	Vesting Date
__%	__%	Immediately
__%	__%	_________
__%	__%	_________
__%	__%	_________
__%	__%	_________

(b) Forfeiture Conditions. Subject to Paragraph 3(c) below, the shares of your Restricted Stock that would otherwise vest on a Vesting Date will not vest and shall be forfeited if, after the Grant Date and prior to the Vesting Date:

(i) your Continuous Service as an Employee terminates on or prior to the Vesting Date; or

(ii) you are discussing or negotiating the possibility of becoming or are considering an offer to become, or have accepted an offer or entered into an agreement to become an employee, officer, director, partner, manager, consultant to, or agent of, or otherwise becoming affiliated with, any entity competing or seeking to compete with the Company or an affiliate of the Company; or

(iii) you are subject to an administrative suspension, unless you are reinstated as an Employee in good standing at the end of the administrative suspension period, in which case the applicable number of shares of Restricted Stock would vest as of the date of such reinstatement.

(c) Accelerated Vesting; Vesting Notwithstanding Termination. Your Restricted Stock will vest earlier than described in Paragraph 3(a), and such earlier vesting date shall also be considered a "Vesting Date," under the following circumstances:

(i) The Committee may, in its discretion, at any time accelerate the vesting of your Restricted Stock on such terms and conditions as it deems appropriate.

(d) Mandatory Deferral of Vesting. If the vesting of Restricted Stock in any year could, in the Committee's opinion, when considered with your other compensation, result in the Company's inability to deduct the value of your Shares because of the limitation on deductible compensation under Internal Revenue Code Section 162(m), then the Company in its sole discretion may defer the Vesting Date applicable to your Restricted Stock (but only to the extent that, in the Committee's judgment, the value of your Restricted Stock would not be deductible) until six months following the termination of your Employee status.

4. Forfeiture of Restricted Stock. If you suffer a forfeiture condition (i.e., if your Continuous Service as an Employee is terminated prior to the Vesting Date and the vesting is not accelerated under Paragraph 3(c), you will immediately forfeit your Restricted Stock, and all of your rights to and interest in the Restricted Stock shall terminate upon forfeiture without payment of consideration. Forfeited Restricted Stock shall be reconveyed to the Company.

5. **Taxes and Tax Withholding**.

(a) Upon the vesting of your Restricted Stock, you will have income in the amount of the value of the Shares that become vested on the Vesting Date, and you must pay income tax on that income.

(b) You agree to consult with any tax consultants you think advisable in connection with your Restricted Stock and acknowledge that you are not relying, and will not rely, on the Company for any tax advice. Please see Section 9(b) regarding Section 83(b) elections.

(c) Whenever any Restricted Stock becomes vested under the terms of this Agreement, you must remit, on or prior to the due date thereof, the minimum amount necessary to satisfy all of the federal, state and local withholding (including FICA) tax requirements imposed on the Company (or the Affiliate that employs you) relating to your Shares. The Committee may require you to satisfy these minimum withholding tax obligations by any (or a combination) of the following means: (i) a cash, check, or wire transfer; (ii) authorizing the Company to withhold from the Shares otherwise deliverable to you as a result of the vesting of the Restricted Stock, a number of Shares having a Fair Market Value, as of the date the withholding tax obligation arises, less than or equal to the amount of the withholding obligation; or (iii) in unencumbered shares of the Company common stock, which have been held for at least six months.

6. Restricted Stock Not Transferable. Neither Restricted Stock, nor your interest in the Restricted Stock, may be sold, conveyed, assigned, transferred, pledged or otherwise disposed of or encumbered at any time prior to vesting applicable to any award of Restricted Stock issued in your name. Any attempted action in violation of this paragraph shall be null, void, and without effect.

7. Right of First Refusal. The Grantee shall not sell or transfer the Shares without first providing to the Company a notice of intent to sale (the "Notice") at least five (5) days prior to the intended sale date. After the Notice, the Company shall have until the close of business on the fourth business day after the Notice to agree to purchase the Shares intended for sale. If the Company exercises its right to purchase the Shares, the purchase shall be on the fifth day after the Notice and the price shall be the fair market value of the Common Stock on that day. If the Company does not exercise its right, then the Grantee shall have ten (10) business days thereafter to sell the Shares. If the Grantee does not sell the Shares within such ten-day period, this right of first refusal shall be applicable to any subsequent sale of said Shares.

8. Stock Issuance.

(a) The value of the Shares under this Agreement will not be taken into account in computing the amount of your salary or other compensation for purposes of determining any pension, retirement, death or other benefit under any employee benefit plan of the Company or any affiliate of the Company, except to the extent such plan or another agreement between you and the Company specifically provides otherwise.

