

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 2, 2016

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 LOGISTICS HOLDINGS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Michigan
(State or other jurisdiction of
incorporation or organization)

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

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

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

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

The number of shares of the registrant's common stock, no par value, outstanding as of August 1, 2016, was 28,414,346.

PART I – FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

UNIVERSAL LOGISTICS HOLDINGS, INC.

Unaudited Consolidated Balance Sheets
(In thousands, except share data)

	July 2, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,020	\$ 12,930
Marketable securities	14,254	13,431
Accounts receivable – net of allowance for doubtful accounts of \$5,418 and \$5,173, respectively	146,795	141,275
Other receivables	12,379	15,422
Due from affiliates	2,057	1,924
Prepaid income taxes	1,887	-
Prepaid expenses and other	20,565	17,858
Total current assets	201,957	202,840
Property and equipment – net of accumulated depreciation of \$172,993 and \$171,815, respectively	207,707	177,189
Goodwill	74,484	74,484
Intangible assets – net of accumulated amortization of \$47,245 and \$43,495, respectively	40,915	44,665
Deferred income taxes	7,144	6,427
Other assets	4,786	3,894
Total assets	<u>\$ 536,993</u>	<u>\$ 509,499</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 70,643	\$ 46,347
Due to affiliates	5,393	3,413
Accrued expenses and other current liabilities	21,239	18,989
Insurance and claims	18,249	21,906
Income taxes payable	-	1,045
Current maturities of capital lease obligations	109	916
Current portion of long-term debt, net of debt issuance costs of \$306 and \$264, respectively	33,124	61,224
Total current liabilities	148,757	153,840
Long-term liabilities:		
Long-term debt, net of debt issuance costs of \$1,336 and \$1,235, respectively	195,615	172,190
Capital lease obligations, net of current maturities	136	1,065
Deferred income taxes	45,969	46,840
Other long-term liabilities	3,133	4,483
Total long-term liabilities	244,853	224,578
Shareholders' equity:		
Common stock, no par value. Authorized 100,000,000 shares; 30,900,304 and 30,884,727 shares issued; 28,414,346 and 28,398,900 shares outstanding, respectively	30,900	30,885
Paid-in capital	3,196	2,914
Treasury stock, at cost; 2,485,958 and 2,485,827 shares, respectively	(50,020)	(50,018)
Retained earnings	162,291	149,743
Accumulated other comprehensive income (loss):		
Unrealized holding gain on available-for-sale securities, net of income taxes of \$(1,348) and \$(1,015), respectively	2,391	1,801
Interest rate swaps, net of income taxes of \$263 and \$0, respectively	(434)	-
Foreign currency translation adjustments	(4,941)	(4,244)
Total shareholders' equity	143,383	131,081
Total liabilities and shareholders' equity	<u>\$ 536,993</u>	<u>\$ 509,499</u>

See accompanying notes to consolidated financial statements.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Unaudited Consolidated Statements of Income
(In thousands, except per share data)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Operating revenues:				
Transportation services	\$ 162,724	\$ 180,150	\$ 312,648	\$ 340,554
Value-added services	78,206	75,105	153,760	145,323
Intermodal services	35,883	39,752	70,799	72,691
Total operating revenues	<u>276,813</u>	<u>295,007</u>	<u>537,207</u>	<u>558,568</u>
Operating expenses:				
Purchased transportation and equipment rent	132,012	149,085	253,677	281,165
Direct personnel and related benefits	65,348	53,748	129,358	105,258
Commission expense	8,379	9,543	16,451	18,361
Operating expenses (exclusive of items shown separately)	23,566	29,096	47,492	56,141
Occupancy expense	7,974	6,607	15,697	13,434
Selling, general, and administrative	9,139	9,266	17,489	18,272
Insurance and claims	4,486	5,875	8,658	10,045
Depreciation and amortization	9,135	8,867	17,681	17,905
Total operating expenses	<u>260,039</u>	<u>272,087</u>	<u>506,503</u>	<u>520,581</u>
Income from operations	16,774	22,920	30,704	37,987
Interest income	3	12	126	25
Interest expense	(2,118)	(1,913)	(4,204)	(3,768)
Other non-operating income	112	565	250	672
Income before provision for income taxes	14,771	21,584	26,876	34,916
Provision for income taxes	5,724	8,300	10,352	13,468
Net income	<u>\$ 9,047</u>	<u>\$ 13,284</u>	<u>\$ 16,524</u>	<u>\$ 21,448</u>
Earnings per common share:				
Basic	\$ 0.32	\$ 0.44	\$ 0.58	\$ 0.72
Diluted	\$ 0.32	\$ 0.44	\$ 0.58	\$ 0.72
Weighted average number of common shares outstanding:				
Basic	28,414	29,979	28,408	29,985
Diluted	28,414	29,980	28,408	29,990
Dividends declared per common share	<u>\$ 0.07</u>	<u>\$ 0.07</u>	<u>\$ 0.14</u>	<u>\$ 0.14</u>

See accompanying notes to consolidated financial statements.

UNIVERSAL LOGISTICS HOLDINGS, INC.
 Unaudited Consolidated Statements of Comprehensive Income
 (In thousands)

	<u>Thirteen Weeks Ended</u>		<u>Twenty-six Weeks Ended</u>	
	<u>July 2, 2016</u>	<u>June 27, 2015</u>	<u>July 2, 2016</u>	<u>June 27, 2015</u>
Net Income	\$ 9,047	\$ 13,284	\$ 16,524	\$ 21,448
Other comprehensive income (loss):				
Unrealized holding gains (losses) on available-for-sale securities arising during the period, net of income taxes	555	66	565	(8)
Realized (gains) losses on available-for-sale securities reclassified into income, net of income taxes	-	(176)	25	(176)
Unrealized changes in fair value of interest rate swaps, net of income taxes	(203)	-	(434)	-
Foreign currency translation adjustments	(456)	(243)	(697)	(766)
Total other comprehensive loss	(104)	(353)	(541)	(950)
Total comprehensive income	<u>\$ 8,943</u>	<u>\$ 12,931</u>	<u>\$ 15,983</u>	<u>\$ 20,498</u>

See accompanying notes to consolidated financial statements.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Unaudited Consolidated Statements of Cash Flows
(In thousands)

	Twenty-six Weeks Ended	
	July 2, 2016	June 27, 2015
Cash flows from operating activities:		
Net income	\$ 16,524	\$ 21,448
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17,681	17,905
Loss (gain) on sale of marketable securities	39	(276)
Loss on disposal of property and equipment	433	153
Amortization of debt issuance costs	153	349
Stock-based compensation	298	173
Provision for doubtful accounts	888	1,260
Deferred income taxes	(1,202)	190
Change in assets and liabilities:		
Trade and other accounts receivable	(2,849)	(17,778)
Prepaid income taxes, prepaid expenses and other assets	(5,479)	(4,236)
Accounts payable, accrued expenses and other current liabilities, and insurance and claims	19,801	7,993
Due to/from affiliates, net	1,822	2,711
Other long-term liabilities	(2,018)	(884)
Net cash provided by operating activities	46,091	29,008
Cash flows from investing activities:		
Capital expenditures	(46,110)	(9,221)
Proceeds from the sale of property and equipment	1,987	203
Purchases of marketable securities	(10)	(1,156)
Proceeds from sale of marketable securities	71	322
Net cash used in investing activities	(44,062)	(9,852)
Cash flows from financing activities:		
Proceeds from borrowing - revolving debt	57,393	57,687
Repayments of debt - revolving debt	(72,328)	(67,057)
Proceeds from borrowing - equipment notes	29,272	—
Repayments of debt - equipment notes	(11,995)	—
Proceeds from borrowing - real estate notes	32,781	—
Repayments of debt - term debt	(39,655)	(4,285)
Payment of capital lease obligations	(1,736)	(558)
Dividends paid	(3,977)	(4,198)
Capitalized financing costs	(296)	(76)
Purchases of treasury stock	(2)	(623)
Net cash used in financing activities	(10,543)	(19,110)
Effect of exchange rate changes on cash and cash equivalents	(396)	(340)
Net decrease in cash	(8,910)	(294)
Cash and cash equivalents – beginning of period	12,930	8,001
Cash and cash equivalents – end of period	\$ 4,020	\$ 7,707
Supplemental cash flow information:		
Cash paid for interest	\$ 4,018	\$ 3,350
Cash paid for income taxes	\$ 14,943	\$ 16,100

See accompanying notes to consolidated financial statements.

(1) Basis of Presentation

The accompanying unaudited consolidated financial statements of Universal Logistics Holdings, Inc., formerly known as Universal Truckload Services, Inc., and its wholly-owned subsidiaries (“we”, “us”, “our”, “Universal”, or “the Company”), have been prepared by the Company’s management. In the opinion of management, the unaudited consolidated financial statements include all normal recurring adjustments necessary to present fairly the information required to be set forth therein. All intercompany transactions and balances have been eliminated in consolidation. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted from these statements pursuant to such rules and regulations and, accordingly, should be read in conjunction with the consolidated financial statements as of December 31, 2015 and 2014 and for each of the years in the three-year period ended December 31, 2015 included in the Company’s Form 10-K filed with the Securities and Exchange Commission. The preparation of the consolidated financial statements requires the use of management’s estimates. Actual results could differ from those estimates.

Our fiscal year ends on December 31 and consists of four quarters, each with thirteen weeks.

Certain immaterial reclassifications have been made to the prior financial statements in order for them to conform to the July 2, 2016 presentation.

(2) Marketable Securities

At July 2, 2016 and December 31, 2015, 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, 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).

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):

	<u>Cost</u>	<u>Gross unrealized holding gains</u>	<u>Gross unrealized holding (losses)</u>	<u>Fair Value</u>
At July 2, 2016				
Equity Securities	\$ 10,515	\$ 4,618	\$ (879)	\$ 14,254
At December 31, 2015				
Equity Securities	\$ 10,614	\$ 3,958	\$ (1,141)	\$ 13,431

Included in equity securities at July 2, 2016 are securities with a fair value of \$4.0 million with a cumulative loss position of \$0.9 million, the impairment of which we consider to be temporary. We consider several factors in our determination as to whether declines in value are judged to be temporary or other-than-temporary, including the severity and duration of the decline, the financial condition and near-term prospects of the specific issuers and the industries in which they operate, and our intent and ability to hold these securities. We may incur future impairment charges if declines in market values continue and/or worsen and impairments are no longer considered temporary.

(2) Marketable Securities - continued

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):

	<u>Less than 12 Months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
At July 2, 2016						
Equity securities	<u>\$ 2,650</u>	<u>\$ 369</u>	<u>\$ 1,399</u>	<u>\$ 510</u>	<u>\$ 4,049</u>	<u>\$ 879</u>
At December 31, 2015						
Equity securities	<u>\$ 3,099</u>	<u>\$ 987</u>	<u>\$ 345</u>	<u>\$ 154</u>	<u>\$ 3,444</u>	<u>\$ 1,141</u>

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 oil and gas, banking, communications, and transportation industries. The fair value and unrealized losses are distributed in 37 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, as well as 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 July 2, 2016.

We may, from time to time, invest cash in excess of our 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.

