



UNIVERSAL

LOGISTICS HOLDINGS, INC.



2021

**NOTICE OF ANNUAL MEETING,
PROXY STATEMENT AND
ANNUAL REPORT**

UNIVERSAL LOGISTICS HOLDINGS, INC.
12755 E. Nine Mile Road
Warren, Michigan 48089
(586) 920-0100
www.universallogistics.com

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held on May 4, 2022**

To our Shareholders:

You are cordially invited to attend the 2022 annual meeting of shareholders of Universal Logistics Holdings, Inc., a Michigan corporation. The meeting will be held at our corporate headquarters located at 12755 E. Nine Mile Road, Warren, Michigan 48089, on May 4, 2022, at 10:00 a.m. local time.

The meeting is being held for the following purposes:

1. To consider and act upon a proposal to elect 10 director nominees;
2. To ratify the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for 2022;
3. To consider and act upon a proposal to amend the Company's 2014 Amended and Restated Stock Incentive Plan to increase the number of shares of common stock authorized for issuance under the plan by 200,000 shares; and
4. To transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

The foregoing matters are more fully described in the accompanying proxy statement.

The board of directors has fixed the close of business on Friday, March 11, 2022, as the record date for the determination of shareholders entitled to receive notice of and to vote at the meeting or any adjournment thereof.

By order of the board of directors,

/s/ Steven Fitzpatrick

STEVEN FITZPATRICK
*Vice President – Finance and Investor Relations,
Secretary*

March 31, 2022

Your Vote Is Important

Whether or not you plan to attend the meeting in person, you are urged to promptly submit your proxy so that your shares may be voted in accordance with your wishes and the presence of a quorum may be assured. Your prompt action will help us reduce the expense of proxy solicitation.

Universal Logistics Holdings, Inc.

Proxy Statement

For the Annual Meeting of Shareholders

To Be Held on May 4, 2022

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Universal Logistics Holdings, Inc.

**Annual Meeting of Shareholders
May 4, 2022**

PROXY STATEMENT

This proxy statement and form of proxy are furnished in connection with the solicitation of proxies on behalf of the board of directors of Universal Logistics Holdings, Inc. for use at our annual meeting of shareholders and any adjournments thereof. The meeting will be held at our corporate headquarters located at 12755 E. Nine Mile Road, Warren, Michigan 48089, on May 4, 2022, at 10:00 a.m. local time. The telephone number for our principal executive office is (586) 920-0100.

This proxy statement and form of proxy are being mailed to shareholders on or about March 31, 2022.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 4, 2022**

Our combined proxy statement and 2021 annual report to shareholders, which includes our annual report on Form 10-K, are available at www.proxyvote.com.

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

What is the purpose of the annual meeting?

At the meeting, shareholders will act upon the matters outlined in the accompanying notice of meeting. Those matters include electing our directors, ratifying the appointment of our independent public accounting firm, and amending our stock incentive plan by increasing the number of shares that may be issued under the plan by 200,000 shares. We will also consider such other business as may properly come before the meeting.

Who is entitled to vote?

Only shareholders of record at the close of business on the record date, March 11, 2022, are entitled to receive notice of the meeting and to vote their shares at the meeting. Holders of our common stock are entitled to one vote per share.

What is the difference between a shareholder of record and a street name holder?

These terms describe how your shares are held. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, you are a shareholder of record. If your shares are held in the name of a broker, bank, trust, or other nominee as a custodian, you are a street name holder.

Who can attend the annual meeting?

All shareholders as of the record date or their duly appointed proxies may attend the meeting. Attendees may be subject to health screening procedures consistent with practices advised by governmental authorities or otherwise then in effect for visitors entering the meeting location, and seating may be limited to comply with applicable governmental guidelines.

What is required for admission to the annual meeting?

The Company asks that shareholders planning to attend the meeting notify the Company at least 24 hours in advance of the meeting by contacting our secretary, Steven Fitzpatrick, at (586) 920-0100. Shareholders who are street name holders must also bring a copy of a brokerage statement reflecting their ownership as of the record date in order to attend the meeting. Shareholders who vote their shares by proxy do not need to attend the meeting. The Company urges all shareholders to promptly submit their proxy for the meeting regardless of whether you plan to attend in person. Your vote is important.

What is a proxy?

A proxy is your legal designation of another person to vote on your behalf. By completing and returning the enclosed proxy card, you are giving the persons appointed as proxies by our board of directors the authority to vote your shares as indicated on the proxy card.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of our common stock outstanding and entitled to vote on the record date will constitute a quorum, permitting business to be conducted at the meeting. As of the record date, 26,802,973 shares of our common stock were outstanding and entitled to vote. Proxies that are received and marked as withholding authority, abstentions, and broker non-votes will be included in the calculation of the number of shares considered to be represented at the meeting.

How do I vote?

You may vote by mail or by following the alternative voting procedures described on the accompanying proxy card. If you complete, sign and return the proxy card, it will be voted as you direct. If no choice is specified on a signed proxy card, the persons named as proxies will vote in accordance with the recommendations of the board, as set out below.

If you hold shares in street name through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Under current stock exchange rules, brokers who do not have instructions from their customers may not use their discretion in voting their customers' shares on certain specific matters that are not considered to be routine matters, including the election of directors, executive compensation, and other significant matters. The proposals in this proxy statement to elect directors and to amend the 2014 Stock Plan are not considered to be routine matters. **Therefore, without your specific instructions, your shares will not be voted on these matters and will not be counted in determining the number of shares necessary for approval.** Shares represented by such broker non-votes, however, will be counted in determining whether there is a quorum. You should follow the directions provided by your nominee regarding instructions on how to vote your shares.

The ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm is considered a routine matter; therefore, if beneficial owners fail to give voting instructions, then brokers, banks and other nominees will have the discretionary authority to vote shares of our common stock with respect to this proposal.

You may vote in person at the meeting if you are a shareholder of record as of the record date.

The authorized capital stock of ULH consists of 100,000,000 shares of common stock, no par value. As of the close of business on March 11, 2022, there were 26,802,973 shares of common stock eligible to vote.

What is a broker non-vote?

Generally, a broker non-vote occurs when a broker, bank or other nominee holding shares in street name for a customer is precluded from exercising voting discretion on a particular proposal because:

- (1) the beneficial owner has not instructed the nominee on how to vote, and
- (2) the nominee lacks discretionary voting power to vote such issues.

Under NASDAQ rules, a nominee does not have discretionary voting power with respect to the approval of non-routine matters absent specific voting instructions from the beneficial owners of such shares.

What are the board's recommendations?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the board. The board's recommendations are set forth together with each proposal in this proxy statement. In summary, the board recommends a vote:

- **"FOR"** the election of the nominated slate of directors.
- **"FOR"** the ratification of the appointment of Grant Thornton LLP as ULH's independent registered public accounting firm.
- **"FOR"** the amendment to the 2014 Plan.

What vote is required to approve each proposal?

- **Election of Directors.** The affirmative vote of the holders of shares of our common stock representing a plurality of the shares of our common stock voting on the matter is required for the election of directors. Votes withheld and broker non-votes are not counted toward a nominee's total number of votes.
- **Other Proposals.** For each other proposal, the votes cast in favor of the proposal must exceed the number of votes cast opposing the proposal, assuming a quorum is present, for approval. A properly executed proxy marked "ABSTAIN" or not marked at all with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, abstentions and broker non-votes will not count either in favor of or against the proposal.

Are there other matters to be voted on at the meeting?

As of the date of this proxy statement, our board does not know of any other matters that may come before the meeting. Should any other matter requiring a vote of the shareholders arise and be properly presented at the meeting, the proxy included with this proxy statement confers upon the persons named in the proxy and designated to vote the shares discretionary authority to vote or otherwise act with respect to any such matter in accordance with their best judgment.

Can I revoke or change my proxy after I return my proxy card?

Yes. Any proxy may be revoked by a shareholder at any time before it is exercised at the meeting by delivering to our secretary a written notice of revocation or a duly executed proxy bearing a later date, or by voting in person at the meeting.

Who is paying for the expenses involved in preparing and mailing this proxy statement?

We are paying the expenses involved in preparing, assembling, and mailing these proxy materials and all costs of soliciting proxies. Our executive officers and other employees may solicit proxies, without additional

compensation, personally and by telephone and other means of communication. We will reimburse brokers and other persons holding our common stock in their names or in the names of their nominees for their reasonable expenses in forwarding proxy materials to beneficial owners.

How many directors are there?

Our fifth amended and restated bylaws provide that the number of directors shall not be less than one nor more than 13 members, with the precise number to be fixed by resolution of the board. Currently, we have 10 directors. The board has recommended 10 nominees for election at the meeting.

How long do directors serve?

Our bylaws provide that each director holds office until the subsequent annual meeting of shareholders after the director's election and until a successor is elected and qualified, or until the director's earlier resignation, removal from office, or death. The shareholders of the Company elect successors for directors whose terms have expired at the meeting. The board elects members to fill new membership positions and vacancies in unexpired terms on the board.

Do the shareholders elect the executive officers?

No. Executive officers are elected by the board and hold office until their successors are elected and qualified or until the earlier of their death, retirement, resignation or removal.

Our Website

We maintain a website at www.universallogistics.com. The information on our website is not a part of this proxy statement, and it is not incorporated into any other filings we make with the SEC.

Whether or not you plan to attend the annual meeting, you are urged to promptly submit your proxy.

PROPOSAL ONE

ELECTION OF DIRECTORS

Our board of directors currently consists of 10 directors. Members of our board are elected annually to serve until the next annual meeting of shareholders or until their successors are elected and qualified. Our board has nominated for election each of the current directors. The biography of each of the nominees below contains information regarding the person's service as director, business experience, director positions held currently or at any time during the last five years, and the experience, qualifications, attributes, or skills that caused the board to determine that the person should serve as a director.

Grant E. Belanger

Director Since 2016

Grant E. Belanger, age 61, is currently a principal of G. Belanger Consultants LLC, a management consulting firm. Mr. Belanger retired in 2015 from Ford Motor Company. There, he held various management positions for 30 years, including executive director of Material Planning and Logistics. Mr. Belanger previously served as a member of the board of directors of Ford Otosan, a publicly traded joint venture between Ford and Koc Holding located in Kocaeli, Turkey. He currently serves on our audit committee. Mr. Belanger brings to the board demonstrated leadership abilities and a keen understanding of the transportation, logistics, and manufacturing businesses, both domestically and internationally. His ability to offer the original equipment manufacturer (OEM) perspective on critical business issues is invaluable to the board.

Frederick P. Calderone

Director Since 2009

Frederick P. Calderone, age 71, retired in 2016 after over 20 years of service as a vice president of a diversified holding company headquartered in Warren, Michigan. During his career, Mr. Calderone was widely recognized for his expertise in corporate, partnership and individual income tax matters; estate planning; tax planning for multinational businesses; mergers, acquisitions and commercial transactions; tax controversies and litigation; and corporate accounting. Earlier in his career, Mr. Calderone was a partner with Deloitte, Haskins, & Sells. Mr. Calderone has also served as a member of the board of directors of P.A.M. Transportation Services, Inc. (NASDAQ: PTSI) since 1998. Mr. Calderone possesses a long history of advising and providing executive oversight to transportation and logistics companies. With his thorough understanding of financial reporting, generally accepted accounting principles, financial analytics, taxation, and budgeting, Mr. Calderone brings to the board a unique combination of expertise in accounting, strategic planning, and finance.

Daniel J. Deane

Director Since 2009

Daniel J. Deane, age 66, has served as president of Nicholson Terminal & Dock Company since 1990. Mr. Deane also serves as president of Shamrock Chartering Company and has been a member of the Society of Naval Architects and Marine Engineers since 1985. He is a member of the International Stevedoring Council. Previously, Mr. Deane served on the board of Southern Wayne County Regional Chamber and is a past president of the Port of Detroit Operators Association. He currently serves on our audit committee. Mr. Deane possesses significant experience in operations, management, finance, and strategic planning for various companies in the transportation industry. His deep knowledge of not only operators providing numerous modes of transportation services but also the practices and procedures of OEMs and other shippers qualifies Mr. Deane as an instrumental resource in his capacity as a director.

Clarence W. Gooden**Director Since 2018**

Clarence W. Gooden, age 70, retired from CSX Corporation in May 2017. During his 47 years at CSX, Mr. Gooden held numerous leadership positions, including vice chairman and president from September 2015 through February 2017. In his role as president, Mr. Gooden managed and directed the entire operational and commercial functions of CSX. Mr. Gooden currently serves on the advisory board of Argo Consulting, LLC, an operations improvements consulting firm. Previously, Mr. Gooden served as a director of the National Association of Manufacturers, TTX Company, and the National Freight Transportation Association, and as a member of the Atlanta Federal Reserve Bank's Trade and Transportation Advisory Council. Mr. Gooden possesses extensive experience and a network of relationships in railroads, transportation, logistics, finance, energy, and commodities. A proven industry leader, he brings the perspective and insight of a successful transportation executive to the board's role in formulating and evaluating the Company's business planning and execution.

Matthew T. Moroun**Director Since 2004**

Matthew T. Moroun, age 48, is chairman of our board of directors. He is also currently chairman of our executive committee and our compensation and stock option committee. Mr. Moroun controls other family-owned businesses engaged in transportation, insurance, business services, and real estate development and management. He has served as a director of P.A.M. Transportation Services, Inc. (NASDAQ: PTSI) since 1992 and its chairman since 2007. Mr. Moroun is the father of Matthew J. Moroun, a member of our board of directors. Mr. Moroun's long-term, substantive leadership experience allows him to provide operational, financial, business, capital markets, and strategic expertise to our board. He possesses first-hand knowledge of market-leading practices in our industry. His perspective on transportation, automotive, real estate, infrastructure, and government relations enhance the board's ability to oversee and direct our strategy, business planning, and execution.