(b) The Company may, without liability for its good faith actions, place legend restrictions upon the Restricted Stock or unrestricted Shares obtained upon vesting of the Restricted Stock and issue "stop transfer" instructions requiring compliance with applicable securities laws and the terms of the Restricted Stock.

9. Agreements of Grantee. By accepting this award,

(a) You agree to provide any information reasonably requested by the Company from time to time, and

(b) You agree not to make an Internal Revenue Code Section 83(b) election with respect to this award of Restricted Stock.

10. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Grantee at the address appearing in the personnel records of the Company for the Grantee or to either part at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

11. No Right to Continued Employment. Neither the Plan nor this Agreement shall be construed as giving the Grantee the right to be retained in the employ of, or in any consulting relationship to, the Company. Further, the Company may at any time terminate the employment of the Grantee or discontinue any consulting relationship, free from any liability or any claim under the Plan or this Agreement, except as otherwise expressly provided herein.

12. Benefits of Agreement. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and heirs of the respective parties. All obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be binding upon Grantee's heirs, legal representatives, and successors. This Agreement shall be the sole and exclusive source of any and all rights which the Grantee, his heirs, legal representatives or successors may have in respect to the Plan or any Shares granted or issued hereunder, whether to himself or to any other person.

13. Governing Plan and Plan Amendments. By entering into this Agreement, the Grantee agrees and acknowledges that the Grantee has received a copy of the Plan. The award and this Agreement are subject to the terms and conditions of the Plan. The Plan is incorporated into this Agreement by reference. By signing this Agreement, you accept this award, acknowledge receipt of a copy of the Plan and acknowledge that the award is subject to all the terms and provisions of the Plan and this Agreement. You further agree to accept as binding, conclusive and final all decisions and interpretations by the Committee of the Plan upon any questions arising under the Plan. This Agreement shall be subject to the terms of the Plan except that this Agreement may not in any way be restricted or limited by any Plan amendment or termination approved after the date of this Agreement without the Grantee's written consent.

14. Terms. Any terms used in this Agreement that are not otherwise defined shall have the meanings ascribed to them in the Plan.

15. Entire Agreement. This Agreement contains the entire understanding of the parties and shall not be modified or amended except in writing and duly signed by the parties. No waiver by either party of any default under this Agreement shall be deemed a waiver of any later default.

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COMPANY:

By:____
Name:______________________________________
Title:_______________________________________

GRANTEE:

I acknowledge having received, read and understood the Plan and this Agreement. I accept the terms and conditions of my Restricted Stock award as set forth in this Agreement, subject to the terms and conditions of the Plan.

____
Signature of Grantee

Name (please print): __________

Agreed to and accepted this __ day of __________, 20__.

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UNIVERSAL TRUCKLOAD SERVICES, INC.

Universal Truckload Services, Inc. is a leading asset-light provider of customized transportation and logistics solutions throughout the United States, Mexico and Canada. We provide our customers with supply chain solutions that can be scaled to meet their changing demands and volumes. We offer our customers a broad array of services across their entire supply chain, including transportation, value-added, and intermodal services. Our customized solutions and flexible business model are designed to provide us with a highly variable cost structure.

CORPORATE INFORMATION

Board of Directors

Matthew T. Moroun
Chairman of the Board,
Vice Chairman
CenTra, Inc.

Manuel J. Moroun
Chief Executive Officer
CenTra, Inc.

Donald B. Cochran
President and Vice Chairman
Universal Truckload Services, Inc.

Frederick P. Calderone
Vice President
CenTra, Inc.

Joseph J. Casaroll
Former Vice President and General Manager
F.C.S., Inc.

Daniel J. Deane
President
Nicholson Terminal & Dock Company

Michael A. Regan
Chief Relationship Development Officer
TranzAct Technologies, Inc.

Daniel C. Sullivan
Partner
Sullivan Hincks & Conway

Richard P. Urban
Former Consultant
Urban Logistics, Inc.

Ted B. Wahby
Treasurer
Macomb County, Michigan

Executive Officers

H.E. "Scott" Wolfe
Chief Executive Officer

Donald B. Cochran
President and Vice Chairman

David A. Crittenden
Chief Financial Officer and Treasurer

Shareholder Information

Inquiries concerning lost stock certificates, changes of address, account status or other questions regarding your stock should be directed to the Company's Transfer Agent

Transfer Agent
Computershare, Inc.
PO Box 43078
Providence, RI 02940

Legal Counsel
Bodman, PLC
Detroit, MI

The Company's annual reports on Form 10-K and quarterly reports on Form 10-Q filed with the SEC are available without charge upon request by accessing the Company's website at *www.goutsi.com* or by contacting:

Investor Relations
Universal Truckload Services, Inc.
12755 E. Nine Mile Road
Warren, Michigan 48089
(586) 920-010

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www.fsc.org
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