(3) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities is comprised of the following (in thousands):

	<u>July 2, 2016</u>	<u>December 31, 2015</u>
Payroll related items	\$ 9,058	\$ 6,833
Driver escrow liabilities	4,970	4,486
Commissions, taxes and other	<u>7,211</u>	<u>7,670</u>
Total	<u>\$ 21,239</u>	<u>\$ 18,989</u>

(4) Debt

Debt is comprised of the following (in thousands):

	Interest Rates at July 2, 2016	July 2, 2016	December 31, 2015
Outstanding Debt:			
PNC \$120 million revolving credit facility			
LIBOR rate advance	LIBOR + 1.50%	\$ 50,000	\$ 55,000
Domestic rate advance	Prime + 0.50%	3,900	4,569
Key equipment notes	3.75%	72,470	83,578
Daimler equipment notes	3.23%	6,437	-
PACCAR equipment notes	3.24% to 3.69%	21,948	-
Comerica syndicated credit facility			
\$40 million term loan	LIBOR + 2.50%	37,000	40,000
\$20 million revolving credit facility			
LIBOR rate advance	LIBOR + 2.00%	2,500	6,000
PRIME rate advance	Prime + 1.00%	—	5,766
Flagstar real estate notes	LIBOR + 2.25%	32,508	-
Flagstar Bank \$40 million unsecured term loan	LIBOR + 3.50%	3,619	40,000
UBS secured borrowing facility	LIBOR + 1.10%	—	—
		<u>230,381</u>	<u>234,913</u>
Less current portion		33,430	61,488
Total long-term debt		<u>\$ 196,951</u>	<u>\$ 173,425</u>

(4) Debt - continued

At July 2, 2016 and December 31, 2015, long-term debt and current maturities of long-term debt are presented net of debt issuance cost totaling \$1.6 million and \$1.5 million, respectively, in our Consolidated Balance sheets.

During the twenty-six weeks ended July 2, 2016, a wholly-owned subsidiary of the Company entered into installment obligations totaling approximately \$29.3 million for the purpose of purchasing revenue equipment. The promissory notes will be repaid in 60 monthly installments at interest rates ranging from 3.23% to 3.69%. At July 2, 2016, the aggregate principal outstanding pursuant to the promissory notes totaled \$28.4 million.

Real Estate Credit Agreement

On June 21, 2016, UTSI Finance, Inc. ("UTSI Finance"), a wholly-owned subsidiary of the Company, entered into a Loan and Financing Agreement with Flagstar Bank, F.S.B ("Flagstar"), along with ten accompanying promissory notes and commercial mortgages (collectively, the "Real Estate Credit Agreement"). Under the Real Estate Credit Agreement, UTSI Finance borrowed approximately \$32.8 million to refinance a portion of the Company's existing indebtedness with Flagstar pursuant to its \$40 million unsecured term loan. The promissory notes bear interest at a rate of LIBOR plus 2.25%, and will be repaid in consecutive monthly installment payments, plus interest, beginning July 1, 2016. The promissory notes are due on or before June 30, 2026. At July 2, 2016, the aggregate principal outstanding pursuant to the ten promissory notes was \$32.5 million and interest accrued at 2.71%.

As security for all indebtedness pursuant to the Real Estate Credit Agreement, Flagstar was granted first mortgages and assignment of leases on specific parcels of real estate and improvements included in the collateral pool, as defined in the agreement. Except for obligations subject to interest rate swap agreements with Flagstar, as defined in the Real Estate Credit Agreement, UTSI Finance may prepay all or a portion of the loans, plus applicable breakage charges and fees.

The Real Estate Credit Agreement also contains customary affirmative and negative covenants and events of default, and requires UTSI Finance to maintain a debt service coverage ratio of not less than 1.02:1, as defined in the Real Estate Credit Agreement. The first test for compliance is due after the fourth quarter of 2016.

December 2015 Debt Refinancing

On December 23, 2015, Universal and certain of its wholly-owned subsidiaries entered into a combination of secured and unsecured loans with certain lenders. The Company undertook the action as part of its ongoing organizational streamlining efforts to better align sources of capital used in its asset-light businesses and to fix a portion of its variable interest rate bearing debt. Upon closing, the Company and subsidiaries involved borrowed approximately \$234.9 million to pay off existing indebtedness, to terminate its syndicated Comerica Bank Revolving Credit and Term Loan Agreement, and to pay fees and expenses associated with the new credit agreements.

\$120 million Revolving Credit Facility

Universal Truckload, Inc., Universal Dedicated, Inc., Mason Dixon Intermodal, Inc., Logistics Insight Corp., Universal Logistics Solutions International, Inc., Universal Specialized, Inc., Cavalry Logistics, LLC and Universal Management Services, Inc., (each a wholly-owned subsidiary of the Company, a "Borrowing Subsidiary" and, collectively, the "Borrowing Subsidiaries") entered into a Revolving Credit and Security Agreement with PNC Bank, National Association ("PNC") to provide for a revolving credit facility of up to \$120 million (which amount may be increased by up to \$30 million upon request). Borrowings under the revolving credit facility may be made until, and mature on, December 23, 2020.

To support daily borrowing and other operating requirements, the revolving credit facility contains a \$10.2 million Swing Loan sub-facility and provides for \$3.0 million in letters of credit. There were no amounts outstanding under the Swing Loan sub-facility at July 2, 2016 and December 31, 2015, and no letters of credit were issued against the line.

(4) Debt - continued

Borrowings under the Revolving Credit and Security Agreement bear interest at LIBOR or a base rate, plus an applicable margin for each. The applicable margin fluctuates based on the Borrowing Subsidiaries' quarterly average excess availability, as defined in the Revolving Credit and Security Agreement. Interest on the unpaid balance of all base rate advances is payable quarterly in arrears on the first day of each calendar quarter. Interest on the unpaid balance of each LIBOR based advance of the revolving credit facility is payable on the last day of the applicable LIBOR interest period. At July 2, 2016, interest on a \$50.0 million LIBOR rate advance accrued at 1.96% based on 30-day LIBOR, and interest on a \$3.9 million domestic rate advance accrued at 4.0% based on PNC's prime rate.

The Revolving Credit and Security Agreement includes customary affirmative and negative covenants and events of default, as well as financial covenants requiring a minimum fixed charge coverage ratio to be maintained after a triggering event, as defined in the Revolving Credit and Security Agreement. The Revolving Credit and Security Agreement also includes customary mandatory prepayments provisions and is subject to an unused revolving credit line fee of 0.25%. At July 2, 2016, we were in compliance with the debt covenants.

As security for all indebtedness pursuant to the Revolving Credit and Security Agreement, PNC was granted a first priority perfected security interest in cash, deposits and accounts receivable of the Borrowing Subsidiaries and selected other assets. At July 2, 2016, our \$53.9 million revolver advance was secured by, among other assets, net eligible accounts receivable totaling \$92.8 million. At July 2, 2016, availability, as defined in the Revolving Credit and Security Agreement, was \$32.2 million.

Equipment Credit Agreement

LGSI Equipment of Indiana, LLC, a wholly-owned subsidiary of the Company (the "Equipment Borrowing Subsidiary"), entered into a Master Security Agreement and five Promissory Notes (collectively the "Equipment Credit Agreement") with Key Equipment Finance, a division of KeyBank National Association ("KeyBank"). Under the Equipment Credit Agreement, the Equipment Borrowing Subsidiary borrowed approximately \$83.6 million. The promissory notes are being paid in 60 monthly installments, including interest, beginning on January 23, 2016 and bear interest at a fixed rate of 3.75%.

Additionally, all obligations under the Equipment Credit Agreement are guaranteed by Universal Dedicated, Inc., Logistics Insight Corp., Universal Truckload, Inc., Universal Specialized, Inc. and Mason Dixon Intermodal, Inc. (each a wholly-owned subsidiary of the Company) in connection with each subsidiary's lease of equipment. The Equipment Credit Agreement also includes financial covenants requiring the Equipment Borrowing Subsidiary to maintain a ratio of operating cash flow to fixed charges of not less than 1.1:1, as defined in the agreement. At July 2, 2016, we were in compliance with the debt covenants.

As security for all indebtedness pursuant to the Equipment Credit Agreement, KeyBank was granted liens on selected titled vehicles of the Equipment Borrowing Subsidiary set forth on various collateral schedules. The Equipment Borrowing Subsidiary may sell or dispose of equipment secured under the Equipment Credit Agreement provided the disposed equipment is replaced with acceptable equipment as collateral, if we pay down of a portion of the loan plus breakage charges and handling charges, as defined in the promissory notes, or if KeyBank, at its option, releases the equipment without pay down or pre-payment. At July 2, 2016, the aggregate principal outstanding pursuant to the five promissory notes totaled \$72.5 million.

(4) **Debt - continued**

\$60 million Revolving Credit and Term Loan Agreement

Westport Axle Corp., a wholly-owned subsidiary of the Company (“Westport”), entered into a Revolving Credit and Term Loan Agreement (the “Credit Agreement”), with and among the lenders party thereto and Comerica Bank, as administrative agent, arranger and documentation agent, providing for aggregate borrowing facilities of up to \$60 million. The Credit Agreement consists of a \$40 million term loan and a \$20 million revolving credit facility. Borrowings under the term loan were advanced on December 23, 2015 and mature on December 23, 2020. The term loan shall be repaid in 20 equal quarterly installments of \$1.5 million over five years beginning March 1, 2016, with the remaining balance due at maturity. Borrowings under the revolving credit facility may be made until, and mature on, December 23, 2020.

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 Westport’s total debt to EBITDA ratio, as defined in the Credit Agreement. At July 2, 2016, interest on the \$37.0 million term loan accrued at 2.97% based on 30-day LIBOR, and interest on the \$2.5 million LIBOR rate revolving credit advance accrued at 2.47% based on 30-day LIBOR.

To support daily borrowing and other operating requirements, the revolving credit facility contains a \$4.0 million Swing Line sub-facility and provides for \$2.0 million in letters of credit. Swing Line borrowings incur interest at either the base rate plus the applicable margin or, alternatively, at a quoted rate offered by Comerica Bank in its sole discretion. There were no amounts outstanding under the Swing Line at July 2, 2016 and December 31, 2015, and no letters of credit were issued against the line.

Interest on the unpaid balance of all revolving credit facility and swing line base rate advances is payable quarterly in arrears commencing on March 1, 2016, and on the first day of each June, September, December and March 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.

Interest on the unpaid principal of all term loan base rate advances is payable quarterly in arrears commencing on January 1, 2016, and on the first day of each April, July, October and January 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 revolving credit facility is subject to a facility fee, which is payable quarterly in arrears, of either 0.25% or 0.50%, depending on Westport’s 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 and inventory of Westport, pursuant to a monthly borrowing base certificate. At July 2, 2016, our \$2.5 million revolver advance was secured by, among other assets, net eligible accounts receivable and inventory of \$14.6 million and \$5.0 million, respectively. At July 2, 2016, availability, as defined in the Credit Agreement, was \$12.4 million.

The Credit Agreement requires Westport to repay the borrowings made under the term loan and the revolving credit facility as follows: 50% (which percentage shall be reduced to zero subject to Westport attaining a certain leverage ratio) of Westport’s annual excess cash flow, as defined; 100% of the net cash proceeds if we sell Westport’s machining division; 50% of net proceeds from certain equity issuances; 100% of proceeds from the issuance of certain indebtedness; and 100% of net proceeds from the sale of certain assets, insurance and condemnation proceeds.

(4) Debt - continued

As security for all indebtedness pursuant to the syndicated Credit Agreement, Comerica Bank, as lead arranger, was granted first perfected security interest on all of Westport's tangible and intangible property and in assets acquired in the future. The Company also pledged 100% of its equity interest in Westport. The Credit Agreement also contains a "springing" guaranty requiring the Company to guarantee the indebtedness under certain events, as defined in the Credit Agreement and guarantee.