Matthew J. Moroun**Director Since 2020**

Matthew J. Moroun, age 21, is a director of Universal. He is also employed in other Moroun family-owned businesses engaged in transportation and business services. Mr. Moroun has served as a director of P.A.M. Transportation Services, Inc. (NASDAQ: PTSI) since 2020. Mr. Moroun obtained a Bachelor of Business Administration in Finance from the Mendoza College of Business at the University of Notre Dame in December 2021. Mr. Moroun is the son of our chairman, Matthew T. Moroun. Mr. Moroun will provide an important perspective to the board during this period of disruption and transformation in the industry. Additionally, Moroun family members have a special interest in the continuing success of the Company and have always played an important role in the business. Mr. Moroun's participation on the board will ensure that tradition of family stewardship continues.

Tim Phillips**Director Since 2020**

Tim Phillips, age 56, became our president and chief executive officer in January 2020. He previously served as ULH's executive vice president of transportation since January 2019. From October 2009 to January 2019, Mr. Phillips held the position of president of Universal Intermodal Services, Inc., the Company's intermodal subsidiary. Prior to that role, he served as president of a predecessor to UACL Logistics, LLC from January 2007 to September 2009. He also served as vice president of a predecessor to Universal Intermodal Services, Inc. from October 2004 to December 2006 and held various operational positions there beginning in August 1989. Mr. Phillips holds a Bachelor of Business Administration in Business Management from Eastern Michigan University. His wealth of experience at ULH across several operating segments, along with his knowledge of the day-to-day management of the Company, provides the board an important perspective in establishing and overseeing the financial, operational, and strategic direction of the Company.

Michael A. Regan

Director Since 2013

Michael A. Regan, age 67, is the chief relationship development officer of TranzAct Technologies, Inc., a privately held logistics information company that he co-founded in 1984. Mr. Regan was chief executive officer and chairman of the board for TranzAct until 2011. Prior to starting TranzAct, Mr. Regan worked for Bank of America, PriceWaterhouse, and the Union Pacific Corporation. He is a certified public accountant with a B.S.B.A. from the University of Illinois at Urbana-Champaign. He serves or has served on the boards of numerous industry groups including the American Society of Transportation & Logistics, National Industrial Transportation League and the National Association of Strategic Shippers. He is the past chairman of the Transportation Intermediaries Association Foundation and was the recipient of the 2014 Council of Supply Chain Management Professionals Distinguished Service Award. Mr. Regan's extensive experience in the logistics industry and his background and experience in both internal and external auditing make him uniquely qualified to serve on our board.

Richard P. Urban

Director Since 2004

Richard P. Urban, age 80, is chairman of our audit committee. Mr. Urban previously served as an executive in various supply and logistics capacities at DaimlerChrysler AG and several of its predecessor companies. He has an M.B.A. from Michigan State University. Mr. Urban brings to the board a comprehensive understanding of the challenges and opportunities in the transportation industry. His management experience with supply and logistics operations not only provide him with insight into our financial affairs but also enable him to conduct effective oversight of the Company's actions.

H. E. Scott Wolfe

Director Since 2014

H. E. Scott Wolfe, age 76, served as our chief executive officer from December 2012 through December 2014. Mr. Wolfe also served as president and chief executive officer of LINC Logistics Company since its formation in March 2002. Mr. Wolfe led the development of Logistics Insight Corp., a wholly-owned subsidiary, and was president of this subsidiary from its formation in 1992 until his retirement in December 2014. Earlier in his career, he was manager of inbound transportation at American Motors Corporation, where he established that company's first corporate programs for logistics and transportation management. For 15 years, Mr. Wolfe was employed at General Motors, where he held various plant, divisional and corporate responsibilities. Mr. Wolfe has taught college courses in logistics and transportation management. Mr. Wolfe brings to the board significant insight and expertise with our asset-light business model and extensive personal leadership skills.

Unless otherwise instructed, the persons named as proxies intend to vote all proxies received for the election of the 10 director nominees. All of the nominees have indicated their willingness to serve on the board of directors. If any nominee should become unwilling or unavailable to serve, our board may select a substitute nominee, and in that event the proxies intend to vote all proxies for the person selected. If a substitute nominee is not selected, the proxies intend to vote for the election of the remaining nominees. Our board has no reason to believe that any of the nominees will become unavailable to serve.

Your Board of Directors Recommends that Shareholders Vote

FOR

Each of the Nominees Named Above

CORPORATE GOVERNANCE

Director Independence

NASDAQ listing standards generally require that a majority of our board of directors be independent. Because more than 50% of the voting power of ULH is controlled by Mr. Matthew T. Moroun, we have elected to be treated as a controlled company in accordance with Rule 5615(c) of the NASDAQ Listing Rules. Accordingly, we are not subject to the NASDAQ rules that would otherwise require us to have (i) a majority of independent directors on the board, (ii) a compensation committee composed solely of independent directors, and (iii) a nominating committee composed solely of independent directors.

Recently, our board reviewed the independence of its director nominees and determined that six of them, Messrs. Belanger, Deane, Gooden, Regan, Urban, and Wolfe, meet the standards for independence required by applicable NASDAQ listing standards. In making this determination, our board has concluded that none of the independent directors has a relationship that, in the opinion of our board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Board Structure and Role in Risk Oversight

Our board of directors has chosen to separate the positions of chairman and chief executive officer. Mr. Matthew T. Moroun is the chairman of the board and Mr. Tim Phillips is the president and chief executive officer. This separation of chairman and chief executive officer allows for greater oversight of ULH by the board. The board is actively involved in oversight of risks that could affect ULH. This oversight is conducted primarily through the audit committee, as disclosed in the committee description below and in its charter, and by the full board, which has retained responsibility for general oversight of risks. The board satisfies this responsibility through full reports by our committee chairs regarding each committee's considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within ULH.

Board Diversity Matrix (as of March 11, 2022)

Board Size:				
Total Number of Directors	10			
Gender:	Male	Female	Non-Binary	Gender Undisclosed
Number of directors based on gender identity	10	0	0	0
Number of directors who identify in any of the categories below:				
African American or Black	0	0	0	0
Alaskan Native or American Indian	0	0	0	0
Asian	0	0	0	0
Hispanic or Latinx	0	0	0	0
Native Hawaiian or Pacific Islander	0	0	0	0
White	10	0	0	0
Two or More Races or Ethnicities	0	0	0	0
LGBTQ+	0			
Undisclosed	0			

Board Meetings

During 2021, our board of directors held five meetings. All incumbent directors attended at least 75% of the meetings of our board, including committees on which they then served, during the period that they served.

Board committees

Our board of directors maintains and appoints members to three standing committees: audit committee, compensation and stock option committee, and executive committee. The membership of these committees, as of March 11, 2022, is as follows:

<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Executive Committee</u>
Grant E. Belanger Daniel J. Deane Richard P. Urban*	Matthew T. Moroun* Tim Phillips	Matthew T. Moroun* Tim Phillips

* Committee Chairman

Audit Committee. We have a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The audit committee has three members. Each of the members is an independent director as independence for audit committee members is defined in the NASDAQ listing standards and the rules of the SEC. The audit committee has a charter that has been approved by our board of directors and is available on our website, at www.universallogistics.com under the caption of “Investor Relations” and “Corporate Governance.”

The audit committee met 11 times in 2021. The audit committee assists our board of directors in overseeing our accounting and financial reporting process, internal controls and audit functions, and is directly responsible for the appointment, retention, and compensation of our registered public accounting firm. Our board of directors has determined that Messrs. Belanger, Deane, and Urban are each qualified as an audit committee financial expert, as that term is defined in the rules of the Securities and Exchange Commission. More information about the audit committee is included below under the heading “Audit committee Report.”

Compensation Committee. Our board appointed our chairman of the board and our chief executive officer as the two members of our compensation committee based on our status as a controlled company under the NASDAQ Listing Rules. The compensation committee met one time in 2021. The compensation committee assists our board of directors in carrying out its responsibilities relating to compensation and benefits for our executive officers. The compensation committee’s responsibilities and authority include:

- reviewing trends in management compensation and the competitiveness of our executive compensation programs;
- overseeing development of new compensation plans, and approving or recommending for determination by our board of directors revisions of existing plans;
- determining, or recommending for determination by our board, the salaries, bonus and other compensation for executive officers and key employees other than our chief executive officer;
- reviewing and making recommendations concerning long-term incentive compensation plans, including stock option and other equity-based plans;
- to the extent eligible to do so, acting as the committee of our board that administers equity-based plans, incentive compensation plans and employee benefit plans; and
- reviewing and approving, or recommending to our board for approval, compensation packages for new officers and severance arrangements for officers.

The full board evaluates the performance of our chief executive officer and determines the chief executive officer’s salary, bonus and other compensation. The board also determines the compensation of our directors and administers our equity-based compensation plans with respect to awards to our named executive officers and our directors.

If a member of a committee of our board is absent from a meeting, the bylaws give board committees authority to unanimously appoint another member of our board to act at the meeting in place of the absent committee member. While the compensation committee could use this authority, it has no plans to do so. The compensation committee has the authority to retain compensation consultants but does not currently use compensation consultants. The compensation committee operates without a written charter.

Executive Committee. The executive committee exercises the authority of our board of directors in accordance with the bylaws between regular meetings of our board. The executive committee met four times during 2021.

Director Nominating Process. Our board does not have a nominating committee that nominates candidates for election to our board. That function is performed by our board of directors. Each member of our board participates in the consideration of director nominees. Our board of directors believes that it can adequately fulfill the functions of a nominating committee without having to appoint an additional committee to perform that function. Our board of directors believes that not having a separate nominating committee saves the administrative expense that would be incurred in maintaining such a committee and saves time for directors who would serve on a nominating committee if it were established. As there is no nominating committee, we do not have a nominating committee charter.

At least a majority of our independent directors participate in the consideration of director nominees. These directors are independent, as independence for nominating committee members is defined in the NASDAQ listing standards. However, so long as the Company continues to be a controlled company within the meaning of NASDAQ Rule 5615(c), the board of directors may be guided by the recommendations of the Company's majority shareholder in its nominating process. After discussion and evaluation of potential nominees, the full board of directors selects the director nominees.

Our board will consider as potential nominees persons recommended by shareholders. Recommendations should be submitted to our board of directors in care of our secretary, Steven A. Fitzpatrick, at 12755 E. Nine Mile Road, Warren, Michigan 48089. Each recommendation should include a personal biography of the suggested nominee, a description of the background or experience that qualifies the person for consideration, and a statement that the person has agreed to serve if nominated and elected.

Our board has used an informal process to identify potential candidates for nomination as directors. Candidates for nomination have been recommended by an executive officer or director and considered by our board. Generally, candidates have been known to one or more of our board members. Our board has not adopted specific minimum qualifications that it believes must be met by a person it recommends for nomination as a director. The board has determined that the board as a whole must have the right diversity, mix of characteristics and skills for the optimal functioning of the board in its oversight of the Company. In evaluating candidates for nomination, our board will consider the factors it believes to be appropriate, which would generally include the candidate's independence, personal and professional integrity, business judgment, relevant experience and skills, including those related to transportation services, and potential to be an effective director in conjunction with the rest of our board in collectively serving the long-term interests of our shareholders. Although our board has the authority to retain a search firm to assist it in identifying director candidates, there has to date been no need to employ a search firm. Our board does not evaluate potential nominees for director differently based on whether they are recommended to our board by a shareholder.

Communications with Directors and Attendance at the Annual Meetings

Shareholders may communicate directly with our board of directors as a group by writing to our board, care of the secretary of the Company, 12755 E. Nine Mile Road, Warren, Michigan 48089. Our secretary will review all of the correspondence and regularly forward to our board a summary of the correspondence, and copies of all of the correspondence that, in his opinion, deal with the functions of our board or any of its committees or that our secretary otherwise determines requires the attention of our board. Directors may at any time review a log of all of the correspondence that is addressed to our board, and request copies of any and all of the correspondence.

Our board has a policy of encouraging our directors to attend the annual meetings of the shareholders. In 2021, all of our incumbent directors attended the meeting.

Code of Business Conduct and Ethics

We have adopted a written code of business conduct and ethics that applies to all our directors, officers and employees, including our chief executive officer and our chief financial and accounting officer. We have posted a copy of our Code of Business Conduct and Ethics on our website at www.universallogistics.com under the caption “Investor Relations” and “Corporate Governance.” In addition, we intend to post on our website all disclosures that are required by law or NASDAQ listing standards concerning any amendments to, or waivers from, any provision of the code.

Compensation Committee Interlocks and Insider Participation

In 2021, Messrs. Matthew T. Moroun and Tim Phillips served as members of the compensation committee for the full year as allowed under NASDAQ Rule 5615(c) based on the Company’s status as a controlled company. Mr. Moroun is chairman of the board of directors and our largest shareholder. Mr. Phillips is also a member of our board of directors. Information regarding certain transactions between ULH and entities controlled by Mr. Moroun is provided in the section entitled “Transactions With Related Persons” on page 33 of this proxy statement. None of our executive officers serves or served as a director or member of the compensation committee of another entity in a case where an executive officer of such other entity serves or served as a director or member of our compensation committee.

Derivative Trading, Hedging and Trading Plans

The Company has a policy that prohibits directors, officers and other covered employees from engaging in short-term investment activity in the Company’s securities, such as trading in or writing options, arbitrage trading or day trading. The Company’s policy also prohibits directors and employees from engaging in hedging or monetization transactions, including the through use of financial instruments such as prepaid variable forwards, equity swaps, collars, exchange funds, and any other transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of the Company’s equity securities, without pre-approval of the chief financial officer. In addition, the Company’s policy requires that directors, officers and other covered employees must inform the office of the chief financial officer before buying or selling any beneficially owned common stock of the Company or entering into a trading plan under the SEC’s Rule 10b5-1.