The Credit Agreement includes financial covenants requiring Westport to maintain a minimum fixed charge coverage ratio, minimum quarterly EBITDA amounts, as defined in the Credit Agreement, and a maximum debt to EBITDA ratio, as well as customary affirmative and negative covenants and events of default. At July 2, 2016, Westport was in compliance with the debt covenants.

\$40 million Loan and Financing Agreement

The Company entered into a Loan and Financing Agreement (the "Loan Agreement") with Flagstar to provide for a \$40.0 million unsecured term loan. Proceeds of the unsecured term loan were advanced on December 23, 2015, and the outstanding principal balance is due on or before July 15, 2016. Borrowings under the unsecured term loan bear interest at LIBOR, plus 3.5%, and interest on the unpaid balance is payable monthly commencing on February 1, 2016. The Company may voluntarily repay the loan in whole or in part at any time, subject to certain customary breakage costs. On June 21, 2016, UTSI Finance borrowed approximately \$32.8 million to refinance a portion of the Company's existing indebtedness with Flagstar pursuant to the \$40 million unsecured term loan. At July 2, 2016, the outstanding principal balance was \$3.6 million and interest accrued at 3.97%.

Swap Agreements

The Company is party to two forward interest rate swap agreements that qualify for hedge accounting. The swap agreements were executed to fix a portion of the interest rates on its variable rate debt that have a combined notional amount of \$15.7 million at July 2, 2016. Under the swap agreements, the Company receives interest at the one-month LIBOR rate plus 2.25%, and pays a fixed rate. The March 2016 forward swap (swap A) is effective October 2016, has a rate of 4.16% (amortizing notional amount of \$10.0 million) and expires July 2026, and the March 2016 forward swap (swap B) is effective October 2016, has a rate of 3.83% (amortizing notional amount of \$5.7 million) and expires May 2022. The Company is also party to a third interest rate swap agreement that qualifies for hedge accounting. The swap agreement was executed to fix a portion of its variable rate debt with a notional amount of \$12.0 million and expires February 2018 (swap C). Under swap C, the Company receives interest at the one-month LIBOR rate, and pays a fixed rate of 0.78%. The fair value of the three swap agreements was a liability of \$0.7 million at July 2, 2016. Since these swap agreements qualify for hedge accounting, the changes in fair value are recorded in other comprehensive income (loss), net of tax. See Note 5 for additional information pertaining to interest rate swaps.

(4) Debt - continued

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 1.10% (effective rate of 1.56% at July 2, 2016), 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. At both July 2, 2016 and December 31, 2015, there were no amounts outstanding under the line of credit, and the maximum available borrowings were \$7.4 million.

(5) Fair Value Measurements and Disclosures

FASB 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.

FASB 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.

(5) Fair Value Measurements and Disclosures – continued

We have segregated all financial assets and liabilities 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):

	July 2, 2016			Asset/(Liability) Fair Value Measurement
	Level 1	Level 2	Level 3	
Assets				
Cash equivalents	\$ 18	\$ —	\$ —	\$ 18
Marketable securities	14,254	—	—	14,254
Liabilities				
Interest rate swaps	—	(697)	—	(697)
Total	<u>\$ 14,272</u>	<u>\$ (697)</u>	<u>\$ —</u>	<u>\$ 13,575</u>

	December 31, 2015			Asset/(Liability) Fair Value Measurement
	Level 1	Level 2	Level 3	
Assets				
Cash equivalents	\$ 96	\$ —	\$ —	\$ 96
Marketable securities	13,431	—	—	13,431
Total	<u>\$ 13,527</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 13,527</u>

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.
- 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.
- Interest rate swaps - The fair value of our interest rate swaps, as provided by a third party service provider, is determined using a methodology of netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash receipts (or payments) are based on the expectation of future interest rates (forward curves) derived from observed market interest rate curves. The fair value measurement also incorporates credit valuation adjustments to appropriately reflect both the Company's nonperformance risk and the respective counterparty's nonperformance risk.

Our revolving credit and term loan agreements, and real estate promissory notes with PNC, Comerica Bank and Flagstar consist of variable rate borrowings. We categorize borrowings under these credit agreements 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.

For our equipment promissory notes, the fair values are estimated using discounted cash flow analyses, based on our current incremental borrowing rates for similar types of borrowing arrangements. We categorize borrowings under this credit agreement as Level 2 in the fair value hierarchy. The carrying value and estimated fair value of these promissory notes at July 2, 2016 is summarized as follows:

	Carrying Value	Estimated Fair Value
Equipment promissory notes	\$ 100,855	\$ 101,891

(6) Transactions with Affiliates

Through December 31, 2004, we were a wholly-owned subsidiary of CenTra, Inc. On December 31, 2004, CenTra distributed all of our 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. In the normal course of business, CenTra and affiliates of CenTra provide administrative support services to us, including legal, human resources, tax, and IT infrastructure services. The cost of these services is based on the actual or estimated utilization of the specific service.

In addition to the administrative support services described above, we purchase other services from affiliates. Following is a schedule of cost incurred for services provided by affiliates for the thirteen weeks and twenty-six ended July 2, 2016 and June 27, 2015 (in thousands):

	Thirteen weeks ended		Twenty-six weeks ended	
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Administrative support services	\$ 682	\$ 781	\$ 1,358	\$ 1,493
Truck fuel, tolls and maintenance	639	463	1,245	610
Real estate rent and related costs	4,232	3,328	8,241	6,429
Insurance and employee benefit plans	10,995	12,844	22,306	23,984
Contracted transportation services	27	254	226	468
Total	\$ 16,575	\$ 17,670	\$ 33,376	\$ 32,984

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 36 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.

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 July 2, 2016 and December 31, 2015, amounts due to affiliates were \$5.4 million and \$3.4 million, respectively. In our Consolidated Balance Sheets, we record our insured claims liability and the related recovery from an affiliate insurance provider in insurance and claims, and other receivables. At July 2, 2016 and December 31, 2015, there were \$7.7 million and \$11.5 million, respectively, included in each of these accounts for insured claims.

We used an affiliate to provide real property improvements to us totaling \$1.0 million during the twenty-six weeks ended July 2, 2016, and also purchased \$1.4 million of wheels and tires for new trailering equipment and an additional \$0.2 million in revenue equipment components from an affiliate during the same period. During the twenty-six weeks ended June 27, 2015, we purchased used snow removal equipment from an affiliate for \$18,000.

We periodically use the law firm of Sullivan Hincks & Conway to provide us legal services. Daniel C. Sullivan, a member of our Board, is a partner at Sullivan Hincks & Conway. Not included in the table above are amounts paid for legal services during the twenty-six weeks ended June 27, 2015 of \$1,400. No amounts were paid for legal services during the thirteen weeks or twenty-six weeks ended July 2, 2016, or during the thirteen weeks ended June 27, 2015.

(6) Transactions with Affiliates – continued

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. Following is a schedule of services provided to affiliates for the thirteen weeks and twenty-six weeks ended July 2, 2016 and June 27, 2015 (in thousands):

	<u>Thirteen weeks ended</u>		<u>Twenty-six weeks ended</u>	
	<u>July 2, 2016</u>	<u>June 27, 2015</u>	<u>July 2, 2016</u>	<u>June 27, 2015</u>
Transportation and intermodal services	\$ 147	\$ 9	\$ 342	\$ 181
Truck fueling and maintenance	—	—	—	—
Total	<u>\$ 147</u>	<u>\$ 9</u>	<u>\$ 342</u>	<u>\$ 181</u>

At July 2, 2016 and December 31, 2015, amounts due from affiliates were \$2.1 million and \$1.9 million, respectively.

(7) Comprehensive Income

Comprehensive income includes the following (in thousands):

	<u>Thirteen weeks ended</u>		<u>Twenty-six weeks ended</u>	
	<u>July 2, 2016</u>	<u>June 27, 2015</u>	<u>July 2, 2016</u>	<u>June 27, 2015</u>
Unrealized holding gains (losses) on available-for-sale investments arising during the period:				
Gross amount	\$ 871	\$ 91	\$ 884	\$ (33)
Income tax (expense) benefit	(316)	(25)	(319)	25
Net of tax amount	<u>\$ 555</u>	<u>\$ 66</u>	<u>\$ 565</u>	<u>\$ (8)</u>
Realized (gains) losses on available-for-sale investments reclassified into income:				
Gross amount	\$ —	\$ (276)	\$ 39	\$ (276)
Income tax expense (benefit)	—	100	(14)	100
Net of tax amount	<u>\$ —</u>	<u>\$ (176)</u>	<u>\$ 25</u>	<u>\$ (176)</u>
Unrealized holding losses on interest rate swaps arising during the period:				
Gross amount	\$ (328)	\$ —	\$ (697)	\$ —
Income tax benefit	125	—	263	—
Net of tax amount	<u>\$ (203)</u>	<u>\$ —</u>	<u>\$ (434)</u>	<u>\$ —</u>
Foreign currency translation adjustments	<u>\$ (456)</u>	<u>\$ (243)</u>	<u>\$ (697)</u>	<u>\$ (766)</u>

(8) Stock Based Compensation

On April 23, 2014, our Board of Directors adopted the 2014 Amended and Restated Stock Incentive Plan, or the Plan. The Plan was approved by our shareholders at the 2014 Annual Meeting and became effective as of the date it was adopted by the Board of Directors. The Plan replaced our 2004 Stock Incentive Plan and carried forward the shares of common stock that remained available for issuance under the 2004 Stock Incentive Plan. The grants may be made in the form of stock options, restricted stock bonuses, restricted stock purchase rights, stock appreciation rights, phantom stock units, restricted stock units or unrestricted common stock. A grantee's vesting may be accelerated under certain conditions, including retirement. Restricted stock awards currently outstanding under the 2004 Stock Incentive Plan will remain outstanding in accordance with the terms of that plan.

On December 23, 2015, the Company granted 50,000 shares of restricted stock to certain of its employees. The restricted stock grants have a grant date fair value of \$14.93 per share, based on the closing price of the Company's stock, of which 25% vested immediately, and an additional 25% will vest in three equal increments on each December 20 in 2016, 2017 and 2018.

On March 5, 2015, the Company granted an additional 10,000 shares of restricted stock to its Chief Executive Officer. The restricted stock grants vested 25% on March 5, 2015, and an additional 25% will vest on each anniversary of the grant through March 5, 2018, subject to continued employment with the Company. On April 29, 2015, the Company granted an additional 20,000 shares of restricted stock to the Chief Executive Officer. These restricted stock grants vested 25% on April 29, 2015, and an additional 25% will vest in three equal increments on each March 5 in 2016, 2017 and 2018. On February 24, 2016, the Company granted an additional 10,000 shares of restricted stock to the Chief Executive Officer. These restricted stock grants vested 25% on February 24, 2016, and an additional 25% will vest in three equal increments on each March 5 in 2017, 2018 and 2019.

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.

The following table summarizes the status of the Company's non-vested shares and related information for the period indicated:

	Shares	Weighted Average Grant Date Fair Value
Non-vested at January 1, 2016	68,225	\$ 17.80
Granted	10,000	\$ 15.55
Vested	(15,577)	\$ 19.13
Forfeited	—	\$ —
Balance at July 2, 2016	<u>62,648</u>	<u>\$ 17.11</u>

During the twenty-six weeks ended July 2, 2016 and June 27, 2015, the total grant date fair value of vested shares recognized as compensation costs was \$0.3 million and \$0.2 million respectively. During the thirteen weeks ended July 2, 2016 and June 27, 2015, the total grant date fair value of vested shares recognized as compensation cost was \$0.1 million and \$0.1 million, respectively. As of July 2, 2016, there was approximately \$1.1 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements. That cost is expected to be recognized on a straight-line basis over the remaining vesting period. As a result, the Company expects to recognize stock-based compensation expense of \$0.2 million during the remainder of 2016, and \$0.4 million, \$0.4 million, and \$0.1 million in 2017, 2018, and 2019, respectively.

(9) 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. In each of the thirteen weeks and twenty-six weeks ended July 2, 2016, there were zero weighted average non-vested shares of restricted stock included in the denominator for the calculation of diluted earnings per share, respectively. For the thirteen weeks and twenty-six weeks ended June 27, 2015, there were 1,905 and 4,967 weighted average non-vested shares of restricted stock included in the denominator for the calculation of diluted earnings per share, respectively.

In each the thirteen weeks and twenty-six weeks ended July 2, 2016, 68,225 shares of non-vested restricted stock were excluded from the calculation of diluted earnings per share because such shares were anti-dilutive. No shares were excluded from the calculation of diluted earnings per share for the thirteen weeks or twenty-six weeks ended June 27, 2015.

(10) Dividends

On April 29, 2016, our Board of Directors declared a quarterly cash dividend of \$0.07 per share of common stock, payable to shareholders of record at the close of business on May 9, 2016 and paid on May 19, 2016. 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.

(11) 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.

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 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 thirteen week and twenty-six week periods ended July 2, 2016 and June 27, 2015 (in thousands):

	Thirteen weeks ended July 2, 2016			
	Transportation	Logistics	Other	Total
Operating revenues	\$ 169,286	\$ 107,229	\$ 298	\$ 276,813
Eliminated inter-segment revenues	377	2,005	-	2,382
Income from operations	6,919	10,609	(754)	16,774
Total assets	235,308	270,077	31,608	536,993

	Thirteen weeks ended June 27, 2015			
	Transportation	Logistics	Other	Total
Operating revenues	\$ 188,724	\$ 106,181	\$ 102	\$ 295,007
Eliminated inter-segment revenues	905	1,411	—	2,316
Income from operations	9,166	12,725	1,029	22,920
Total assets	238,446	261,983	38,986	539,415

	Twenty-six weeks ended July 2, 2016			
	Transportation	Logistics	Other	Total
Operating revenues	\$ 326,832	\$ 209,786	\$ 589	\$ 537,207
Eliminated inter-segment revenues	944	4,001	-	4,945
Income from operations	12,807	19,158	(1,261)	30,704
Total assets	235,308	270,077	31,608	536,993

	Twenty-six weeks ended June 27, 2015			
	Transportation	Logistics	Other	Total
Operating revenues	\$ 355,957	\$ 202,412	\$ 199	\$ 558,568
Eliminated inter-segment revenues	1,522	2,608	—	4,130
Income from operations	15,516	21,498	973	37,987
Total assets	238,446	261,983	38,986	539,415

(12) 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 July 2, 2016, approximately 29% of our employees in the United States, Canada and Colombia, and 90% of our employees in Mexico are subject to collective bargaining agreements that are renegotiated periodically, less than 1% of which are subject to contracts that expire in 2016.

(13) Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which provided new accounting guidance related to revenue recognition. The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle of ASU 2014-09 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying the new guidance, an entity will (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the contract's performance obligations; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 applies to all contracts with customers except those that are within the scope of other topics in the FASB Accounting Standards Codification. The new guidance was originally effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2016 for public companies. Early adoption was originally not permitted. Entities have the option of using either a full retrospective or modified approach to adopt ASU 2014-09. In July 2015, the FASB voted to delay of the effective date of the new standard by one year. As a result of the delay, the revenue recognition standard will be effective for public companies in 2018, with early adoption permitted. We are evaluating the effect, if any, that adopting this new accounting standard will have on our consolidated financial statements and related disclosures.

In April 2015, the FASB issued ASU 2015-03, Interest—Imputation of Interest, which is intended to simplify the presentation of debt issuance costs. ASU 2015-03 requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or premiums. The recognition and measurement guidance for debt issuance costs would not be affected by the amendments in this update. The new guidance is effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2015 for public companies. On January 1, 2016, the Company adopted this ASU on a retrospective basis. Adoption resulted in a reclassification in the Company's current prepaid expenses and other, and noncurrent other assets in its consolidated balance sheet as of December 31, 2015 of \$0.3 million and \$1.2 million, respectively. The corresponding decreases were in the net presentation of the Company's debt liability to the current portions of long-term debt and noncurrent long-term debt, respectively.

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes, which is intended to simplify the presentation of deferred income taxes. The ASU requires that deferred income tax liabilities and assets be classified as noncurrent in a classified balance sheet. The new guidance is effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2016 for public companies. The Company has early adopted this ASU effective January 1, 2016 on a retrospective basis. Adoption resulted in a reclassification of the Company's deferred tax liability in its consolidated balance sheet as of December 31, 2015. The reclassification resulted in a \$6.4 million decrease in the current deferred income tax asset and a corresponding increase in the noncurrent deferred tax asset.

(13) Recent Accounting Pronouncements - continued

In January 2016, the FASB issued ASU 2016-01, Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities, which amends certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Among other things, the ASU requires equity investments, with certain exceptions, to be measured at fair value with changes in fair value recognized in net income; simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment; requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes to the financial statements; and clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities. The amendments are to be applied by means of a cumulative-effect adjustment to the balance sheet and are effective for interim and annual periods beginning after December 15, 2017. With certain exceptions, early adoption is not permitted. We are evaluating the effect that adopting this new accounting standard will have on our consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, Leases. The objective of the new standard is to establish principles for lessees and lessors to report information about the amount, timing, and uncertainty of cash flows arising from a lease. The ASU will require a lessee to recognize the assets and liabilities that arise from leases, including operating leases. Under the new requirements, a lessee will recognize in the statement of financial position a liability to make lease payments (the lease liability) and the right-of-use asset representing the right to the underlying asset for the lease term. For leases with a term of 12 months or less, the lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the amendment is permitted. We are evaluating the effect that adopting this new accounting standard will have on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09, Compensation – Stock Compensation. The ASU identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liability, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. ASU 2016-09 is effective for annual and interim periods beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the effect that adopting this standard will have on the Company's financial condition, results of operations, or cash flows.

(14) Subsequent Events

On July 28, 2016, our Board of Directors declared a quarterly cash dividend of \$0.07 per share of common stock, payable to shareholders of record at the close of business on August 8, 2016 and expected to be paid on August 18, 2016. 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.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Some of the statements and assumptions in this Form 10-Q 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 our Form 10-K for the year ended December 31, 2015, as well as any other cautionary language in that 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.

Overview

We are a leading asset-light provider of customized transportation and logistics solutions throughout the United States and in Mexico, Canada and Colombia. We offer our customers a broad array of services across their entire supply chain, including transportation, value-added, and intermodal services.

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 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. 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 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.

The following discussion of the Company's financial condition and results of operations should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and Consolidated Financial Statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2015 and the unaudited Consolidated Financial Statements and related notes contained in this quarterly report on Form 10-Q.

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 categories for the thirteen weeks and twenty-six weeks ended July 2, 2016 and June 27, 2015, presented as a percentage of total operating revenues:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Operating revenues:				
Transportation services	58.8%	61.0%	58.2%	61.0%
Value-added services	28.2%	25.5%	28.6%	26.0%
Intermodal services	13.0%	13.5%	13.2%	13.0%
Total operating revenues	100.0%	100.0%	100.0%	100.0%

Results of Operations

The following table sets forth items derived from our consolidated statements of income for the thirteen weeks and twenty-six weeks ended July 2, 2016 and June 27, 2015, presented as a percentage of operating revenues:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Operating revenues:	100.0%	100.0%	100.0%	100.0%
Operating expenses:				
Purchased transportation and equipment rent	47.7	50.5	47.2	50.3
Direct personnel and related benefits	23.6	18.2	24.1	18.8
Commission expense	3.0	3.2	3.1	3.3
Operating expenses (exclusive of items shown separately)	8.5	9.9	8.8	10.1
Occupancy expense	2.9	2.2	2.9	2.4
Selling, general, and administrative	3.3	3.1	3.3	3.3
Insurance and claims	1.6	2.0	1.6	1.8
Depreciation and amortization	3.3	3.0	3.3	3.2
Total operating expenses	93.9	92.2	94.3	93.2
Income from operations	6.1	7.8	5.7	6.8
Interest and other non-operating income (expense), net	(0.7)	(0.5)	(0.7)	(0.5)
Income before provision for income taxes	5.4	7.3	5.0	6.3
Provision for income taxes	2.1	2.8	1.9	2.5
Net income	3.3%	4.5%	3.1%	3.8%

Thirteen Weeks Ended July 2, 2016 Compared to Thirteen Weeks Ended June 27, 2015

Operating revenues. Operating revenues for the thirteen weeks ended July 2, 2016 decreased by \$18.2 million, or 6.2%, to \$276.8 million from \$295.0 million for the thirteen weeks ended June 27, 2015. Included in operating revenues are fuel surcharges, where separately identifiable, of \$12.6 million for the thirteen weeks ended July 2, 2016, which compares to \$20.9 million for the thirteen weeks ended June 27, 2015. Revenues from our transportation segment decreased \$19.4 million, or 10.3%, and income from operations decreased \$2.2 million, or 24.5% compared to the same period last year. The transportation segment experienced a decrease primarily due to decreases in fuel surcharges and weakness in our energy and domestic steel markets, both of which adversely impacted our flatbed operations. In our logistics segment, revenues increased \$1.0 million, or 1.0%, over the same period last year; however, income from operations decreased \$2.1 million, or 16.6%, to \$10.6 million. Operating margins in our logistics segment improved sequentially in the second quarter 2016 to 9.9%, though remained compressed compared to the 12.0% achieved during the second quarter 2015. The increase in logistics revenues is primarily attributable to new value-added business awards, although these increases were partially offset by declines in logistics revenue at locations where we support heavy-truck production.

Overall, the decrease in consolidated operating revenues is the result of a \$17.4 million decrease in our transportation services revenues and a \$3.9 million decrease in intermodal services. These decreases were partially offset by an increase of \$3.1 million in our value-added service revenues. Included in transportation service revenues during the thirteen weeks ended July 2, 2016, were \$9.4 million in separately identifiable fuel surcharges compared to \$15.3 million in the same period last year. For the thirteen weeks ended July 2, 2016, our operating revenue per loaded mile, excluding fuel surcharges, decreased to \$2.26 from \$2.47 during the same period last year, due to a weak pricing environment, while the number of loads increased 1.5% to 158,283 during the thirteen weeks ended July 2, 2016 from 155,874 in the same period last year.

Value-added service revenues increased by 4.1% to \$78.2 million during the thirteen weeks ended July 2, 2016 compared to \$75.1 million during the same period last year. Value-added service revenues increased overall despite a \$7.4 million decrease in value-added services supporting the heavy-truck market. At July 2, 2016, we provided value-added services at 51 locations compared to 48 at June 27, 2015.