AUDIT COMMITTEE REPORT

Each current member of the audit committee is independent, as independence for audit committee members is defined in the NASDAQ listing standards and the rules of the SEC.

The audit committee's primary purpose is to assist the board of directors in overseeing:

- the accounting and financial reporting process;
- audits of financial statements and internal control over financial reporting; and
- internal control and audit functions.

In carrying out its responsibilities, the audit committee supervises the relationship between us and our independent auditor, including having direct responsibility for the auditor's appointment, compensation and retention, reviewing the scope of its audit services, and approving audit and permissible non-audit services. The audit committee reviews and discusses the annual and quarterly financial statements and reviews the activities of our internal audit function.

Management is responsible for the preparation, presentation and integrity of our financial statements and for the appropriateness of the accounting principles and reporting policies that are used. Management is also responsible for testing the system of internal controls and reporting to the audit committee on any significant deficiencies or material weaknesses that are found.

The audit committee discussed with ULH's independent registered public accounting firm, Grant Thornton LLP, who is responsible for expressing an opinion on the conformity of our audited financial statements with generally accepted accounting principles, its judgments as to the quality and the acceptability of our financial reporting and such other matters as are required to be discussed with the audit committee under standards of the Public Company Accounting Oversight Board, including the matters required to be discussed pursuant to Auditing Standard 1301 (Communications with Audit Committees). The audit committee and Grant Thornton also reviewed management's assessment included in management's report on internal control over financial reporting and Grant Thornton's opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2021.

The audit committee has discussed with Grant Thornton the firm's independence from management and us and has received from Grant Thornton the written disclosures and letter required by PCAOB Rule 3526 (Communication with Audit Committees Concerning Independence). The audit committee has considered the compatibility of the provision of non-audit services with maintaining Grant Thornton's independence.

In fulfilling its oversight responsibilities, the audit committee has reviewed and discussed the audited financial statements in the annual report on Form 10-K for the year ended December 31, 2021, with both management and our independent registered public accounting firm. The audit committee's review included a discussion of the quality and integrity of the accounting principles, the reasonableness of significant estimates and judgments, and the clarity of disclosures in the financial statements.

In reliance on the reviews and discussions referred to above, the audit committee recommended to the board of directors that the audited financial statements be included in the annual report on Form 10-K for the year ended December 31, 2021, for filing with the SEC.

Audit Committee Members

Richard P. Urban, Chairman
Grant E. Belanger
Daniel J. Deane

COMPENSATION COMMITTEE REPORT

The compensation committee has reviewed and discussed with management the compensation discussion and analysis included in this proxy statement. Based on the review and discussion, the committee recommended to the board of directors that the compensation discussion and analysis be included in this proxy statement for filing with the SEC.

Compensation Committee Members

Matthew T. Moroun, Chairman
Tim Phillips

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

This compensation discussion and analysis explains our compensation program for our named executive officers. Our named executive officers for 2021 are Mr. Tim Phillips, our chief executive officer and President, and Mr. Jude M. Beres, our chief financial officer and treasurer.

The compensation committee has the responsibility for establishing, implementing and continually monitoring our compensation philosophy. The compensation committee's philosophy is to provide our executive leadership total compensation that is competitive in its forms and levels, as compared to companies of similar size and business area. Generally, the types of compensation and benefits provided to our executive officers are similar to that provided to executive officers by other companies.

Goals and Philosophy

Our primary goal for the compensation of our executive officers is to create long-term value for our shareholders. Our compensation program is intended to attract, motivate, reward and retain the management talent required to achieve our corporate objectives and create long-term value for our shareholders, while at the same time making efficient use of our resources. The compensation of our executive officers is designed to reward financial and operating performance, to align their interests with those of our shareholders, and to encourage them to remain with us.

Executive Officers of ULH

Our current executive officers are Messrs. Phillips and Beres.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Years of Service</u>
Tim Phillips	56	President and Chief Executive Officer	32
Jude M. Beres	49	Chief Financial Officer and Treasurer	6

Tim Phillips. Mr. Phillips, age 56, has served as president and chief executive officer since January 10, 2020. He previously served as our executive vice president of transportation since January 2019. From October 2009 to January 2019, Mr. Phillips held the position of president of Universal Intermodal Services, Inc., the Company's intermodal subsidiary. Prior to that role, he served as president of the predecessor to UACL Logistics, LLC from January 2007 to September 2009. He also served as vice president of the predecessor to Universal Intermodal

Services, Inc. from October 2004 to December 2006 and held various operational positions there beginning in August 1989. Mr. Phillips holds a Bachelor of Business Administration in Business Management from Eastern Michigan University.

Jude M. Beres. Mr. Beres, age 49, has served as chief financial officer and treasurer since March 2016. He previously served as the Company's chief administrative officer from April 2015 to March 2016. From 1997 to April 2015, Mr. Beres worked for multiple affiliated companies in finance and accounting. Mr. Beres has over 20 years of experience in the less-than-truckload, truckload, intermodal, and logistics industries. He holds a Bachelor of Accountancy from Walsh College.

Elements of Compensation

We have three key elements of compensation: annual base salary, cash incentive compensation, and long-term equity incentives. Annual base salary is intended to attract and retain talented executives and reward them for annual achievement. Cash incentive compensation is intended to motivate our executive officers to achieve specified financial results or superior performance. Long-term equity incentives are intended to align the interests of our executive officers with those of our shareholders by linking compensation to stock price appreciation. In addition, when the criteria for vesting of equity awards includes achieving specified financial results, the equity awards also serve the purpose of motivating our executive officers to achieve those results.

Determining Compensation

Historically, the compensation of our executive officers has been based primarily on the judgment of the compensation committee of our board of directors. Our Chairman, Mr. Matthew T. Moroun, and our chief executive officer, Mr. Tim Phillips, serve on the compensation committee in accordance with the exemption from the compensation committee independence requirements for controlled companies under NASDAQ Rule 5615(c). Currently, the compensation committee determines the compensation for our officers and key employees other than the chief executive officer, while the board makes all decisions regarding the chief executive officer's compensation and approves the equity awards to the named executive officers.

In determining compensation for our executive officers, the compensation committee and the board consider competitive market compensation paid by other companies, including other transportation and logistics companies, but do not attempt to maintain a specified target percentile within a peer group or otherwise rely on compensation paid by other companies to determine our executive compensation. The compensation committee and the board review and evaluate many factors, including:

- ULH's performance and growth;
- financial measurements such as revenue, revenue growth, net operating income and operating ratio, and trends in those measurements;
- leadership qualities;
- ability to achieve strategic objectives;
- scope and performance of business responsibilities;
- management experience and effectiveness;
- individual performance and performance as a management team;
- current compensation arrangements; and
- long-term potential to maintain and enhance value for our shareholders.

The board members generally do not adhere to rigid formulas or react to short-term changes in business performance in determining the amount and mix of compensation elements but strive to achieve an appropriate mix between annual base salary, cash incentive compensation and long-term equity incentives to meet our objectives.

The board members receive regular updates on our business results from management and review the quarterly financial statements and projections to assess whether executive compensation continues to be properly balanced with and supportive of our business objectives. The board members may also review information, such as reported revenue, profit levels, market capitalization and disclosed governance practices, regarding comparably-sized companies in our industry to assess our comparative performance and organizational structure. The board members use management updates and peer information as tools to evaluate the connection between executive compensation and our performance as a business. This information is reviewed in a subjective manner. There is no implied direct or formulaic linkage between peer information and our compensation decisions. The board members take the view that a close connection between compensation and performance objectives encourages our executive officers to make decisions that will result in significant positive short-term and long-term returns for our business and our shareholders without providing an incentive either to take unnecessary risks or to avoid opportunities to achieve long-term benefits even though they may reduce short-term benefits for the executive officers, the business or our shareholders.

Based on this information, the board members regularly evaluate both the short-term and long-term performance compensation for the executive officers to ensure alignment with our business objectives. The committee also works closely with management regarding long-term equity incentives, which emphasize shareholder returns while providing enhanced retention value for key executives.

Risk Assessment of Compensation Programs

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

Annual Cash Compensation

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

Annual Non-Equity Incentive Compensation. The compensation committee’s and the board’s practice is to award an annual cash bonus to each of the named executive officers as part of his annual compensation. Bonuses are intended to provide executives with an opportunity to receive additional cash compensation, and are based on

individual performance and the Company's performance. The committee and the board believe this practice provides an incentive for strong financial and operating performance and aligns the interests of management with the interests of our shareholders. The bonuses, if any, earned by Messrs. Phillips and Beres with respect to 2021, 2020, and 2019 are set forth below in the "Summary Compensation Table."

Other Compensation

Long-Term Equity Incentives. Long-term equity incentives are awarded to our named executive officers under our Stock Incentive Plan as part of our overall compensation package. The Plan authorizes grants to our employees, directors, and consultants of awards of stock options, restricted stock, restricted stock units, stock appreciation rights, phantom stock units, and unrestricted common stock. In recent years, the compensation committee and the board have generally utilized long-term equity incentives in the form of restricted stock for our named executive officers. At the time of the Plan's adoption, a total of 500,000 shares of our common stock, subject to adjustments, were reserved for the issuance of equity awards under the Plan.

The compensation committee and the board believe that long-term equity incentives, such as awards of restricted stock, are consistent with the Company's philosophy and represent an additional vehicle for aligning management's interests with the interests of our shareholders. When determining the amounts and vesting conditions of long-term incentive grants to be awarded to our named executive officers, the board members consider, among other factors, the business performance of the Company, the responsibilities and performance of the executive, and the performance of our stock price. The long-term incentive grants, if any, awarded to Messrs. Phillips and Beres with respect to 2021, 2020 and 2019 are set forth below in the "Summary Compensation Table."

Retirement and Health Benefits. We sponsor retirement savings plans for all of our eligible employees, including our executive officers. The plans qualify under section 401(k) of the Internal Revenue Code, as amended. The plans include different matching provisions depending on which subsidiary or affiliate is involved. Eligible employees, including our executive officers, are allowed to make tax deductible contributions to the plan. For employees considered highly compensated, including our executive officers, we do not match plan contributions.

We offer health, vision and dental insurance to our executive officers.

Perquisites. Our policy is to provide minimal, if any, perquisites to our executive officers. This helps set an example for all employees that personal expenses are not payable from company funds and helps to control expenses.

Post-Employment Compensation. We do not provide a defined benefit pension plan or post-retirement health insurance coverage for our executive officers or any of our other employees. We do not offer deferred compensation plans, and do not have agreements that provide compensation to our executive officers based upon the occurrence of a change in control of ULH. However, our chief executive officer, Mr. Tim Phillips, would be entitled to receive certain compensation if we terminate his employment based on a determination that such termination would be in our best interest. *See* "Potential Payments Upon Termination or Change In Control – Payments Upon Termination Based on Our Best Interest" for more information regarding such payments.

Tax Deductibility of Compensation

The Tax Cuts and Jobs Act eliminated the deductibility exemption for performance-based compensation under Internal Revenue Code Section 162(m) for taxable years beginning after December 31, 2017. As a result, all compensation in excess of \$1 million paid to the chief executive officer, chief financial officer and the next three highest paid officers whose compensation is required to be reported in the Summary Compensation Table of the proxy statement for 2018 and beyond will not be deductible. Once an individual becomes a covered executive for a tax year, that individual will remain a covered executive for all subsequent tax years, including tax years after the individual's death.

Share Ownership Guidelines

We do not have share ownership requirements for our executive officers.

Role of Executive Officers in the Compensation Process

The elements of executive compensation are discussed at meetings of the compensation committee and the board, with significant input from our chairman of the board and our chief executive officer. Annual base salary is generally determined annually but may be determined for a multi-year period at the time that employment agreements are negotiated with our executive officers, if applicable. Cash incentive compensation and other bonuses and forms of stock-based compensation are discussed from time to time, but there is no set schedule for making determinations regarding these types of compensation. The committee and the board retain considerable flexibility in deciding when to address these matters. In making its compensation decisions, the board members will usually seek input from the executive officers. However, the board makes the final decisions on compensation of our chief executive officer and on equity awards to our executive officers, and the committee makes the final decisions on other compensation to our executive officers. The committee is authorized to utilize compensation consultants. Neither the committee nor the board utilized a compensation consultant regarding 2021 executive compensation.

Shareholder Approval of the Company's Compensation Programs

The Dodd-Frank Wall Street Reform and Consumer Protection Act requires that we provide you with the opportunity to vote to approve, on a non-binding advisory basis, the compensation of our named executive officers as disclosed in our proxy statement in accordance with the compensation disclosure rules the SEC. At our 2017 annual meeting, our shareholders approved our proposal to provide you with this opportunity once every three years. Accordingly, at our 2020 annual meeting, shareholders overwhelmingly approved the say-on-pay resolution presented at the meeting; more than 96% of the shares represented in person or by proxy at the meeting, and more than 97% of votes cast, voted to approve our executive compensation. The compensation committee and the board reviewed these voting results and, given the strong level of support, did not make any changes to our executive compensation program or principles in response to the vote. The next shareholder vote on say-on-pay is scheduled for 2023. Separately, we are required at least once every six years to conduct an advisory shareholder vote on the frequency of the say-on-pay vote. Since we last held an advisory vote on the frequency of the say-on-pay resolution in 2017, the next shareholder vote on the frequency of our say-on-pay vote is scheduled for 2023.