The \$3.9 million decrease in revenues from our intermodal services operation decreased primarily due to a decrease in fuel surcharges of \$2.2 million and a decrease in operating revenues per load, excluding fuel surcharges. For the thirteen weeks ended July 2, 2016, our operating revenues per load, excluding fuel surcharges, was \$352 compared to \$363 for the same period last year. The decrease in intermodal services revenue was partially offset by an increase in the number of loads to 85,701 during the thirteen weeks ended July 2, 2016 compared to 85,250 during the same period last year.

Purchased transportation and equipment rent. Purchased transportation and equipment rental costs for the thirteen weeks ended July 2, 2016 decreased by \$17.1 million, or 11.5%, to \$132.0 million from \$149.1 million for the thirteen weeks ended June 27, 2015. 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 9.7% to \$198.6 million for the thirteen weeks ended July 2, 2016 compared to \$219.9 million for the thirteen weeks ended June 27, 2015. As a percentage of operating revenues, purchased transportation and equipment rent decreased to 47.7% for the thirteen weeks ended July 2, 2016 from 50.5% for the thirteen weeks ended June 27, 2015. This decrease is primarily due to an increase in combined 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 41.2% of total operating revenues for the thirteen weeks ended July 2, 2016 compared to 38.9% for same period last year.

Direct personnel and related benefits. Direct personnel and related benefit costs for the thirteen weeks ended July 2, 2016 increased by \$11.6 million, or 21.6%, to \$65.3 million compared to \$53.7 million for the thirteen weeks ended June 27, 2015. Trends in these expenses are generally correlated with changes in operating facilities and headcount requirements and, therefore, increase and decrease with the level of demand for our value-added services and staffing needs of our operations. The absolute increase is primarily attributable to higher than normal labor costs as we launch new value-added business awards. We expect over time these costs to return to historical levels. As a percentage of operating revenues, personnel and related benefits expenses increased to 23.6% for the thirteen weeks ended July 2, 2016, compared to 18.2% for the thirteen weeks ended June 27, 2015. 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 operating revenues 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 the thirteen weeks ended July 2, 2016 decreased by \$1.1 million, or 11.6%, to \$8.4 million from \$9.5 million for the thirteen weeks ended June 27, 2015. The absolute decrease was primarily due to decreases in our operating revenues from transportation and intermodal 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 3.0% for the thirteen weeks ended July 2, 2016 compared to 3.2% for the thirteen weeks ended June 27, 2015. As a percentage of operating revenues, the decrease in commission expense is due to a shift in the mix of revenues generated by company-managed locations and in value-added services where no commissions are paid.

Operating expenses (exclusive of items shown separately). Operating expenses (exclusive of items shown separately) decreased \$5.5 million, or 18.9%, to \$23.6 million for the thirteen weeks ended July 2, 2016, compared to \$29.1 million for the thirteen weeks ended June 27, 2015. As a percentage of operating revenues, operating expenses (exclusive of items shown separately) decreased to 8.5% for the thirteen weeks ended July 2, 2016 from 9.9% for the thirteen weeks ended June 27, 2015. These expenses include items such as fuel, maintenance, cost of materials, insurance, communications, utilities and other general expenses, and generally relate to fluctuations in customer demand. The decrease in operating expenses (exclusive of items shown separately) was primarily due to decreases of \$2.3 million in repair and maintenance expense, \$1.5 million in fuel expense on company-owned equipment, \$0.4 million in highway use & fuel taxes, and an additional \$1.2 million in other operating expenses.

Occupancy expense. Occupancy expense for the thirteen weeks ended July 2, 2016 increased by \$1.4 million, or 21.2%, to \$8.0 million from \$6.6 million for the thirteen weeks ended June 27, 2015. As a percentage of operating revenues, occupancy expense increased to 2.9% for the thirteen weeks ended July 2, 2016 compared to 2.2% for the thirteen weeks ended June 27, 2015. The absolute increase was primarily attributable to the increase in the number of company-leased value added service facilities. At July 2, 2016, the company leased 34 value-added service locations compared to 31 at June 27, 2015.

Selling, general and administrative. Selling, general and administrative expense for the thirteen weeks ended July 2, 2016 decreased by \$0.2 million, or 2.2%, to \$9.1 million from \$9.3 million for the thirteen weeks ended June 27, 2015. As a percentage of operating revenues, selling, general and administrative expense increased to 3.3% for the thirteen weeks ended July 2, 2016 compared to 3.1% for the thirteen weeks ended June 27, 2015. The absolute decrease was primarily due to decreases in bad debt expense of \$0.2 million and decreases in other selling, general and administrative expenses totaling \$0.7 million. These decreases were partially offset by an increase in professional services of \$0.4 million and \$0.4 million of higher losses on the disposal of property and equipment. 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 the thirteen weeks ended July 2, 2016 decreased by \$1.4 million, or 23.7%, to \$4.5 million from \$5.9 million for the thirteen weeks ended June 27, 2015. As a percentage of operating revenues, insurance and claims decreased to 1.6% for the thirteen weeks ended July 2, 2016 from 2.0% for the thirteen weeks ended June 27, 2015. The absolute decrease was primarily the result of a decrease in our cargo and service claims expense of \$0.6 million and a decrease in auto liability insurance premiums of \$0.8 million resulting from lower transportation and intermodal service revenues.

Depreciation and amortization. Depreciation and amortization expense for the thirteen weeks ended July 2, 2016 increased by \$0.2 million, or 2.2%, to \$9.1 million from \$8.9 million for the thirteen weeks ended June 27, 2015. The increase is primarily the result of increases in capital investments throughout 2016 compared to historic trends. These increases were partially offset by decreases in certain other intangible assets becoming fully amortized.

Interest expense, net. Net interest expense was \$2.1 million for the thirteen weeks ended July 2, 2016 compared to \$1.9 million for the thirteen weeks ended June 27, 2015. The increase is primarily the result of higher outstanding debt during the period. At July 2, 2016 we had outstanding borrowings totaling \$230.4 million compared to \$221.6 million at June 27, 2015.

Other non-operating income. Other non-operating income was \$0.1 million for the thirteen weeks ended July 2, 2016 compared to \$0.6 million for the same period last year. Included in the thirteen weeks ended June 27, 2015 were \$0.3 million of gains on the sale of marketable securities.

Provision for income taxes. Provision for income taxes for the thirteen weeks ended July 2, 2016 was \$5.7 million compared to \$8.3 million for the thirteen weeks ended June 27, 2015, based on effective tax rates of 38.8% and 38.5%, respectively.

Twenty-six Weeks Ended July 2, 2016 Compared to Twenty-six Weeks Ended June 27, 2015

Operating revenues. Operating revenues for the twenty-six weeks ended July 2, 2016 decreased by \$21.4 million, or 3.8%, to \$537.2 million from \$558.6 million for the twenty-six weeks ended June 27, 2015. Included in operating revenues are fuel surcharges, where separately identifiable, of \$24.5 million for the twenty-six weeks ended July 2, 2016, which compares to \$41.1 million for the twenty-six weeks ended June 27, 2015. Revenues from our transportation segment decreased \$29.2 million, or 8.2%, and income from operations decreased \$2.7 million, or 17.5%, compared to the same period last year. In our logistics segment, revenues increased \$7.4 million, or 3.6%, over the same period last year, while income from operations decreased \$2.3 million, or 10.9%, to \$19.2 million. Overall, operating revenues declined due to several factors including a decline in fuel surcharges and a slowdown in key markets including steel and metals and energy. Operating margins in our transportation segment decreased to 3.9% compared to 4.4% during the same period last year. The decline in activity at locations where we support heavy-truck production negatively impacted our logistics segment where operating margins declined to 9.1% in the current year compared to 10.6% during the same period last year.

The decrease in consolidated operating revenues is primarily the result of a decrease in our transportation services of \$27.9 million and a decrease in our intermodal services of \$1.9 million. These decreases were partially offset by an increase in our value-added operations of \$8.5 million. The decrease in transportation service revenues was primarily the result of decreases in pricing, which was partially offset by an increase in the number of loads hauled. For the twenty-six weeks ended July 2, 2016, our operating revenue per loaded mile, excluding fuel surcharges, decreased to \$2.24 from \$2.45 for twenty-six weeks ended June 27, 2015, while the number of loads hauled increased 1.3% to 306,637 during the twenty-six weeks ended July 2, 2016 from 302,685 in the same period last year.

Revenues from our intermodal services operation decreased due to a decline in fuel surcharges, which were partially offset by increases in operating revenue per load and in the number of loads hauled. Fuel surcharges declined \$4.2 million, while operating revenue per load, excluding fuel surcharges, for the twenty-six weeks ended July 2, 2016 increased to \$353 from \$346 for the twenty-six weeks ended June 27, 2015, and the number of loads hauled increased to 167,196 for the twenty-six weeks ended July 2, 2016, compared to 159,566 during the same period last year.

Value-added services revenue increased by 5.8% to \$153.8 million during the twenty-six weeks ended July 2, 2016, which compares to \$145.3 million during the same period last year. This increase however, was partially offset by a decrease in value-added services supporting the heavy-truck market, where operating revenues decreased \$11.4 million. At July 2, 2016, we provided value-added services at 51 locations compared to 48 at June 27, 2015.

Purchased transportation and equipment rent. Purchased transportation and equipment rental costs for the twenty-six weeks ended July 2, 2016 decreased by \$27.5 million, or 9.8%, to \$253.7 million from \$281.2 million for the twenty-six weeks ended June 27, 2015. 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 7.2% to \$383.4 million for the twenty-six weeks ended July 2, 2016 compared to \$413.2 million for the twenty-six weeks ended June 27, 2015. As a percentage of operating revenues, purchased transportation and equipment rent decreased to 47.2% for the twenty-six weeks ended July 2, 2016 from 50.3% for the twenty-six weeks ended June 27, 2015. This decrease was primarily due to a shift in the mix of intermodal and value-added service revenues, which have typically operated with lower purchased transportation and equipment rental costs. Combined intermodal and value-added service revenues comprise 41.8% of total operating revenues for the twenty-six weeks ended July 2, 2016 compared to 39.0% for same period last year.

Direct personnel and related benefits. Direct personnel and related benefit costs for the twenty-six weeks ended July 2, 2016 increased by \$24.1 million, or 22.9%, to \$129.4 million compared to \$105.3 million for the twenty-six weeks ended June 27, 2015. Trends in these expenses are generally correlated with changes in operating facilities and headcount requirements and, therefore, increase and decrease with the level of demand for our value-added services and staffing needs of our operations. The absolute increase is primarily attributable to higher than normal labor costs as we launch new value-added business awards. We expect over time these costs to return to historical levels. As a percentage of operating revenues, personnel and related benefits expenses increased to 24.1% for the twenty-six weeks ended July 2, 2016, compared to 18.8% for the twenty-six weeks ended June 27, 2015. 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 operating revenues 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 the twenty-six weeks ended July 2, 2016 decreased by \$1.9 million, or 10.3%, to \$16.5 million from \$18.4 million for the twenty-six weeks ended June 27, 2015. The absolute decrease was primarily due to the decrease in our operating revenues from transportation and intermodal 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 3.1% for the twenty-six weeks ended July 2, 2016 compared to 3.3% for the twenty-six weeks ended June 27, 2015. As a percentage of operating revenues, the decrease in commission expense is due to a shift in the mix of revenues generated by company-managed locations and in value-added services where no commissions are paid.

Operating expenses (exclusive of items shown separately). Operating expenses (exclusive of items shown separately) decreased \$8.6 million, or 15.3%, to \$47.5 million for the twenty-six weeks ended July 2, 2016, compared to \$56.1 million for the twenty-six weeks ended June 27, 2015. As a percentage of operating revenues, operating expenses (exclusive of items shown separately) decreased to 8.8% for the twenty-six weeks ended July 2, 2016 from 10.1% for the twenty-six weeks ended June 27, 2015. These expenses include items such as fuel, maintenance, cost of materials, insurance, communications, utilities and other general expenses, and generally relate to fluctuations in customer demand. The decrease in operating expenses (exclusive of items shown separately) was primarily due to decreases in fuel expense on company-owned equipment of \$4.0 million, \$2.9 million in repair and maintenance expense, \$1.4 million in licensing and permit costs, and \$0.4 million in highway use and fuel taxes.

Occupancy expense. Occupancy expense for the twenty-six weeks ended July 2, 2016 increased by \$2.3 million, or 17.2%, to \$15.7 million from \$13.4 million for the twenty-six weeks ended June 27, 2015. As a percentage of operating revenues, occupancy expense increased to 2.9% for the twenty-six weeks ended July 2, 2016 compared to 2.4% for the twenty-six weeks ended June 27, 2015. The absolute increase was primarily attributable to the increase in the number of company-leased value added service facilities. At July 2, 2016, the company leased 34 value-added service locations compared to 31 at June 27, 2015.

Selling, general and administrative. Selling, general and administrative expense for the twenty-six weeks ended July 2, 2016 decreased by \$0.8 million, or 4.4%, to \$17.5 million from \$18.3 million for the twenty-six weeks ended June 27, 2015. As a percentage of operating revenues, selling, general and administrative expense remained at 3.3% for the twenty-six weeks ended July 2, 2016 and for the twenty-six weeks ended June 27, 2015. The absolute decrease was primarily due to decreases in bad debt expense of \$0.4 million and decreases in other selling, general and administrative expenses totaling \$1.1 million. These decreases were partially offset by an increase in professional services of \$0.5 million. 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 the twenty-six weeks ended July 2, 2016 decreased by \$1.3 million, or 13.0%, to \$8.7 million from \$10.0 million for the twenty-six weeks ended June 27, 2015. As a percentage of operating revenues, insurance and claims decreased to 1.6% for the twenty-six weeks ended July 2, 2016 from 1.8% for the twenty-six weeks ended June 27, 2015. The absolute decrease was primarily the result of decreases in our auto liability insurance premiums and claims expense of \$0.9 million in our cargo and service claims expense of \$0.8 million. These decreases were partially offset by increases in our contractor insurance expense of \$0.3 million.

Depreciation and amortization. Depreciation and amortization expense for the twenty-six weeks ended July 2, 2016 decreased by \$0.2 million, or 1.1%, to \$17.7 million from \$17.9 million for the twenty-six weeks ended June 27, 2015. The decrease is primarily the result of certain other intangible assets becoming fully amortized, which was partially offset by increased depreciation expense resulting from increased capital investments throughout 2016.

Interest expense, net. Net interest expense was \$4.1 million for the twenty-six weeks ended July 2, 2016 compared to \$3.7 million for the twenty-six weeks ended June 27, 2015. The increase is primarily the result of higher outstanding debt during the period. At July 2, 2016 we had outstanding borrowings totaling \$230.4 million compared to \$221.6 million at June 27, 2015.

Other non-operating income. Other non-operating income was \$0.3 million for the twenty-six weeks ended July 2, 2016 compared to \$0.7 million for the same period last year. Included in the twenty-six weeks ended June 27, 2015 were \$0.3 million of gains on the sale of marketable securities.

Provision for income taxes. Provision for income taxes for the twenty-six weeks ended July 2, 2016 was \$10.4 million compared to \$13.5 million for the twenty-six week period ended June 27, 2015, based on effective tax rates of 38.5% and 38.6%, respectively.

Liquidity and Capital Resources

Our primary sources of liquidity are (1) funds generated by operations; (2) our availability to borrow under our \$120 million revolving credit facility with PNC Bank, under our \$20 million revolving credit facility with Comerica Bank, on margin against our marketable securities held at UBS, and from installment notes; and (3) proceeds from the sales of marketable securities. Additionally, our \$120 million revolving credit facility includes an accordion feature which would allow us to increase availability by up to \$30 million upon our request.

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.

During the twenty-six weeks ended July 2, 2016, our capital expenditures totaled \$46.1 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. Through the end of 2016, exclusive of acquisitions of businesses, we expect our capital expenditures to be in the range of \$55.0 million to \$65.0 million. The anticipated amount is somewhat higher than our historical trends. We expect to make these capital expenditures for the acquisition of transportation equipment to support our more dynamic approach to fleet management, to support our new and existing value-added service operations, and for the acquisition of real property and improvements to our existing terminal yard and container facilities.

We have 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 \$4.0 million, during the twenty-six week period ended July 2, 2016. On July 28, 2016, 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 August 8, 2016 and is expected to be paid on August 18, 2016. Declarations 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, to fund our operational needs for at least the next twelve months, and to fund mandatory debt repayments. 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, Promissory Notes and Term Loan Agreements

On December 23, 2015, Universal and certain of its U.S. wholly-owned subsidiaries entered into a combination of secured and unsecured loans with certain lenders. The loans consisted of a \$120 million revolving credit facility with PNC Bank (the “PNC Facility”), five equipment promissory notes with Key Equipment Finance totaling \$83.6 million (the “Key Equipment Notes”), a \$60 million revolving credit and term loan agreement with Comerica Bank (the “Comerica Facility”), and a \$40 million unsecured term loan with Flagstar Bank (the “Flagstar Loan”). Upon closing, the Company and subsidiaries involved borrowed approximately \$234.9 million to pay off existing indebtedness, and terminate its previous Revolving Credit and Term Loan Agreement with Comerica Bank, and to pay fees and expenses associated with the new credit agreements.

Borrowings under the PNC Facility may be made by certain U.S. subsidiary borrowers until, and mature on, December 23, 2020. Outstanding borrowings bear interest at LIBOR or a base rate, plus an applicable margin for each. The applicable margin fluctuates based on the borrowing subsidiaries’ quarterly average excess availability, as defined in the PNC Facility. Upon request, the PNC Facility may be increased by up to \$30 million and provides for up to \$3 million in letters of credit. As security for all indebtedness pursuant to the PNC facility, PNC Bank was granted a first priority perfected security interest in cash, deposits and accounts receivable of the borrowing subsidiaries and selected other assets. The credit facility includes customary affirmative and negative covenants and events of default, as well as financial covenants requiring a minimum fixed charge coverage ratio to be maintained after a triggering event, as defined in the PNC Facility. The PNC Facility also includes customary mandatory prepayments provisions. At July 2, 2016, our \$53.9 million revolver advance was secured by, among other assets, net eligible accounts receivable totaling \$92.8 million. We did not have any letters of credit issued against the credit facility and \$32.2 million was available for borrowing.

The Key Equipment Notes refinanced a substantial portion of our transportation equipment by one of our wholly-owned subsidiaries. As security for all indebtedness pursuant to the Key Equipment Notes, Key Equipment Finance was granted liens on selected titled vehicles. Additionally, the obligations under the Key Equipment Notes are guaranteed by certain wholly-owned operating subsidiaries of the Company in connection with each such subsidiary’s lease of equipment. The Key Equipment Notes also include financial covenants requiring the borrowing subsidiary to maintain a ratio of operating cash flow to fixed charges of not less than 1.1:1, as defined in the agreement. At July 2, 2016, the outstanding balance on the Key Equipment Notes totaled \$72.5 million. The Key Equipment Notes are payable in 60 monthly installments and bear interest at a fixed rate of 3.75%.

The Comerica Facility provides for aggregate borrowing facilities of up to \$60 million to our Westport Axle Corporation subsidiary. The Comerica Facility consists of a \$40 million term loan and a \$20 million revolver. Additionally, the Comerica Facility provides for up to \$2 million in letters of credit. Borrowings under the term loan were advanced on December 23, 2015 and mature on December 23, 2020. The term loan must be repaid in 20 equal quarterly installments of \$1.5 million over five years beginning March 1, 2016, with any remaining balance due at maturity. Borrowings under the revolving credit facility may be made until, and mature on, December 23, 2020. Borrowings under the Comerica Facility bear interest at LIBOR or a base rate, plus an applicable margin for each. The applicable margin fluctuates based on Westport’s total debt to EBITDA ratio, as defined in the Comerica Facility.

The Comerica Facility requires us to repay the borrowings as follows: 50% (which percentage shall be reduced to 0% subject to Westport attaining a certain leverage ratio) of Westport’s annual excess cash flow, as defined; 100% of the net cash proceeds if we sell Westport’s machining division; 50% of net proceeds from certain equity issuances; 100% of proceeds from the issuance of certain indebtedness; and 100% of net proceeds from the sale of certain assets, insurance and condemnation proceeds.

As security for all indebtedness under the Comerica Facility, Westport granted a first perfected security interest on all of its tangible and intangible property and in assets acquired in the future. The Company also pledged 100% of its equity interest in Westport. The Comerica Facility also contains a “springing” guaranty requiring the Company to guarantee the indebtedness under certain events, as defined in the Comerica Facility. The Comerica Facility includes financial covenants requiring Westport to maintain a minimum fixed charge coverage ratio, minimum quarterly EBITDA amounts, as defined in the credit agreement, and a maximum debt to EBITDA ratio, as well as customary affirmative and negative covenants and events of default. At July 2, 2016, there were no letters of credit issued under the Comerica Facility, and the outstanding balance was \$39.5 million. At July 2, 2016, our \$2.5 million revolver advance was secured by, among other assets, net eligible accounts receivable and inventory totaling \$14.6 million and \$5.0 million, respectively. At July 2, 2016, availability, as defined in the Comerica Facility, was \$12.4 million.

Proceeds of the \$40 million Flagstar Loan were advanced on December 23, 2015, and the outstanding principal balance was due on or before July 15, 2016. Borrowings under the Flagstar Loan bear interest at LIBOR, plus 3.5%, and interest on the unpaid balance is payable monthly commencing on February 1, 2016. On June 21, 2016, a wholly-owned subsidiary of the Company, entered into a Loan and Financing Agreement with Flagstar, along with ten accompanying promissory notes and commercial mortgages (collectively, the “Real Estate Credit Agreement”) totaling approximately \$32.8 million to refinance a portion of the Company’s existing indebtedness with Flagstar pursuant to the \$40 million unsecured term loan. The promissory notes bear interest at a rate of LIBOR plus 2.25%, and will be repaid in consecutive monthly installment payments, plus interest, beginning July 1, 2016. The promissory notes are due on or before June 30, 2026. At July 2, 2016, the aggregate principal outstanding pursuant to the ten promissory notes was \$32.5 million and the remaining balance on the unsecured term loan was \$3.6 million.

As security for all indebtedness pursuant to the Real Estate Credit Agreement, Flagstar was granted first mortgages and assignment of leases on specific parcels of real estate and improvements included in the collateral pool, as defined in the agreement. Except for obligations subject to interest rate swap agreements with Flagstar, as defined in the Real Estate Credit Agreement, UTSI Finance may prepay all or a portion of the loans, plus applicable breakage charges and fees. The Real Estate Credit Agreement also contains customary affirmative and negative covenants and events of default, and requires UTSI Finance to maintain a debt service coverage ratio of not less than 1.02:1, as defined in the Real Estate Credit Agreement. The first test for compliance is due after the fourth quarter of 2016.