Summary Compensation Table

The following table sets forth information for the fiscal years ended December 31, 2021, 2020, and 2019 concerning the compensation of our named executive officers.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u> <u>(\$)</u>	<u>Bonus⁽¹⁾</u> <u>(\$)</u>	<u>Stock</u> <u>Awards⁽²⁾</u> <u>(\$)</u>	<u>All Other</u> <u>Compensation⁽³⁾</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Tim Phillips⁽⁴⁾	2021	500,032	500,000	—	133	1,000,165
<i>Chief Executive Officer and President</i>	2020	488,494	450,000	1,129,200	139	2,067,833
	2019	288,500	240,000	235,600	151	764,251
Jude Beres	2021	456,521	415,000	—	133	871,654
<i>Chief Financial Officer and Treasurer</i>	2020	425,873	390,000	88,700	139	904,712
	2019	384,034	400,000	235,600	151	1,019,785

(1) Amounts in the bonus column represent the actual amounts earned in the relevant years.

(2) Amounts in the stock awards columns relate to time-based restricted stock awards granted to (i) Mr. Phillips on January 10, 2020 and February 20, 2019, and (ii) Mr. Beres on February 5, 2020 and February 20, 2019.

The dollar amounts reported represent the fair value of the awards on the grant dates, excluding the effect of estimated forfeitures, as computed in accordance with FASB Topic 718. Assumptions used in the valuation are discussed in Note 15 “Stock Based Compensation” to the Financial Statements included in Item 15 of our Annual Report on Form 10-K for the year ended December 31, 2021.

- (3) Amounts shown represent term life insurance premiums.
- (4) Mr. Phillips was appointed as our President and CEO on January 10, 2020.

Employment Agreements

Tim Phillips. We are party to an employment agreement with our chief executive officer and president, Mr. Phillips. Pursuant to the agreement, the Company agreed to pay Mr. Phillips an initial annual salary of \$500,032. The agreement also reflects the Company making a cash bonus award to Mr. Phillips for his performance in 2019 of \$240,000. We paid the initial 20% installment of the award in 2020, and we paid the balance of the award in 2021. The employment agreement also contemplates a restricted stock award of 60,000 shares, which vests in installments of 20,000 shares on January 10, 2024 and January 10, 2026, and installments of 10,000 shares on January 10, 2027 and January 10, 2028. Vesting is subject to his continued employment with the Company. The employment agreement includes provisions regarding termination of employment and his non-compete, non-solicitation and confidentiality obligations to the Company. Additional information regarding these provisions is discussed below under the heading “Potential Payments Upon Termination or Change in Control.”

Jude Beres. The Company does not have a written employment agreement with Mr. Beres. Effective March 22, 2021, Mr. Beres’ annual base salary was increased to \$462,020.

Our executive officers may participate in bonus and other incentive plans that are approved from time to time by our board of directors or compensation committee. The executive officers are also entitled to any fringe benefits that we may provide for our employees in the normal course of our business.

Salary and Bonus Compared to Total Compensation

We have not established a proportion that salary and bonus should be of our executive officers’ total compensation. As indicated in the Summary Compensation Table, the proportion for 2021 that salary and bonus were of total compensation ranged from 45.4% to 99.9% for our executive officers.

Grants of Plan-Based Awards

As of March 11, 2022, a total of 95,025 shares of our common stock remain available for future awards under the 2014 Amended and Restated Stock Incentive Plan. The Company granted no plan-based awards to our named executive officers during fiscal year 2021.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information as of December 31, 2021, regarding equity awards, including unexercised stock options, for each of the named executive officers.

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
Tim Phillips	—	—	—	—	—	65,000	1,225,900	—	—
Jude Beres	—	—	—	—	—	10,000	188,600	—	—

(1) Based on the closing market price of \$18.86 per share of ULH's common stock as reported on the NASDAQ Global Market on December 31, 2021.

Stock Vested in 2021

The following table contains information about restricted stock awards vested by each of our named executive officers during 2021.

Name	Option Awards		Stock Awards	
	Number of shares acquired on exercise	Value realized on exercise (\$)	Number of shares acquired on vesting	Value realized on vesting (\$)(1)
Tim Phillips			2,500	47,150
Jude Beres			2,500	47,150

(1) The value is based on the closing market price of \$18.86 per share of ULH's common stock on December 31, 2021 as reported on the NASDAQ Global Market.

Potential Payments Upon Termination or Change In Control

Generally, the employment agreements that we enter into with our named executive officers provide for payments that may be made to the named executive officers following termination of their employment. The potential payments under our employment agreement with our chief executive officer, Mr. Phillips, and other payments to which our named executive officers would have been entitled upon termination as of December 31, 2021, are discussed below and quantified in the tables that follow. We do not currently have an employment agreement in place for Mr. Beres, and we do not have any agreements or plans that provide for payments to any of our named executive officers based on the occurrence of a change in control of ULH.

No Payments If There Is a Termination for Just Cause

In the event that one of our named executive officers is terminated for just cause, including conviction of a crime, moral turpitude, gross negligence in the performance of duties, intentional failure to perform duties, insubordination, or dishonesty, we would have no obligation to pay base salary, bonuses or benefits beyond the last day worked.

Payments Upon Death

In the event of the death of one of our named executive officers, we would pay the executive officer his base salary through the date of death.

Payments Upon Disability

In the event that a named executive officer becomes disabled and is unable to perform his duties, we may terminate his employment. If Mr. Phillips' employment had been terminated due to disability, he would have been entitled to receive his base salary and benefits for three months following the date of disability, plus any bonus earned but not yet paid.

Payments Upon Termination Based on Our Best Interest

In the event that a named executive officer is terminated by our board of directors based upon a determination that such action would serve the Company's best interest, we would generally have no obligation to pay base salary or benefits beyond the last day worked. However, Mr. Phillips would have been entitled to receive his base salary and COBRA benefits for a period of 12 months following the termination of his employment, subject to his execution of a separation agreement with the Company within 21 days.

Payments Upon Resignation, Including Retirement

Mr. Phillips had the right to resign by providing three months' written notice of his intent to resign. Following such notice, we were entitled to terminate his employment before the end of the three-month notice period. In the event Mr. Phillips resigned with the required three months' notice or was terminated following such notice, Mr. Phillips would have been entitled to receive his base salary and COBRA benefits through the end of the three-month notice period. Upon retirement, a named executive officer would also be entitled to receive any bonus amounts earned, but not yet paid.

Employee Obligations

Under his employment agreement, Mr. Phillips agreed not to compete with, or solicit or retain business that is competitive with, our business, or that of specified affiliates of our chairman of the board, Mr. Matthew T. Moroun, for 12 months after his employment with us terminates. Mr. Phillips also agreed that he will not for two years after his employment with us terminates encourage, solicit or otherwise attempt to persuade any of our employees or any employees of the specified affiliates to leave our employment or employment with the specified affiliates. If Mr. Phillips were to hire from us one of our employees, he has agreed to pay us 30% of the employee's first year's gross compensation. Under the employment agreement, Mr. Phillips also agreed to maintain the confidentiality of our proprietary information.

Stock Awards

Unvested shares of restricted stock are generally forfeited at the time of termination. However, certain awards of restricted stock to our named executive officers contain provisions under which the unvested shares will either continue to vest or automatically vest upon a termination due to death, disability, termination without cause, retirement after reaching a specified age or in other circumstances at the discretion of the board of directors or the compensation committee. Our restricted stock bonus award agreement with Mr. Phillips dated January 10, 202 provides that, subject to his compliance with the covenants in his employment agreement that survive his retirement, any unvested shares of restricted stock granted under the agreement will continue to vest in accordance with the agreement's vesting schedule if Mr. Phillips' continued service with us terminates due to his voluntary retirement after he reaches the age of 62.

Phillips Employment Agreement

We entered into an employment agreement with Mr. Phillips on January 10, 2020. Mr. Phillips has agreed not to compete with, or solicit or retain business that is competitive with, our business, or that of specified affiliates of Mr. Matthew T. Moroun for a period of six months after Mr. Phillips' employment with us terminates. In the event that Mr. Phillips is terminated in the best interest of the Company, the duration of his covenant not to compete can be extended for one year, in which case Mr. Phillips will be entitled to receive base salary for a period of 12 months. Mr. Phillips has also agreed that he will not, for a period of 24 months after termination, encourage, solicit or otherwise attempt to persuade any of our employees or any employees of the specified affiliates to leave our employment or employment with the specified affiliates. If Mr. Phillips hires, directly or indirectly, an employee from us or a specified affiliate during the restricted period, Mr. Phillips has agreed to pay us or our affiliate 30% of the employee's first year's gross compensation. Under the employment agreement, Mr. Phillips has also agreed to maintain the confidentiality of our proprietary information.

Table of Payments Upon Termination of Employment

The following tables provide information regarding amounts payable to each of our named executive officers for 2021 in connection with a termination of his employment. The amounts shown assume that termination of employment was effective as of December 31, 2021, the last business day of our 2021 fiscal year, and include estimates of the amounts that would have been paid. Amounts payable under employment agreements would be paid in equal installments pursuant to the Company's regularly scheduled payrolls. The actual amounts would only be determined upon an officer's termination of employment.

	Tim Phillips					
	Just Cause (\$)	Death (\$)	Disability (\$)	Best Interest of the Company (\$)(1)	Resignation (\$)	Retirement (\$)
Benefits and Payments Upon Termination						
Base Salary	—	—	125,008	512,333	125,008	125,008
Non-Equity Incentive Plan Compensation (2)	—	—	210,000	—	—	210,000
All Other Compensation (3)	—	94,300	94,300	—	—	94,300
Total:	<u>—</u>	<u>94,300</u>	<u>429,308</u>	<u>512,333</u>	<u>125,008</u>	<u>429,308</u>

- (1) Mr. Phillips would be entitled to receive his base salary and benefits for a period of 12 months following termination in the best interest of the Company.
- (2) Upon disability or retirement, Mr. Phillips would be entitled to receive any bonus amounts earned but not yet paid.
- (3) Represents 5,000 unvested shares of restricted stock that would have vested immediately upon termination, based on the closing market price of \$18.86 per share of ULH's common stock on December 31, 2021 as reported on the NASDAQ Global Market.

	Jude Beres					
	Just Cause (\$)	Death (\$)	Disability (\$)	Best Interest of the Company (\$)	Resignation (\$)	Retirement (\$)
Benefits and Payments Upon Termination						
Base Salary	—	—	—	—	—	—
Non-Equity Incentive Plan Compensation (1)	—	—	—	—	—	601,375
All Other Compensation (2)	—	94,300	94,300	—	—	94,300
Total:	<u>—</u>	<u>94,300</u>	<u>94,300</u>	<u>—</u>	<u>—</u>	<u>695,675</u>

- (1) Upon retirement, Mr. Beres would be entitled to receive any bonus amounts earned but not yet paid.

- (2) Represents 5,000 unvested shares of restricted stock that would have vested immediately upon termination, based on the closing market price of \$18.86 per share of ULH's common stock on December 31, 2021 as reported on the NASDAQ Global Market.

Pension Benefits Table

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

Non-Qualified Deferred Compensation

We do not offer, and the named executive officers did not participate in, any non-qualified deferred compensation programs during the fiscal year ended December 31, 2021.

Pay-Ratio Disclosure

The following information relates to the relationship of the annual total compensation of our employees and the annual total compensation of our chief executive officer, Tim Phillips, calculated in accordance with Regulation S-K. For 2021, our last completed fiscal year:

We provide fair and equitable compensation to our employees through a combination of competitive base pay, incentives, retirement plans, and other benefits. We are disclosing the following pay ratio and supporting information, which compares the annual total compensation of our employees other than Mr. Phillips (including full-time, part-time, seasonal and temporary employees) and the annual total compensation of Mr. Phillips as required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The pay ratio is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K.

For 2021, our last completed fiscal year:

- The median of the annual total compensation of all of our employees (other than our chief executive officer) was \$48,746; and
- The annual total compensation of our chief executive officer, as reported in the Summary Compensation Table included in this proxy statement, was \$1,000,165.

Based on this information, the ratio of the annual total compensation of our chief executive officer to the median of the annual total compensation of all employees for 2021 was 21 to 1.

Our median employee was originally determined as of December 31, 2020. For 2021, we used the same median employee, as there has been no change in our employee population or employee compensation arrangements that we believe would significantly impact the pay ratio disclosure.

We calculated our median employee's annual total compensation in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in that employee's annual total compensation of \$48,746. The median employee's annual total compensation includes salary, wages, and tips as reflected in our payroll records. During this analysis, we annualized the compensation for employees hired during the year. We excluded equity awards and bonus payments from our compensation measure, because we did not widely distribute such awards and bonuses to our employees. We identified our median employee using this compensation measure, which was consistently applied to all our employees included in the calculation.

Director Compensation for 2021

The following table sets forth the compensation information for the one-year period ending December 31, 2021, for each non-employee director who served during such period.

<u>Name (1)</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Grant E. Belanger	39,200	—	39,200
Frederick P. Calderone	27,800	—	27,800
Daniel J. Deane	39,200	—	39,200
Clarence W. Gooden	27,800	—	27,800
Matthew J. Moroun	23,600	—	23,600
Matthew T. Moroun	107,800	—	107,800
Michael A. Regan	27,800	—	27,800
Richard P. Urban	43,000	—	43,000
H.E. “Scott” Wolfe	27,800	—	27,800

- (1) Our chief executive officer, Mr. Tim Phillips, serves on our board of directors. He has been omitted from this table since he is an employee of the Company and did not receive any additional compensation for his board service. Mr. Phillips’ compensation is included in the Summary Compensation Table on page 17 of this Proxy Statement.

Compensation Arrangements for Non-Employee Directors

Director compensation is determined by our board. For 2021, we paid our non-employee directors an annual retainer of \$20,000 in quarterly installments. The chairman of the board, which is a non-officer position, was paid an annual retainer of \$100,000, and the chairman of our audit committee was paid an additional annual retainer of \$5,000. During 2021, we also paid non-employee directors a meeting fee for each board and committee meeting in the amount of \$1,800 for attendance in person and \$600 for attendance by phone. We reimbursed our directors for expenses they incurred in attending board and committee meetings, including expenses for food, lodging and transportation.

**SECURITY OWNERSHIP OF CERTAIN
BENEFICIAL OWNERS AND MANAGEMENT**

Under the proxy rules of the SEC, a person who directly or indirectly has or shares voting power or investment power with respect to a security is considered a beneficial owner of the security. Voting power is the power to vote or direct the voting of shares, and investment power is the power to dispose of or direct the disposition of shares. Shares as to which voting power or investment power may be acquired within 60 days are also considered as beneficially owned under the proxy rules.

The following table sets forth certain information as of March 11, 2022, regarding beneficial ownership of our common stock by: (i) each person who is known to us to own beneficially more than 5% of our common stock; (ii) each of our directors and nominees; (iii) each of the named executive officers in the Summary Compensation Table on page 17; and (iv) the total for our current directors and named executive officers as a group.

<u>Name or Group of Beneficial Owner</u>	<u>Shares Beneficially Owned (1)</u>	<u>Percent of Class (2)</u>
5% Shareholders:		
—	—	—
Directors, Nominees, and Named Executive Officers:		
Matthew T. Moroun (3) (4)	19,173,222	71.5%
Matthew J. Moroun	—	—
Grant E. Belanger	—	—
Frederick P. Calderone	—	—
Daniel J. Deane	—	—
Clarence W. Gooden	—	—
Michael A. Regan	—	—
Richard P. Urban	10,000	*
H.E. Scott Wolfe	18,750	*
Tim Phillips (5)	77,095	*
Jude M. Beres (6)	15,000	*
Directors and named executive officers as a group (11 persons)	19,294,067	72.0%
Total Outstanding Shares as of March 11, 2022	26,802,973	

* Denotes less than 1%.

- (1) The number of shares beneficially owned includes any shares over which the person has sole or shared voting power or investment power and also any shares that the person can acquire within 60 days of March 11, 2022, through the exercise of any stock option or other right. Unless otherwise indicated, each person has sole investment and voting power (or shares such power with the person's spouse) over the shares set forth in the table. Includes shares that may be acquired pursuant to restricted stock awards granted under our stock incentive plan that vest within 60 days of March 11, 2022.
- (2) The percentages shown are based on the 26,802,973 shares of our common stock outstanding as of March 11, 2022, plus the number of shares that the named person or group has the right to acquire within 60 days of March 11, 2022. For purposes of computing the percentage of outstanding shares of common stock held by each person or group, any shares the person or group has the right to acquire within 60 days of March 11, 2022 are deemed to be outstanding with respect to such person or group, but are not deemed to be outstanding for the purpose of computing the percentage of ownership of any other person or group.
- (3) The number of shares shown includes 14,302,736 shares owned directly by Mr. Moroun in his individual capacity; 3,871,527 shares beneficially owned by the 2020 Irrevocable Nora M. Moroun Trust dated November 20, 2020; 762,042 shares beneficially owned by the 2020 Irrevocable Lindsay S. Moroun Trust; and 236,917 shares beneficially owned by Redoubtable, LLC. Mr. Moroun serves as trustee of the trusts and

as manager of Redoubtable; in such capacities, he exercises voting and investment power over their respective shares. The number of shares shown excludes 285,550 shares owned directly by Mr. Moroun's spouse, Lindsay S. Moroun, in her individual capacity. Mr. Moroun disclaims beneficial ownership of the shares held by Ms. Moroun, and this disclosure shall not be deemed an admission that Mr. Moroun is the beneficial owner of such shares.

- (4) Includes 2,500,000 shares pledged as security.
- (5) Reflects vested and non-vested shares granted to such named executive officer as restricted stock awards by the Company. See the tables and related footnotes on page 19 of this Proxy Statement for a summary of the non-vested shares and vesting dates.
- (6) Reflects vested and non-vested shares granted to such named executive officer as restricted stock awards by the Company. See the tables and related footnotes on page 19 of this Proxy Statement for a summary of the non-vested shares and vesting dates.

DELINQUENT SECTION 16(a) REPORTS

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and persons who own more than 10% of our outstanding common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. Executive officers, directors and greater than 10% shareholders are also required to furnish us with copies of the reports that they file. To our knowledge, based solely on a review of the copies of the reports furnished to us and representations received from our directors and executive officers, we believe that all reports required to be filed under Section 16(a) for 2021 were timely filed by each person who at any time during the fiscal year was a director or executive officer or held more than 10% of our common stock, except Nora M. Moroun inadvertently filed two late reports, each of which disclosed one private transaction, and Mr. Matthew T. Moroun inadvertently filed two late reports, one disclosed one private transaction and the other disclosed two private transactions.

PROPOSAL TWO

**RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The firm of Grant Thornton LLP has been selected by our audit committee to serve as our independent registered public accounting firm for the year ending December 31, 2022.

Although the submission of this matter for approval by the shareholders is not legally required, the board believes that such submission follows sound business practice and is in the best interests of the shareholders.

If the appointment is not ratified by the holders of a majority of the shares present in person or by proxy at the annual meeting, we will consider the selection of another accounting firm. If such a selection were made, it may not become effective until 2023 because of the difficulty and expense of making such a substitution.

A representative of Grant Thornton is expected to attend the annual meeting and will be available to respond to appropriate questions. That representative will have the opportunity to make a statement if he or she so desires.

Your Board of Directors Recommends that Shareholders Vote

FOR

**the Ratification of the Appointment of Grant Thornton LLP
as ULH's Independent Registered Public Accounting Firm
for the 2022 Calendar Year**

**INDEPENDENT PUBLIC ACCOUNTANTS—
PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Grant Thornton served as our independent registered public accountants for the year ended December 31, 2021, and the firm of BDO USA, LLP served as independent registered public accountants for the year ended December 31, 2020 and the subsequent period through March 17, 2021. The following table shows the fees for professional services for audit and other services of Grant Thornton for 2021 and BDO for 2020.

	<u>2021</u>	<u>2020</u>
Audit Fees (1)	\$581,683	\$725,217
Audit-Related Fees (2)	\$ 70,000	\$ 10,000
Tax Fees (3)	—	\$100,962
All Other Fees (4)	—	—
Total Fees	<u>\$651,683</u>	<u>\$836,179</u>

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

- (2) Includes fees billed for professional services rendered by the independent registered public accounting firm related to the performance of the audit or review of the financial statements that are not disclosed as audit fees. The amounts reflect fees for a stand-alone audit of a subsidiary requested by the Company and supplemental opinions required in connection with the Company's credit facilities.
- (3) Includes fees billed for state tax consulting services.
- (4) Represents fees for all other services or products provided that are not covered by the categories above. There were no such fees for 2021 or 2020.

On March 17, 2021, the audit committee dismissed BDO as the Company's independent registered public accounting firm and, on March 29, 2021, the audit committee engaged Grant Thornton LLP to serve as the Company's independent registered public accounting firm to audit its financial statements for the fiscal year ending December 31, 2021. The decision to change the Company's independent registered public accounting firm for 2021 was not the result of any disagreement with BDO. BDO's audit reports on the Company's consolidated financial statements as of and for the years ended December 31, 2020 and 2019 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles, except as follows:

BDO's report on the effectiveness of internal control over financial reporting, dated March 16, 2021, expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2020 as a result of a material weakness regarding the completeness of lease obligations to timely identify modifications to existing leases. The identified control deficiency did not result in any material misstatements in the Company's financial statements. BDO indicated that the material weakness was considered in determining the nature, timing, and extent of audit tests applied in its audit of the Company's consolidated financial statements as of and for the year ended December 31, 2020 and did not affect its report dated March 16, 2021 on those financial statements. There were no disagreements with BDO about this self-identified material weakness. The audit committee discussed this material weakness with BDO, and the Company authorized BDO to respond fully to any inquiries from Grant Thornton concerning this matter.

During the fiscal years ended December 31, 2020 and 2019, and during the period subsequent to December 31, 2020 to March 17, 2021, there were no disagreements with BDO on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of BDO, would have caused BDO to make reference to the subject matter of the disagreement in connection with its reports, or any "reportable events" as defined in Regulation S-K, Item 304(a)(1)(v); except that in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2020, management concluded in its report, and BDO concurred, that the Company's internal control over financial reporting as of December 31, 2020 was not effective as a result of the material weaknesses described above. A representative of BDO is not expected to attend the annual meeting.

During the years ended December 31, 2020 and 2019, and during the period subsequent to December 31, 2020 to March 17, 2021, neither the Company nor anyone on its behalf consulted Grant Thornton with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's consolidated financial statements or the effectiveness of internal control over financial reporting, where either a written report or oral advice was provided to the Company that Grant Thornton concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and related instructions) or a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-K).

Audit Committee Approval Policies

Our audit committee charter includes procedures for the approval by the audit committee of all services provided by our independent registered public accountants. Our audit committee has the authority and responsibility to pre-approve both audit and non-audit services to be provided by our independent registered public

accountants. The audit committee charter sets forth the policy of the committee for such approvals. The policy allows our audit committee to delegate to one or more members of the audit committee the authority to approve the independent registered public accountants' services. The decisions of any audit committee member to whom authority is delegated to pre-approve services are reported to the full audit committee. The policy also provides that our audit committee will have authority and responsibility to approve and authorize payment of the independent registered public accountants' fees.

PROPOSAL THREE

PROPOSAL TO APPROVE AN AMENDMENT TO THE 2014 AMENDED AND RESTATED STOCK INCENTIVE PLAN TO INCREASE THE NUMBER OF SHARES AUTHORIZED FOR ISSUANCE UNDER THE PLAN

At the annual meeting, we will ask shareholders to approve an amendment to our 2014 Amended and Restated Stock Incentive Plan to increase the number of shares of common stock authorized for issuance under the 2014 Plan by 200,000 shares.

The purpose of the 2014 Plan is to promote our success and enhance our value of our by linking the personal interests of employees, directors, and consultants to those of our shareholders and by providing these individuals with an incentive to work to generate superior returns to our shareholders. The 2014 Plan is also intended to provide us with flexibility in creating competitive plans to motivate, attract, and retain the services of employees, directors, and consultants upon whose judgment, interest, and special effort our success is largely dependent.

We believe that our interests and those of the shareholders will be advanced if we can continue to offer our employees, notably at the senior management level, consultants, and directors the opportunity to acquire or increase their proprietary interests in us. We have determined that the number of shares available for issuance under the 2014 Plan should be increased by 200,000 shares so that we may continue our compensation structure and strategy and succession planning process.

Background

On February 10, 2022, the board unanimously approved the amendment to the 2014 Plan, subject to approval by the shareholders, to increase the number of shares of common stock authorized for issuance under the 2014 Plan by 200,000 shares. The board has directed the Company to submit this proposal to the shareholders for approval at the annual meeting. The board believes the interests of the Company and its shareholders will be advanced if we continue to offer our senior management employees and non-employee directors the opportunity to acquire or increase their economic interests in Universal. The board concluded that Universal's ability to attract, retain, and motivate top quality management is material to the Company's success and would be enhanced by our continued ability to grant equity compensation under the 2014 Plan. Accordingly, the board has determined that the number of shares available for issuance under the 2014 Plan should be increased so that we may continue our compensation structure and strategy.

When we adopted the 2014 Plan, we allocated a total of 500,000 shares to the 2014 Plan. Under the 2014 Plan, stock awards are outstanding for a total of 404,975 shares. As a result, the total number of shares currently available for issuance under the 2014 Plan as of March 31, 2022 is 95,025 shares, not including the 200,000 share increase that is the subject of this Proposal 3. If shareholders approve this Proposal 3, the total number of shares available for future stock awards under the 2014 Plan will be 295,025 shares. We are seeking shareholder approval of the amendment to the 2014 Plan in order to comply with the rules of The NASDAQ Stock Market.

Material Terms of the 2014 Plan

The following summary of the material terms of the 2014 Plan is not complete and is qualified in its entirety by reference to the full text of the 2014 Plan, which is set forth in Appendix A to this proxy statement and incorporated by reference into Proposal 3.

Purpose of the Plan. The purpose of the 2014 Plan is to attract and retain key employees, directors, and consultants, to encourage them to exert maximum efforts toward the success of the Company, and to further align their interests with those of our shareholders.

Shares Available. A total of 500,000 shares of common stock were reserved for issuance under the 2014 Plan. Shares of common stock covered by awards that expire, terminate, lapse, are reacquired by us prior to vesting or are redeemed for cash will revert to and again become available for grant under the Restated Plan. No employee will be eligible to be granted options or stock appreciation rights covering more than 200,000 shares during any fiscal year. As of March 31, 2022, approximately 95,025 shares of common stock are available for issuance under the 2014 Plan.

The number of shares issued, reserved, or subject to outstanding awards under the 2014 Plan is subject to adjustment due to mergers, consolidations, reorganizations, stock splits, stock dividends and other dilutive changes in the common stock. Further, our board of directors may adjust outstanding awards to preserve the awards' benefits or potential benefits.

Administration. The 2014 Plan is administered by our board of directors, which may delegate its duties and powers in whole or in part to a committee. The board has the authority to designate participants in the plan; determine the type, number, terms and conditions of awards, as well as the timing and manner of grant; construe and interpret the plan; establish, adopt or revise any rules and regulations to administer the plan; and make all other decisions and determinations that may be required under the plan.