During the twenty-six weeks ended July 2, 2016, a wholly-owned subsidiary of the Company entered into installment obligations totaling approximately \$29.3 million for the purpose of purchasing revenue equipment. The promissory notes will be repaid in 60 monthly installments at interest rates ranging from 3.23% to 3.69%. At July 2, 2016, the aggregate principal outstanding balance pursuant to the promissory notes totaled \$28.4 million.

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 1.10%, 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 July 2, 2016, there was no outstanding balance under the line of credit, and the maximum available borrowings against the line of credit were \$7.4 million.

Discussion of Cash Flows

At July 2, 2016, we had cash and cash equivalents of \$4.0 million compared to \$12.9 million at December 31, 2015. Net cash provided by operating activities was \$46.1 million, while we used \$44.1 million in investing activities and \$10.5 million in financing activities.

The \$46.1 million in net cash provided by operations was primarily attributed to \$16.5 million of net income, which reflects non-cash depreciation and amortization, losses on the sales of property and equipment, amortization of debt issuance costs, stock-based compensation, provisions for doubtful accounts and a change in deferred income taxes totaling \$18.3 million, net. Net cash provided by operating activities also reflects an aggregate decrease in net working capital totaling \$11.3 million. The aggregate decrease in working capital is primarily the result of an increase in trade accounts payable outstanding at the end of the period. This decrease was partially offset by a decline in other long-term liabilities and an increase in trade and other accounts receivable and in prepaid income taxes, prepaid expenses and other assets. Affiliate transactions increased net cash provided by operating activities during the twenty-six weeks ended July 2, 2016 by \$1.8 million. The increase consisted of an increase in accounts payable to affiliates of approximately \$2.0 million, which was partially offset by an increase in accounts receivable of approximately \$0.1 million.

The \$44.1 million in net cash used in investing activities consisted of \$46.1 million of capital, partially offset by \$2.0 million in proceeds from the sale of property and equipment.

We also used \$10.5 million in net cash in financing activities. We paid cash dividends of \$4.0 million and \$1.7 million in capital lease obligations. We had outstanding borrowings totaling \$230.4 million at July 2, 2016 compared to \$234.9 million at December 31, 2015. We made \$124.0 million of principal repayments and borrowed \$119.4 million, including \$32.8 million in real estate notes to refinance a portion of a term loan and \$29.3 million in new equipment notes.

Off Balance Sheet Arrangements

None.

Critical Accounting Policies

A summary of critical accounting policies is presented in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies," of our Form 10-K for the year ended December 31, 2015. There have been no changes in our accounting policies during the thirteen weeks ended July 2, 2016.

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 and August 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. Prolonged adverse weather conditions, particularly in winter months, can also adversely impact margins due to productivity declines and related challenges meeting customer service requirements.

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.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have not been any material changes to the Company's market risk during the thirteen weeks ended July 2, 2016. For additional information, please see the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

ITEM 4: 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 or 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 July 2, 2016, 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.

Internal Controls

There have been no changes in our internal controls over financial reporting during the thirteen weeks ended July 2, 2016 identified in connection with our evaluation that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

ITEM 1: 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 1A: RISK FACTORS

There have been no material changes to our risk factors as previously disclosed in Item 1A to Part 1 of our Form 10-K for the fiscal year ended December 31, 2015.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On June 30, 2014, 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. There have not been any purchases of shares under this authorization. The Company did, however, acquire 131 shares for \$2,150 related to employee withholding upon vesting of restricted stock during the second fiscal quarter of 2016.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5: OTHER INFORMATION

On August 8, 2016, UTSI Finance, Inc., a wholly-owned subsidiary of Universal Logistics Holdings, Inc. (collectively, the “Company”), entered into and closed on a purchase agreement with Crown Enterprises, Inc. (the “Seller”) for a multi-building, cross-dock logistics terminal located in Romulus, Michigan. The Seller is a subsidiary of CenTra, Inc., which is a related party, and the transaction was approved by the Company’s Audit Committee. The purchase price, which was established by an independent third party appraisal, is payable pursuant to a promissory note in the principal amount of \$22,500,000. The note is payable in 120 monthly payments of principal and accrued interest starting September 15, 2016, and it bears interest at a fixed rate of 3.5% per annum. The Company may prepay the note at any time, in whole or in part, without premium or penalty. Copies of the purchase agreement and note are attached to this Form 10-Q as Exhibits 10.5 and 10.6, respectively.

ITEM 6: EXHIBITS

The exhibits listed on the Exhibit Index are furnished as part of this quarterly report on Form 10-Q.

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004)
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 on Form 8-K filed on November 1, 2012)
3.3	Certificate of Amendment to Restated Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on May 2, 2016)
3.4	Fourth Amended and Restated Bylaws, as amended effective April 28, 2016 (Incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on May 2, 2016)
4.1	Amended and Restated Registration Rights Agreement, dated as of July 25, 2012, among the 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)
10.1	Loan and Financing Agreement dated as of June 21, 2016 between UTSI Finance and Flagstar Bank (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 27, 2016).
10.2	Promissory Note No. 1 dated as of June 21, 2016 by UTSI Finance in favor of Flagstar (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on June 27, 2016).
10.3	Commercial Mortgage dated as of June 21, 2016 between UTSI Finance and Flagstar (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on June 27, 2016).
10.4	Schedule of Agreements Substantially Identical in All Material Respects to the Agreements Filed as Exhibits 10.2 and 10.3 to the Registrant's Current Report on Form 8-K filed on June 27, 2016 (Incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on June 27, 2016).
10.5*	Purchase Agreement dated as of August 8, 2016 between UTSI Finance and Crown Enterprises.
10.6*	Promissory Note in the principal amount of \$22,500,000, dated as of August 8, 2016, with UTSI Finance and Crown Enterprises.
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 Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Labels Linkbase Document
101.PRE*	XBRL Presentation Linkbase Document

* Filed herewith.

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

Universal Logistics Holdings, Inc.
(Registrant)

Date: August 11, 2016

By: /s/ Jude Beres

Jude Beres
Chief Financial Officer

Date: August 11, 2016

By: /s/ Jeff Rogers

Jeff Rogers
Chief Executive Officer

PURCHASE AGREEMENT

This Purchase Agreement (the “Agreement”), dated as of August 8, 2016 (the “Effective Date”), is between UTSI Finance, Inc., a Michigan corporation whose address is 12755 E. Nine Mile Road, Warren, Michigan 48089 (“Purchaser”), and Crown Enterprises, Inc., a Michigan corporation whose address is 12225 Stephens Road, Warren Michigan 48089 (“Seller” and, together with Purchaser, the “Parties”).

Recitals:

A. Seller is the fee title owner of property and all improvements situated in the City of Romulus, County of Wayne and State of Michigan, commonly known as 28925 - 29129 Ecorse Road, Romulus, Michigan, more particularly described on Exhibit A (collectively, the “Property”).

B. The improvements on the Property include a multi-building, cross-dock logistics terminal that Purchaser leases from Seller on a month-to-month basis. The Property is an important strategic asset of Purchaser, the terminal’s size and configuration make it a unique facility that is not easily replicated anywhere nationally, and the Property is located in a geographic area immediately adjacent to an international airport of very high demand

C. An independent third party appraisal of the Property established that the fair market value of the Property is \$22,500,000.00 (the “Appraised Value”).

D. Purchaser desires to purchase the Property from Seller on the terms and subject to the conditions set forth in this Agreement.

Accordingly, the Parties agree as follows:

Agreement:

1. Purchase and Sale. Purchaser hereby purchases the Property from Seller, subject to the terms and conditions in this Agreement, together with the following: (a) All buildings and improvements on the Property; (b) any and all rights and appurtenances pertaining to the Property, including any right, title and interest of Seller in and to adjacent easements, streets, roads, alleys and rights-of-way; (c) any and all rights, remedies and warranties related to the foregoing in favor of Seller; and (d) such other rights, interests and properties as may be specified in this Agreement. Any subsequent references in this Agreement to the Property are deemed to include the items identified in (a) through (d) above.

2. Purchase Price. The purchase price for the Property is the Appraised Value (the “Purchase Price”). The Purchase Price is payable by Purchaser pursuant to a promissory note, the form of which is attached as Exhibit B (the “Note”). After the Closing, Purchaser shall use commercially reasonable efforts to refinance its obligations under the Note with a commercial lender on terms and subject to such conditions that are acceptable to Purchaser in its sole discretion.

3. Closing. The sale of the Property (the “Transaction”) shall occur at a closing (the “Closing”) on or before the 10th calendar day following satisfaction of each of the items set forth in Section 4 of this Agreement (such date, the “Closing Date”). The Closing will be administered by a title company mutually acceptable to the Parties (the “Title Company”), and the Closing will occur at the office of the Title Company at a mutually convenient time. The Title Company’s fees and expenses will be paid by Seller.

4. Conditions to Closing. The Closing of the Transaction is conditioned on satisfaction of the following conditions on or before the Closing Date: (a) Seller’s execution and delivery of a Warranty Deed and Real Estate Transfer Valuation Affidavit in recordable form, conveying to Purchaser or its assignee or designee fee simple and valid, marketable title to the Property; (b) Purchaser’s execution and delivery of the Note; (c) execution and delivery by the Parties and the Title Company of a closing settlement statement and payment of each of the items set forth in the closing statement; (d) the Title Company’s issuance to Purchaser of a title insurance policy in the form contemplated by Section 6 of this Agreement; and (e) execution, delivery and performance of any other documents and tasks that the Title Company may require in order to convey title to the Property.

5. Condition of Title. Seller will convey and deliver to Purchaser on the Closing Date fee simple and valid, marketable title to the Property free of all tenancies and purchase options and rights of first refusal and subject only to the following exceptions: (a) Any liens for unpaid real property taxes that are not delinquent as of the Closing Date; (b) building and use restrictions, easements of record and zoning ordinances that would not prohibit Purchaser from utilizing the Property for its intended use; (c) any other easements, liens, exceptions and encumbrances that are approved in writing by Purchaser prior to or on the Closing Date; and (d) any liens and

encumbrances that have occurred by any acts of the Purchaser after the Effective Date (collectively, the “Permitted Exceptions”).

6. Title Insurance.

(a) Purchaser will obtain a commitment for a title insurance policy, and Seller will pay for a policy of title insurance guaranteeing fee simple title at the Closing, in an amount equal to the Purchase Price. The title insurance policy will insure good and valid, marketable title to Purchaser subject only to those easements and building and use restrictions, if any, described in the commitment and approved by Purchaser in accordance with this Agreement.

(b) If Purchaser objects to the condition of title, within 10 calendar days from receipt of the commitment for title insurance, Seller will have up to 20 days after notification in writing of the particular defects either to fulfill the requirements in the commitment and remove the defect or provide a commitment from the Title Company to insure over the defects. If Seller’s reasonable efforts to remedy the defect fail, then Purchaser may elect to accept title to the Property with the defects shown on the title commitment or terminate this Agreement. If Purchaser fails to notify Seller of any defects within 10 calendar days of receipt of the commitment for title insurance, Purchaser will be deemed to have agreed to accept title to the Property subject to restrictions in the title insurance commitment and shall proceed to perform all of its obligations under this Agreement.

7. Representations and Warranties. Seller represents and warrants to Purchaser as of the Effective Date and as of the Closing Date that: (a) The Property consists of the parcels described on Exhibit A; (b) no litigation that affects title to or possession of the Property is pending or, to Seller’s knowledge, has been threatened in writing against Seller, and Seller has no knowledge of any person other than Seller possessing any interest whatsoever in the Property; (c) no person other than Purchaser will be entitled to possession of the Property on the Closing Date; and (d) Seller has not contracted for any service at the Property which binds Purchaser as a successor in interest. If any of the representations and warranties made by Seller in this Section are not true on the Effective Date or on the Closing Date, Purchaser will have the right to waive any breach of the representations and warranties and complete the Transaction or to terminate this Agreement with no further obligation to Seller.

8. Tax Proration. Any real estate taxes and special assessments on the Property that are delinquent on the Closing Date will be paid by Seller. All current real estate taxes will be prorated among the Parties on a due date basis at Closing. Seller will pay for the real estate transfer tax imposed on the transfer of title to the Property.

9. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

10. Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

11. Entire Agreement. This Agreement constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

12. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns. Subject to the following sentence, neither Party may assign its rights or obligations without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing sentence, Purchaser may, without the prior written consent of Seller, assign all or any portion of its rights and obligations under this Agreement to any direct or indirect subsidiary of Universal Logistics Holdings, Inc., a Michigan corporation. No assignment shall relieve the assigning party of any of its obligations hereunder.

13. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns and, except as provided in Section 12, nothing in this Agreement is intended to or shall confer upon any other person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement.

14. Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party. No waiver by any

Party of any of the provisions of this Agreement shall be effective unless explicitly set forth in writing and signed by the Party so waiving.

15. Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Michigan without giving effect to any choice or conflict of law provision or rule (whether of the State of Michigan or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Michigan. Any legal suit, action or proceeding arising out of or based upon this agreement or the transactions contemplated hereby may be instituted in the courts of the State of Michigan located in the Counties of Macomb or Wayne, and each Party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. The Parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

16. Waiver of Jury Trial. Each Party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the Transaction. Each Party certifies and acknowledges that (a) no representative of any other party has represented, expressly or otherwise, that such other Party would not seek to enforce the foregoing waiver in the event of a legal action, (b) such Party has considered the implications of this waiver, (c) such Party makes this waiver voluntarily, and (d) such Party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signatures appear on next page.]

IT WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the Effective Date.

PURCHASER:

SELLER:

UTSI Finance, Inc.

Crown Enterprises, Inc.

By: /s/ Jeff Rogers

By: /s/ Michael A. Samhat

Name: Jeff Rogers

Name: Michael A. Samhat

Title: President

Title: President

WITNESS:

WITNESS:

/s/ Steven Fitzpatrick

/s/ Ronald Patti

Signature

Signature

Steven Fitzpatrick

Ronald Patti

Name: Steven A. Fitzpatrick

Name: Ronald Patti

Exhibit A

Legal Description for the Property

Land situated in the City of Romulus, County of Wayne and State of Michigan, commonly known as 28925 - 29129 Ecorse Road, Romulus, Michigan, and more particularly described as follows:

12J, L2A8 TO 11, M56-72; PART OF NW ¼ SECTION 12, T3S-R9E, BEGINNING S89E24'22"E 340.00 FEET FROM NW CORNER OF SECTION 12, THENCE S89E24'22"E 985.73 FEET, THENCE S00E19' 56"W 979.13 FEET, THENCE S00E03'W 422.07 FEET, THENCE N89E32'45"W 659.48 FEET, THENCE DUE SOUTH 65.39 FEET, THENCE N89E26'00"W 330.00 FEET, THENCE DUE NORTH 330.00 FEET, THENCE S89E26'00"E 330.00 FEET, THENCE DUE NORTH 156.16 FEET, THENCE N89E41'30"W 30.00 FEET, THENCE DUE NORTH 268.20 FEET, THENCE N89E41'30"W 570.00 FEET, THENCE DUE NORTH 66.00 FEET, THENCE S89E41'30"E 570.00 FEET, THENCE DUE NORTH 264.00 FEET, THENCE N89E41'30"W 290.00 FEET, THENCE DUE NORTH 385.65 FEET, EXCLUDING NORTH 60.00 FEET THEREOF; ALSO WEST ½ OF NE ¼ OF NW ¼ OF SECTION 12 (±46.49 ACRES)

Tax Identification No. 82-80-046-99-0001-700.

Exhibit B

Form of Promissory Note

\$22,500,000.00

August 8, 2016

UTSI Finance, Inc., a Michigan corporation (“Borrower”), hereby promises to pay to the order of Crown Enterprises, Inc., a Michigan corporation (“Holder”), the principal sum of \$22,500,000.00 in lawful money of the United States of America (the “Principal”), with interest on the Principal (“Interest”) as set forth in this promissory note (the “Note”), to be paid in the manner set forth in this Note.

Interest on the Principal outstanding under this Note shall accrue from August 8, 2016 (the “Effective Date”) and be due and payable at a fixed rate of 3.5% per annum (the “Interest Rate”). Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payment of the Principal and Interest shall be made to Holder at 12225 Stephens Road, Warren, MI 48089 or at such other place as Holder may designate from time to time in writing. Principal and Interest shall be due and payable in 120 consecutive monthly installments payable in arrears, with 120 payments in an amount equal to \$222,493.20, commencing and payable on September 15, 2016 and on the first day of each month thereafter (each, a “Note Payment Date”) until August 15, 2026. Borrower may prepay, at any time and in whole or in part, the Principal and accrued Interest, without any premium or penalty.

If this Note is placed in the hands of an attorney for collection, by suit or otherwise, or to protect the security for its payment, or to enforce its collection, or to represent the rights of Holder in connection with any loan documentation, or to defend successfully against any claim, cause of action or suit brought by Borrower against Holder, Borrower shall pay on demand all costs of collection and litigation (including court costs), together with reasonable attorneys’ fees on a time and charges basis.

Borrower waives protest, demand, presentment and notice of dishonor, and agrees that this Note may be extended, in whole or in part, without limit as to the number of such extensions, or the period or periods thereof, and without notice to it and without affecting its liability thereon.

It is the intention of Holder and Borrower to comply strictly with all applicable usury laws and, accordingly, in no event and upon no contingency shall Holder ever be entitled to receive, collect, or apply as interest any interest, fees, charges, or other payments equivalent to interest, in excess of the maximum rate which Holder may lawfully charge under applicable statutes and laws from time to time in effect. In the event that Holder receives, collects, or applies as interest, any such excess, such amount which, but for this provision, would be excessive interest, shall be applied to the reduction of the principal amount of the indebtedness evidenced hereby. If the principal amount of the indebtedness evidenced hereby, and all lawful interest thereon, is paid in full, any remaining excess shall forthwith be paid to the Borrower, or other party lawfully entitled thereto. All interest paid or agreed to be paid by the Borrower shall, to the maximum extent permitted under applicable law, be amortized, pro-rated, allocated and spread throughout the full period until payment in full of the principal so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. Any provision hereof, or of any other agreement between Holder and Borrower, that operates to bind, obligate, or compel the Borrower to pay interest in excess of such maximum lawful contract rate shall be construed to require the payment of the maximum rate only. The provisions of this paragraph shall be given precedence over any other provision contained herein or in any other agreement between Holder and Borrower that is in conflict with the provisions of this paragraph.

This Note shall be governed and construed according to the laws of the State of Michigan.

BORROWER:

UTSI Finance, Inc.

By: _____

Name: Jeff Rogers

Title: President

Promissory Note

\$22,500,000.00

August 8, 2016

UTSI Finance, Inc., a Michigan corporation ("Borrower"), hereby promises to pay to the order of Crown Enterprises, Inc., a Michigan corporation ("Holder"), the principal sum of \$22,500,000.00 in lawful money of the United States of America (the "Principal"), with interest on the Principal ("Interest") as set forth in this promissory note (the "Note"), to be paid in the manner set forth in this Note.

Interest on the Principal outstanding under this Note shall accrue from August 8, 2016 (the "Effective Date") and be due and payable at a fixed rate of 3.5% per annum (the "Interest Rate"). Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payment of the Principal and Interest shall be made to Holder at 12225 Stephens Road, Warren, MI 48089 or at such other place as Holder may designate from time to time in writing. Principal and Interest shall be due and payable in 120 consecutive monthly installments payable in arrears, with 120 payments in an amount equal to \$222,493.20, commencing and payable on September 15, 2016 and on the first day of each month thereafter (each, a "Note Payment Date") until August 15, 2026. Borrower may prepay, at any time and in whole or in part, the Principal and accrued Interest, without any premium or penalty.

If this Note is placed in the hands of an attorney for collection, by suit or otherwise, or to protect the security for its payment, or to enforce its collection, or to represent the rights of Holder in connection with any loan documentation, or to defend successfully against any claim, cause of action or suit brought by Borrower against Holder, Borrower shall pay on demand all costs of collection and litigation (including court costs), together with reasonable attorneys' fees on a time and charges basis.

Borrower waives protest, demand, presentment and notice of dishonor, and agrees that this Note may be extended, in whole or in part, without limit as to the number of such extensions, or the period or periods thereof, and without notice to it and without affecting its liability thereon.

It is the intention of Holder and Borrower to comply strictly with all applicable usury laws and, accordingly, in no event and upon no contingency shall Holder ever be entitled to receive, collect, or apply as interest any interest, fees, charges, or other payments equivalent to interest, in excess of the maximum rate which Holder may lawfully charge under applicable statutes and laws from time to time in effect. In the event that Holder receives, collects, or applies as interest, any such excess, such amount which, but for this provision, would be excessive interest, shall be applied to the reduction of the principal amount of the indebtedness evidenced hereby. If the principal amount of the indebtedness evidenced hereby, and all lawful interest thereon, is paid in full, any remaining excess shall forthwith be paid to the Borrower, or other party lawfully entitled thereto. All interest paid or agreed to be paid by the Borrower shall, to the maximum extent permitted under applicable law, be amortized, pro-rated, allocated and spread throughout the full period until payment in full of the principal so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. Any provision hereof, or of any other agreement between Holder and Borrower, that operates to bind, obligate, or compel the Borrower to pay interest in excess of such maximum lawful contract rate shall be construed to require the payment of the maximum rate only. The provisions of this paragraph shall be given precedence over any other provision contained herein or in any other agreement between Holder and Borrower that is in conflict with the provisions of this paragraph.

This Note shall be governed and construed according to the laws of the State of Michigan.

BORROWER:

UTSI Finance, Inc.

By: /s/ Jeff Rogers

Name: Jeff Rogers

Title: President

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

I, Jeff Rogers, certify that:

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

Date: August 11, 2016

/s/ Jeff Rogers

Jeff Rogers

Chief Executive Officer

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

I, Jude Beres, certify that:

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

Date: August 11, 2016

/s/ Jude Beres

Jude Beres

Chief Financial Officer

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

In connection with the Quarterly Report, or the Report, of Universal Logistics Holdings, Inc., or the Company, on Form 10-Q for the period ended July 2, 2016, as filed with the Securities and Exchange Commission on the date hereof, each of the undersigned, Jeff Rogers, as Chief Executive Officer of the Company, and Jude Beres, as Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, respectively, that (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2016

/s/ Jeff Rogers

Jeff Rogers
Chief Executive Officer

/s/ Jude Beres

Jude Beres
Chief Financial Officer

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