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

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

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

Transferability. Unless otherwise determined by our board of directors or provided for in a written agreement evidencing an award, awards granted under the 2014 Plan are not transferable other than by will or by the laws of descent and distribution.

Change of Control. If, upon a change of control of the Company, the surviving entity refuses to assume outstanding awards or substitute them for similar awards, our board may provide for the (1) assumption or

continuation of any outstanding stock awards under the 2014 Plan, (2) payment in exchange for the cancellation of an award, or (3) termination of an award upon the consummation of the change of control, but only if the participant has been permitted to exercise or redeem an option, stock appreciation right, or phantom stock unit prior to the change of control. Furthermore, at any time the board may accelerate the holder's ability to exercise an award or the vesting associated with an award. In the event of the dissolution of the Company, all outstanding awards will terminate immediately prior to such event.

Amendment and Termination. The board may amend, suspend, or terminate the 2014 Plan in any respect at any time, but no amendment may materially impair any of the rights of a participant under any awards previously granted, without his or her consent. No amendment of the 2014 Plan will be effective unless approved by our shareholders to the extent such approval is necessary under applicable law, regulation, or securities exchange listing requirement.

Plan Benefits. Awards under the 2014 Plan are granted at the discretion of the compensation and Stock Option committee or the board, and accordingly, the amount of any such awards that may be granted to any individual is not yet determinable. Benefits under the 2014 Plan depend on a number of factors, including the fair market value of our common stock on future dates, our actual performance against performance goals established with respect to performance awards and decisions made by the participants, and accordingly, are also not yet determinable.

Federal Income Tax Consequences of Options and Stock Awards Under the 2014 Plan

THE FOLLOWING IS A GENERAL SUMMARY OF THE TYPICAL FEDERAL INCOME TAX CONSEQUENCES OF THE ISSUANCE AND EXERCISE OF OPTIONS, STOCK APPRECIATION RIGHTS OR AWARDS OF RESTRICTED STOCK UNDER THE 2014 PLAN. IT DOES NOT DESCRIBE APPLICABLE FOREIGN, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE ISSUANCE AND EXERCISE OF OPTIONS OR OF THE GRANT OF RESTRICTED STOCK. THIS SUMMARY IS BASED UPON THE PROVISIONS OF THE INTERNAL REVENUE CODE, APPLICABLE TREASURY REGULATIONS, ADMINISTRATIVE RULINGS AND JUDICIAL DECISIONS, ALL AS IN EFFECT AS OF THE DATE OF THIS PROXY STATEMENT. THERE CAN BE NO ASSURANCE THAT FUTURE LEGISLATIVE, ADMINISTRATIVE OR JUDICIAL CHANGES OR INTERPRETATIONS, WHICH CHANGES COULD APPLY RETROACTIVELY, WILL NOT AFFECT THE ACCURACY OF THIS SUMMARY.

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

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

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

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

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

Vote Required

Shareholder approval of this proposal is required. We believe the amendment to the 2014 Plan will result in additional benefit to the Company while continuing our practice of compensating our key employees and non-employee directors through programs that emphasize performance.

Your Board of Directors Recommends that Shareholders Vote

FOR

**the Proposal to Amend the 2014 Plan to Increase
the Number of Shares of Common Stock
Authorized for Issuance under the 2014 Plan by 200,000 shares**

TRANSACTIONS WITH RELATED PERSONS

Our audit committee reviews and approves related person transactions that involve us and are of the type that are required to be disclosed in our proxy statement by SEC rules. A transaction may be a related person transaction if any of our directors, executive officers, owners of more than 5% of our common stock, or their immediate family have a material interest in the transaction and the amount involved exceeds \$120,000. The audit committee approves a related person transaction if it determines that the transaction is at least as favorable to us as could have been obtained if the transaction had been with a person who is not related to us or is in our best interest.

Mr. Matthew T. Moroun is chairman of our board of directors, which is designated as a non-officer position. He is also chairman of the compensation and stock option committee and the executive committee and our largest shareholder. He controls several family-owned businesses engaged in, among other things, transportation, insurance, business services, and real estate development. Mr. Matthew T. Moroun is the father of our director, Mr. Matthew J. Moroun.

Members of the Moroun family have registration rights under an agreement with us dated July 28, 2021. Subject to conditions and exceptions, these shareholders may require us to register their securities if the anticipated aggregate offering price of the securities covered by the registration exceeds \$25 million. Also, if we propose to register any of our securities, subject to certain exceptions and limitations, and whether or not the registration is for our own account, we are required to give these shareholders the opportunity to participate in the registration. If a registration is underwritten and the managing underwriter advises us that marketing factors require a limitation on the number of shares that may be underwritten, we generally receive first priority with respect to the shares issued and sold. We generally are required to pay the registration expenses in connection with registrations.

Companies controlled by Mr. Matthew T. Moroun provide various business and administrative support services to Universal, including legal, human resources, tax, and information technology services. The cost of these services is based on the actual or estimated utilization of the specific services and is charged to the Company. These costs totaled \$4.2 million and \$2.6 million for 2021 and 2020, respectively.

In addition to the arrangements described above, we are currently a party to a number of arrangements with companies controlled by Mr. Moroun that we expect to continue.

We periodically carry freight for a trucking company owned by Mr. Moroun in the ordinary course of business at market rates. Revenue for these services for 2021 and 2020 totaled \$0.7 million and \$0.9 million, respectively. This trucking company also provided transportation services to us at market rates in the ordinary course of business. The cost of these services for 2021 and 2020 totaled \$1.7 million and \$22,000, respectively.

We pay companies controlled by Mr. Moroun the direct variable cost of maintenance, fueling and other operational support costs for services delivered at our affiliate's trucking terminals that are geographically remote from our own facilities. Such costs are billed when incurred, paid on a routine basis, and reflect actual labor utilization, repair parts costs or quantities of fuel purchased. The cost of these services for 2021 and 2020 totaled \$3.9 million and \$0.8 million, respectively.

We currently lease 30 office, terminal and yard facilities from companies controlled by Mr. Moroun based on either month-to-month or contractual, multi-year lease arrangements that are billed and paid monthly. At December 31, 2020, we leased 28 such facilities. During 2021 and 2020, we paid an aggregate of \$12.4 million and \$12.9 million, respectively, in rent and related costs to affiliates. We believe that the rent we currently pay for these properties is at market rates.

We purchase our employee medical, commercial auto liability, commercial general liability, workers compensation, motor cargo liability and other insurance from an insurance company controlled by Mr. Moroun. In 2021 and 2020, we paid this affiliate \$65.1 million and \$47.1 million, respectively. We believe that the rates we paid for these services reflect market rates.

During 2021 and 2020, we contracted with an affiliate to provide real property improvements for us totaling \$1.0 million and \$3.0 million, respectively. We also purchased wheels and tires from an affiliate during 2020 totaling \$618,000.

We believe that substantially all of the above transactions were entered into on terms at least as favorable to us as could have been obtained from persons who were not related to us, and each of the transactions was in our best interest. We expect to continue in 2022 certain transactions that are similar to those described above with companies controlled by our directors who are members of the Moroun family.

ANNUAL REPORT TO SHAREHOLDERS AND REPORT ON FORM 10-K

Additional information concerning us, including our financial statements, is provided in our 2021 annual report to shareholders that accompanies this proxy statement. Our annual report on Form 10-K for the year ended December 31, 2021, as filed with the SEC, is available to shareholders who make a written request for it to our secretary, Steven Fitzpatrick, at our principal executive office, 12755 E. Nine Mile Road, Warren, Michigan 48089. Copies of exhibits filed with that report or referenced in it will be furnished to shareholders of record upon request and payment of our expenses in furnishing such documents. The annual report is also available on our website at www.universallogistics.com under the captions of “Investor Relations” and “Corporate Governance.”

SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

If you wish to submit a proposal to be considered at the 2023 annual meeting, you must comply with the following procedures. Any communication to be made to our secretary as described below should be sent to Steven Fitzpatrick, Vice President—Finance and Investor Relations, Universal Logistics Holdings, Inc., 12755 E. Nine Mile Road, Warren, Michigan 48089.

Proxy Statement Proposal

If you intend to present proposals to be included in our proxy statement for our 2023 annual meeting, you must give written notice of your intent to our secretary on or before December 1, 2022. The proposals must comply with SEC regulations under Rule 14a-8 for including shareholder proposals in a company’s materials.

Shareholder Recommendations for Director Nominees

It is generally the policy of the board to consider the shareholder recommendations of proposed director nominees, if such recommendations are serious and timely received.

To be considered timely received for inclusion in our proxy statement for our 2023 annual meeting, recommendations must be received in writing at our principal executive offices, 12755 E. Nine Mile Road, Warren, Michigan 48089, no later than December 1, 2022. In addition, any shareholder director nominee recommendation must include the following information: (a) the proposed nominee’s name and qualifications and the reason for such recommendation; (b) the name and record address of the shareholder proposing such nominee; (c) a statement that the person has agreed to serve if nominated and elected; and (d) a description of any financial or other relationship between the shareholder and such nominee or between the nominee and us or our subsidiaries. In order to be considered by the board, any candidate proposed by one or more shareholders will be required to submit appropriate biographical and other information equivalent to that required of all other director candidates.

Matters for Annual Meeting Agenda

If you intend to bring a matter before next year’s meeting, other than by submitting a proposal to be included in our proxy statement, we must receive notice in accordance with our bylaws, which state that our secretary must receive your notice no earlier than December 1, 2022 and no later than December 31, 2022. For each matter you intend to bring before the meeting, you must include a full description of each such item; the name and address of the person proposing to bring such business before the meeting and, if different, of the shareholder on whose behalf such business is to be brought before the meeting; the number of shares held of record, held beneficially and represented by proxy by such person as of the record date for the meeting and as of the date of such notice; if any item of such business involves a nomination for director, all information regarding each such nominee that would be required to be set forth in a definitive proxy statement filed with the SEC pursuant to Section 14 of the

Exchange Act, and the written consent of each such nominee to serve if elected; and if so requested by us, all other information that would be required to be filed with the SEC if, with respect to the business proposed to be brought before the meeting, the person proposing such business was a participant in a solicitation subject to Section 14 of the Exchange Act. Unless otherwise required by law, the board will not be obligated to include information as to any nominee for director in any proxy statement or other communication sent to shareholders.

OTHER MATTERS

We do not know of any matters to be brought before the meeting other than those described in this proxy statement. If any other matter properly comes before the meeting, the persons designated as proxies will vote on each such matter in accordance with their best judgment.

By order of the board of directors,

/s/ Steven Fitzpatrick

STEVEN FITZPATRICK

*Vice President – Finance and Investor Relations,
Secretary*

March 31, 2022

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APPENDIX A

UNIVERSAL TRUCKLOAD SERVICES, INC.

2014 AMENDED AND RESTATED STOCK INCENTIVE PLAN

TERMINATION DATE: APRIL 22, 2024

1. ESTABLISHMENT AND PURPOSES.

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

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

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

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

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

2. DEFINITIONS.

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

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

(c) “Board” means the Board of Directors of the Company.

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

- (i) The sale, exchange, lease or other disposition of all or substantially all of the assets of the Company to a person or group of related persons, as such terms are defined or described in Sections 3(a)(9) and 13(d)(3) of the Exchange Act (other than CenTra, Inc. and its affiliates, Manuel J. Moroun and his affiliates, Matthew T. Moroun and his affiliates, or any group in which any of the foregoing is a member) that will continue the business of the Company in the future;
- (ii) A merger or consolidation involving the Company in which the voting securities of the Company owned by the shareholders of the Company immediately prior to such merger or consolidation do not represent, after conversion if applicable, more than fifty percent (50%) of the total voting power of the surviving controlling entity outstanding immediately after such merger or consolidation; provided that any person who (1) was a beneficial owner (within the meaning of Rules 13d-3 and 13d-5 promulgated under the Exchange Act) of the voting securities of the Company immediately prior to such merger or consolidation, and (2) is a beneficial owner of more than 20% of the securities of the Company immediately after such merger or consolidation, and (3) is not CenTra, Inc. or one of its affiliates, Manuel J. Moroun or one of his affiliates, Matthew T. Moroun or one of his affiliates, or any group in which any of the foregoing is a member, shall be excluded from the list of “shareholders of the Company immediately prior to such merger or consolidation” for purposes of the preceding calculation;
- (iii) Any person or group (other than CenTra, Inc. and its affiliates, Manuel J. Moroun and his affiliates, Matthew T. Moroun and his affiliates, or any group in which any of the foregoing is a member) is or becomes the Beneficial Owner, directly or indirectly, of more than 50% of the total voting power of the voting stock of the Company (including by way of merger, consolidation or otherwise) and the representatives of CenTra, Inc. and its affiliates, Manuel J. Moroun and his affiliates, Matthew T. Moroun and his affiliates, or any group in which any of the foregoing is a member, individually or in the aggregate, cease to have the ability to elect a majority of the Board (for the purposes of this clause (iii), a member of a group will not be considered to be the Beneficial Owner of the securities owned by other members of the group);
- (iv) A dissolution or liquidation of the Company.

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

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

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

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

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

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

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

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

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

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

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

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

- (i) If the Common Stock is listed on any established stock exchange, the Fair Market Value of a share of Common Stock shall be the closing price of the Common Stock as reported by the principal national securities exchange on which the Common Stock is listed or admitted to trading, regularly quoted, or if no sale of Common Stock shall have been reported on such date, then the immediately preceding date on which sales of the Common Stock have been so reported or quoted shall be used.
- (ii) In the event the Common Stock is no longer listed for trading on a national securities exchange, the Fair Market Value shall be determined in good faith by the Committee.
- (iii) Notwithstanding anything to the contrary in the foregoing, the Fair Market Value for purposes of grants under the Plan shall be determined in a manner consistent with avoiding adverse tax consequences under Sections 409A and 422 of the Code.

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

(r) “Non-Employee Director” means a Director who either (i) is not a current Employee or Officer of the Company or an Affiliate, does not receive compensation (directly or indirectly) from the Company an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“Regulation S-K”)), does not possess an interest in any other transaction as to which disclosure would be

required under Item 404(a) of Regulation S-K and is not engaged in a business relationship as to which disclosure would be required under Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. ADMINISTRATION.

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

(b) Composition of the Committee. If the Board appoints a Committee, the Committee shall be comprised of at least two members of the Board; *provided that* (i) with respect to any Stock Award that is intended to satisfy the requirements of Rule 16b-3, the Committee shall consist of at least such number of Directors as is required from time to time by Rule 16b-3, and each committee member shall satisfy the qualification requirements of such rule; (ii) with respect to any Award that is intended to satisfy the requirements of the Section 162(m) Exception, such Committee shall consist of at least such number of Directors as is required from time to time to satisfy Section 162(m) of the Code, and each such committee member shall satisfy the qualification requirements of such exception; and (iii) to the extent required under the rules of any stock exchange or automated quotation system on which the Common Stock is listed for trading or quoted, each member of the Committee shall satisfy any “independence” or other requirements of such exchange or quotation system; *provided, however*, that if any

such committee member is found not to have met the qualification requirements set forth in clauses (i) and/or (ii) above, any actions taken or Stock Awards granted by such Committee shall not be invalidated by such failure to so qualify. Subject to the limitations set forth herein and applicable law, the Committee shall have the authority to delegate some or all of its authority under the Plan to one or more members of the committee or to one or more officers of the Company.

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

- (i) To determine from time to time (A) the recipients of Stock Awards; (B) the timing of Stock Awards; (C) the types of Stock Awards to be granted; (D) the number of shares or cash amounts payable in connection with Stock Awards; (E) the terms, conditions, restrictions and/or limitations applicable to each Stock Award in accordance with the terms of the Plan (which need not be identical), including the time or times and the conditions upon which a person shall be permitted to receive Common Stock pursuant to a Stock Award; and (F) the Fair Market Value applicable to a Stock Award.
- (ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Committee, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any document or agreement evidencing a Stock Award, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.
- (iii) To amend the Plan or a Stock Award as provided in Section 13 of the Plan.
- (iv) Generally, to exercise such powers and to perform such acts as the Committee deems necessary, desirable, convenient or expedient to promote the best interests of the Company which are not in conflict with the provisions of the Plan.
- (v) Subject to the express provisions of the Plan (e.g., relating to repricing and minimum vesting requirements), to amend the terms of any outstanding Stock Award or to waive any condition or restriction applicable to any Stock Award in any manner that is not inconsistent with the terms of the Plan; *provided, however*, that no amendment may materially impair the rights of the holder thereof without the holder's consent. Notwithstanding the foregoing, subject to the limitations of applicable law, the Committee may amend the terms of any Stock Award without the affected Participant's consent if necessary to comply with any law, regulation, judicial decision, accounting standards, regulatory guidance or other legal requirement, or to comply with Section 409A of the Code.
- (vi) To adopt sub-plans and/or special provisions applicable to Stock Awards regulated by the laws of a jurisdiction other than and outside of the United States. Such sub-plans and/or special provisions may take precedence over other provisions of the Plan, with the exception of Section 4 of the Plan, but unless otherwise superseded by the terms of such sub-plans and/or special provisions, the provisions of the Plan shall govern.

(d) Delegation to Subcommittee. Within the scope of such authority, the Committee may (1) delegate to a committee of one or more individuals who are not Outside Directors the authority to grant Stock Awards to eligible persons who are either (a) not then Covered Employees and are not expected to be Covered Employees at the time of recognition of income resulting from such Stock Award or (b) not persons with respect to whom the Company wishes to comply with Section 162(m) of the Code and/or (2) delegate to a committee of one or more individuals who are not Non-Employee Directors the authority to grant Stock Awards to eligible persons who are either (a) not then subject to Section 16 of the Exchange Act or (b) receiving a Stock Award as to which the Board or the Committee elects not to comply with Rule 16b-3 by having two or more Non-Employee Directors grant such Stock Award. (For instance, the Board or Committee may instead elect to comply with Rule 16b-3 by having the Board approve the Stock Award, by having the Company's shareholders approve or ratify the Stock

Award, or designing the Stock Award so that the Common Stock must be held by the Participant for a period of at least six (6) months (in the case of the grant of a Option or SAR, at least six (6) months must elapse from the date of grant until the date of disposition (and not exercise) of either (x) the Option or SAR, as applicable, or (y) the underlying Common Stock)).

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

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

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

4. SHARES SUBJECT TO THE PLAN.

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

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

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

5. ELIGIBILITY.

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

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

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

(d) Consultants.

- (i) A Consultant shall not be eligible for the grant of a Stock Award if, at the time of grant, a Form S-8 Registration Statement under the Securities Act (“Form S-8”) is not available to register either the offer or the sale of the Company’s securities to such Consultant because of the nature of the services that the Consultant is providing to the Company, or because the Consultant is not a natural person, or as otherwise provided by the rules governing the use of Form S-8, unless the Company determines both (i) that such grant (A) shall be registered in another manner under the Securities Act (e.g., on a Form S-3 Registration Statement) or (B) does not require registration under the Securities Act in order to comply with the requirements of the Securities Act, if applicable, and (ii) that such grant complies with the securities laws of all other relevant jurisdictions.
- (ii) Form S-8 generally is available to consultants and advisors only if (i) they are natural persons; (ii) they provide bona fide services to the issuer, its parents, its majority owned subsidiaries; and (iii) the services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the issuer’s securities.

6. OPTION PROVISIONS.

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

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

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

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

(d) Consideration. The purchase price of Common Stock acquired pursuant to the exercise of an Option shall be paid, to the extent permitted by applicable statutes and regulations, either (1) in cash or by check at the

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

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

(f) Transferability of a Nonstatutory Stock Option. A Nonstatutory Stock Option shall be transferable to the extent provided in the Option Agreement. If the Nonstatutory Stock Option does not provide for transferability, then the Nonstatutory Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

(g) Vesting Generally. Options granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee. The vesting provisions of individual Options may vary. The provisions of this Subsection 6(g) are subject to any Option provisions governing the minimum number of shares of Common Stock as to which an Option may be exercised.

(h) Termination of Continuous Service. Unless the Option Agreement otherwise provides, in the event an Optionholder’s Continuous Service terminates, the Optionholder’s Options that have not vested or were not exercisable as of the date of termination shall automatically and without notice terminate and become null and void at 5:00 p.m. Eastern Time on the date of termination. With regard to those Options that have vested, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination) but (i) for Incentive Stock Options, only within such period of time ending on the earlier of (A) the date three (3) months following the termination of the Optionholder’s Continuous Service, or (B) the expiration of the term of the Option as set forth in the Option Agreement, and (ii) for Nonstatutory Stock Options, only within such period of time ending on the earlier of (A) the date specified in the Option Agreement, or (B) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination of Continuous Service, the Optionholder does not exercise his or her Option within such time period, the Option shall terminate. Nothing in this Section 6(h) shall restrict the Committee from amending an Incentive Stock Option in order to cause it to be treated as a Nonstatutory Stock Option.

(i) Extension of Termination Date. An Optionholder's Option Agreement may also provide that if the exercise of the Option following the termination of the Optionholder's Continuous Service (other than upon the Optionholder's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act or other applicable securities law, then the Option shall terminate on the earlier of (i) the expiration of the term of the Option set forth in the Option Agreement or (ii) the expiration of a period of three (3) months after the termination of the Optionholder's Continuous Service during which the exercise of the Option would not be in violation of such registration requirements.

(j) Disability of Optionholder. Unless the Option Agreement provides otherwise, in the event that an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her vested Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination), provided that the Option is exercised within such period of time ending on the earlier of (i) twelve (12) months following such termination (or such longer or shorter period specified in the Option Agreement) or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified herein, the Option shall terminate.

(k) Death of Optionholder. Unless the Option Agreement provides otherwise, in the event (i) an Optionholder's Continuous Service terminates as a result of the Optionholder's death or (ii) the Optionholder dies within the period (if any) specified in the Option Agreement after the termination of the Optionholder's Continuous Service for a reason other than death, then the vested Option may be exercised (to the extent the Optionholder was entitled to exercise such Option as of the date of death) by the Optionholder's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the Option upon the Optionholder's death pursuant to Subsection 6(e) or 6(f) of the Plan, provided that the Option is exercised within such period of time ending on the earlier of (i) twelve (12) months following the date of death (or such longer or shorter period specified in the Option Agreement) or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after death, the Option is not exercised within the time specified herein, the Option shall terminate.

(l) Early Exercise. The Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the shares of Common Stock subject to the Option prior to the full vesting of the Option. Any unvested shares of Common Stock so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Committee determines to be appropriate.

(m) Shareholder Rights and Privileges. An Optionholder shall have no right to receive dividends, vote or otherwise exercise the privileges and rights of a shareholder with respect to an unexercised Option. The Participant shall be entitled to all privileges and rights of a shareholder only with respect to such shares of Common Stock as have been purchased under the Option and for which shares of Common Stock have been registered in the Participant's name or otherwise credited to the Participant.

7. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS.

(a) Restricted Stock Bonus Awards. Each Restricted Stock Agreement shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. The terms and conditions of Restricted Stock Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Agreements need not be identical, but each Restricted Stock Agreement for Restricted Stock Bonus Awards shall be deemed to include (unless expressly stated otherwise) the substance of each of the following provisions:

- (i) Consideration. A Restricted Stock Bonus may be awarded in consideration for past services actually rendered to the Company or an Affiliate for its benefit.

- (ii) Vesting. Vesting shall generally be based on the Participant's Continuous Service. Shares of Common Stock awarded under the Restricted Stock Agreement shall be subject to a share reacquisition right in favor of the Company in accordance with a vesting schedule to be determined by the Committee; provided, however, that in no event shall any Restricted Stock Bonus Award that is a Performance Award vest (or be accelerated such that it vests) in under one year from the date of grant. The Committee may provide that the shares will vest upon (A) the Participant's Continued Service with the Company for a specified period of time; (B) the attainment of one or more performance measures established by the Committee as set forth in Section 9; (C) the occurrence of any event or the satisfaction of any other condition specified by the Committee in its sole discretion; or (D) a combination of any of the foregoing.
- (iii) Termination of Participant's Continuous Service. Unless otherwise provided in the Restricted Stock Agreement, in the event a Participant's Continuous Service terminates (including upon death or Disability), any shares that have not vested as of the date of termination shall automatically and without notice be forfeited on the date of termination.
- (iv) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Agreement, as the Committee shall determine in its discretion, so long as Common Stock awarded under the Restricted Stock Agreement remains subject to the terms of the Restricted Stock Agreement.
- (v) Rights and Restrictions Governing Restricted Stock. Common Stock awarded pursuant to a Restricted Stock Bonus Award shall be registered in the Participant's name or otherwise credited to the participant. Unless provided otherwise in a Restricted Stock Agreement, the Participant shall have no right to vote or to receive dividends or other distributions with respect to shares of Common Stock subject to a Restricted Stock Bonus Award that have not vested. In addition, with regard to shares of Common Stock subject to a Restricted Stock Bonus Award that have not vested, (A) the Participant shall not be entitled to delivery of unrestricted shares until all conditions to vesting have been satisfied; (B) the Participant may not sell, transfer, pledge, assign, exchange, hypothecate or otherwise encumber or dispose of the shares until all conditions to vesting have been satisfied; (C) and a breach of the terms and conditions established by the Committee pursuant to the Restricted Stock Agreement shall cause a forfeiture of the Restricted Stock Bonus.

(b) Restricted Stock Purchase Rights. Each Restricted Stock Agreement shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. The terms and conditions of the Restricted Stock Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Agreements need not be identical, but each Restricted Stock Agreement for Restricted Stock Purchase Rights shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

- (i) Purchase Price. The purchase price under each Restricted Stock Agreement shall be such amount as the Board shall determine and designate in such Restricted Stock Agreement. The purchase price shall not be less than eighty five percent (85%) of the Common Stock's Fair Market Value on the date such award is made.
- (ii) Consideration. The purchase price of Common Stock acquired pursuant to the Restricted Stock Agreement shall be paid either: (i) in cash or by check at the time of purchase; or (ii) in any other form of legal consideration that may be acceptable to the Committee in its discretion.
- (iii) Vesting. The Committee shall determine the criteria under which shares of purchased Common Stock under the Restricted Stock Agreement shall vest. The criteria may or may not include performance criteria or Continuous Service; provided, however, that the limitations on the vesting schedule stated in Section 7(a)(ii) shall apply. Shares of Common Stock acquired may, but need

not, be subject to a share repurchase option in favor of the Company in accordance with a vesting schedule to be determined by the Committee.

- (iv) Termination of Participant's Continuous Service. Unless otherwise provided in the Restricted Stock Agreement, in the event a Participant's Continuous Service terminates (including upon death or Disability), any Restricted Stock Purchase Rights for which the purchase price has not been paid and any shares that have not vested as of the date of termination shall automatically and without notice be forfeited.
- (v) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Agreement, as the Committee shall determine in its discretion, so long as Common Stock awarded under the Restricted Stock Agreement remains subject to the terms of the Restricted Stock Agreement.
- (vi) A Participant shall have no right to receive dividends, vote or otherwise exercise the privileges and rights of a shareholder with respect to an unexercised Restricted Stock Purchase Right. The Participant shall be entitled to all privileges and rights of a shareholder only with respect to such shares of Common Stock as are issued pursuant to the Restricted Stock Purchase Right and for which shares of Common Stock have been registered in the Participant's name or otherwise credited to the Participant.

(c) Stock Appreciation Rights. Two types of Stock Appreciation Rights ("SARs") shall be authorized for issuance under the Plan: (i) stand-alone SARs and (ii) stapled SARs.

- (i) Stand-Alone SARs. The following terms and conditions shall govern the grant and redeemability of stand-alone SARs:

(A) The stand-alone SAR shall cover a specified number of underlying shares of Common Stock and shall be redeemable upon such terms and conditions as the Committee may establish. Upon redemption of the stand-alone SAR, the Participant shall be entitled to receive a distribution from the Company in an amount equal to the excess of (i) the aggregate Fair Market Value (on the redemption date) of the shares of Common Stock underlying the redeemed right over (ii) the aggregate base price in effect for those shares established at the time of the grant.

(B) The number of shares of Common Stock underlying each stand-alone SAR and the base price in effect for those shares shall be determined by the Committee in its sole discretion at the time the stand-alone SAR is granted. In no event, however, may the base price per share be less than eighty five percent (85%) of the Fair Market Value per underlying share of Common Stock on the grant date.

(C) The distribution with respect to any redeemed stand-alone SAR may be made in shares of Common Stock valued at Fair Market Value on the redemption date, in cash, or partly in shares and partly in cash, as the Committee shall in its sole discretion deem appropriate.

- (ii) Stapled SARs. The following terms and conditions shall govern the grant and redemption of stapled SARs:

(A) Stapled SARs may only be granted concurrently with an Option to acquire the same number of shares of Common Stock as the number of such shares underlying the stapled SARs.

(B) Stapled SARs shall be redeemable upon such terms and conditions as the Committee may establish and shall grant a Participant the right to elect among (i) the exercise of the concurrently granted Option for shares of Common Stock, whereupon the number of shares of Common Stock subject to the stapled SARs shall be reduced by an equivalent number, (ii) the redemption of such stapled SARs in exchange for a distribution from the Company in an amount equal to the excess of the Fair Market Value (on the redemption date) of the number of vested shares which the holder

redeems over the aggregate base price for such vested shares, whereupon the number of shares of Common Stock subject to the concurrently granted Option shall be reduced by any equivalent number, or (iii) a combination of (i) and (ii).

(C) The distribution to which the holder of stapled SARs shall become entitled under this Section 7 upon the redemption of stapled SARs as described in Section 7(c)(ii)(b) above may be made in shares of Common Stock valued at Fair Market Value on the redemption date, in cash, or partly in shares and partly in cash, as the Committee shall in its sole discretion deem appropriate.

(iii) The following terms and conditions shall govern the grant and redeemability of SARs (both stand-alone and stapled):

(A) The term of each SAR shall be as specified by the Committee, but in no event shall a SAR be exercisable after the expiration of ten (10) years from the date of grant.

(B) In the event a Participant's Continuous Service terminates (including upon death or Disability), SARs that have not vested as of the date of termination shall automatically and without notice terminate and become null and void at 5:00 p.m. Eastern Time on the date of termination. With regard to those SARs that have vested, unless the document evidencing the grant states otherwise, the Participant or Participant's designee may exercise a SAR (to the extent that the Participant was entitled to exercise the SAR as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service, or (ii) the expiration of the term of the SAR or tandem Option, if any. If, after termination of Continuous Service, the Participant does not exercise his or her SAR within such time period, the SAR shall terminate.

(C) A Participant shall have no right to receive dividends, vote or otherwise exercise the privileges and rights of a shareholder with respect to an unexercised or exercised SAR.

(d) Phantom Stock Units. The following terms and conditions shall govern the grant and redeemability of Phantom Stock Units:

(i) Phantom Stock Unit awards shall be redeemable by the Participant to the Company upon such terms and conditions as the Committee may establish. The value of a single Phantom Stock Unit shall be equal to the Fair Market Value of a share of Common Stock, unless the Committee otherwise provides in an agreement representing the Phantom Stock Units; provided, however, that no such agreement shall be required to effect an award of Phantom Stock Units.

(ii) The distribution with respect to any exercised Phantom Stock Unit award may be made in shares of Common Stock valued at Fair Market Value on the redemption date, in cash, or partly in shares and partly in cash, as the Committee shall in its sole discretion deem appropriate.

(iii) In the event a Participant's Continuous Service terminates (including upon death or Disability), Phantom Stock Units that have not vested as of the date of termination shall automatically and without notice terminate and become null and void at 5:00 p.m. Eastern Time on the date of termination. With regard to those Phantom Stock Units that have vested, unless the document evidencing the grant states otherwise, the Participant or Participant's designee may redeem a Phantom Stock Unit (to the extent that the Participant was entitled to redeem such Phantom Stock Unit as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service, or (ii) the expiration of the term of the Phantom Stock Unit, if any. If, after termination of Continuous Service, the Participant does not redeem his Phantom Stock Units within such time period, the Phantom Stock Units shall terminate.

(iv) A Participant shall have no right to receive dividends, vote or otherwise exercise the privileges and rights of a shareholder with respect to Phantom Stock Units.

(e) Restricted Stock Units. The following terms and conditions shall govern the grant and redeemability of Restricted Stock Units:

- (i) A Restricted Stock Unit is the right to receive one (1) share of the Company's Common Stock at the time the Restricted Stock Unit vests. Participants may elect to defer receipt of shares of Common Stock otherwise deliverable upon the vesting of an award of restricted stock. An election to defer such delivery shall be irrevocable and shall be made in writing on a form acceptable to the Company. The election form shall be filed prior to the vesting date of such restricted stock in a manner determined by the Committee. When the Participant vests in such restricted stock, the Participant will be credited with a number of Restricted Stock Units equal to the number of shares of Common Stock for which delivery is deferred. Restricted Stock Units shall be paid by delivery of shares of Common Stock in accordance with the timing and manner of payment elected by the Participant on his/her election form, or if no deferral election is made, as soon as administratively practicable following the vesting of the Restricted Stock Unit.
- (ii) Each Restricted Stock Agreement shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. The terms and conditions of Restricted Stock Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Agreements need not be identical, but each Restricted Stock Agreement for Restricted Stock Units shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:
 - (A) Consideration. A Restricted Stock Unit may be awarded in consideration for past services actually rendered to the Company or an Affiliate for its benefit.
 - (B) Vesting. Vesting shall generally be based on the Participant's Continuous Service. Shares of Common Stock awarded under the Restricted Stock Agreement shall be subject to a share reacquisition right in favor of the Company in accordance with a vesting schedule to be determined by the Committee; provided, however, that the limitations on the vesting schedule stated in Section 7(a)(ii) shall apply to Restricted Stock Units.
 - (C) Termination of Participant's Continuous Service. Unless otherwise provided in the Restricted Stock Agreement, in the event a Participant's Continuous Service terminates (including upon death or Disability), any shares that have not vested as of the date of termination shall automatically and without notice be forfeited on the date of termination.
 - (D) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Agreement, as the Committee shall determine in its discretion, so long as Common Stock awarded under the Restricted Stock Agreement remains subject to the terms of the Restricted Stock Agreement.
 - (E) Rights and Privileges. A Participant shall have no right to receive dividends, vote or otherwise exercise the privileges and rights of a shareholder with respect to an unexercised or unvested Restricted Stock Unit. The Participant shall be entitled to all privileges and rights of a shareholder only with respect to such shares of Common Stock as are issued pursuant to the Restricted Stock Unit and for which shares of Common Stock have been registered in the Participant's name or otherwise credited to the Participant.

(f) Unrestricted Stock. The Committee may cause the Company to grant unrestricted shares of Common Stock to Participants at such time or times, in such amounts and for such reasons as the Committee, in its sole discretion, shall determine. Unrestricted Common Stock shall immediately vest and shall not be subject to any restricted period. Except as required by applicable law, no payment shall be required for shares of unrestricted Common Stock. The Company shall issue, in the name of each Participant to whom unrestricted shares of Common Stock have been granted, stock certificates representing the total number of shares granted to the

Participant and shall deliver such certificates to the Participant as soon as reasonably practicable after the date of grant or on such later date as the Committee shall determine at the time of grant.

8. COVENANTS OF THE COMPANY.

(a) Availability of Shares. During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock reasonably required to satisfy such Stock Awards.

(b) Securities Law Compliance. The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise, redemption or satisfaction of the Stock Awards; provided, however, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after commercially reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock related to such Stock Awards unless and until such authority is obtained.

(c) No Obligation to Notify or Minimize Taxes. The Company shall have no duty or obligation to any Participant to advise such Participant as to the time or manner of exercising his or her Stock Award. Furthermore, the Company shall have no duty or obligation to warn or otherwise advise any Participant of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the Participant of such Stock Award.

9. PERFORMANCE AWARDS

(a) The grant, vesting, and/or exercisability of any Stock Award may, in the Committee's sole discretion, be conditioned, in whole or in part, on the attainment of performance targets related to one or more performance measures over a performance period, in which case, such Stock Award shall constitute a Performance Award under the Plan.

(b) Performance Awards that are not intended to qualify for the Section 162(m) Exception may be based on the achievement of such goals and be subject to such terms, conditions, and restrictions as the Committee shall determine.

(c) Performance Awards that are intended to qualify for the Section 162(m) Exception based on the satisfaction of one or more performance measures shall be conditioned upon the achievement during a specified performance period of specified levels of one or more of the measures listed below. The Committee shall establish the performance measures applicable to such performance either (i) prior to the beginning of the performance period or (ii) within 90 days after the beginning of the performance period if the outcome of the performance targets is substantially uncertain at the time such targets are established, but not later than the date on which 25% of the performance period has elapsed; provided such measures may be made subject to adjustment for specified significant extraordinary items or events to the extent consistent with Section 162(m) of the Code. The performance measures established by the Committee may be based upon (1) the earnings or earnings per share of the Company or of any business unit of the Company designated by the Committee; (2) the net operating margin of the Company or of any business unit of the Company designated by the Committee; (3) the cash flow return on investment of the Company or any business unit of the Company designated by the Committee; (4) the earnings before interest, taxes, depreciation, and/or amortization of the Company or any business unit of the Company designated by the Committee; (5) the return on shareholders' equity achieved by the Company; (6) the total shareholders' return achieved by the Company; (7) any of the foregoing calculated on a "non-GAAP basis"; (8) the price of a share of Common Stock; (9) the Company's market share; (10) the

market share of a business unit of the Company designated by the Committee; (11) the Company's sales; (12) the sales of a business unit of the Company designated by the Committee; (13) operating income of the Company or of any business unit of the Company designated by the Committee; (14) operating expense ratios of the Company or of any business unit designated by the Committee; (15) the economic value added; or (16) any combination of the foregoing. A measure that is calculated on a "non-GAAP basis" is a measure that is adjusted (to the extent consistent with the Section 162(m) Exception) to reflect the impact of special items, which items are reflected from time to time in the Company's published financials. Special items are material nonrecurring adjustments deemed appropriate to exclude by the Committee and may include, without limitation, (a) unrealized gains or losses and other items that are recorded by the Company as a result of Accounting Standards Codification Topic 815 (previously issued as Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended); (b) impairment and other non-cash charges including the impact of changes in accounting principles or estimates or other unusual, infrequent non-cash items; and (c) other items not considered to be representative of the Company's ongoing operations.

(d) To the extent the Committee intends for Stock Awards to qualify for the Section 162(m) Exception, prior to the Participants' receipt of shares of Common Stock (or cash, as applicable) pursuant to such Stock Awards (or prior to receipt of the Awards themselves, if applicable), the Committee shall certify whether the performance targets and measure(s) related to such Stock Awards have been achieved. The Committee, in its sole discretion, may provide for a reduction in a Participant's Performance Award during the performance period.

10. CANCELLATION AND RE-GRANT OF OPTIONS.

(a) Upon obtaining any approval of the shareholders of the Company required by applicable law or the listing requirements of the Nasdaq National Market System or any other securities exchange on which the Common Stock may then be traded, the Board shall have the authority to effect (i) the repricing of any outstanding Options under the Plan and/or (ii) with the consent of the affected Optionholders, the cancellation of any outstanding Options under the Plan and the grant in substitution therefor of new Options under the Plan covering the same or different number of shares of Common Stock, but having an exercise price per share not less than eighty five percent (85%) of the Fair Market Value (one hundred percent (100%) of Fair Market Value in the case of an Incentive Stock Option or, in the case of a 10% shareholder (as described in Subsection 5(b) of the Plan), not less than one hundred ten percent (110%) of the Fair Market Value) per share of Common Stock on the new grant date. Notwithstanding the foregoing, the Board may grant an Option with an exercise price lower than that set forth above if such Option is granted as part of a transaction to which Section 424(a) of the Code applies.

(b) Shares subject to an Option canceled under this Section 10 shall continue to be counted against the maximum award of Options permitted to be granted pursuant to Subsection 4(a) of the Plan as provided under Section 162(m) of the Code and the regulations promulgated thereunder. The repricing of an Option under this Section 10, resulting in a reduction of the exercise price, shall be deemed to be a cancellation of the original Option and the grant of a substitute Option; in the event of such repricing, both the original and the substituted Options shall be counted against the maximum awards of Options permitted to be granted pursuant to Subsection 5(c) of the Plan. The provisions of this Subsection 10(b) shall be applicable only to the extent required by Section 162(m) of the Code.

11. MISCELLANEOUS.

(a) No Right to an Award. Neither the adoption of the Plan nor any action of the Board or of the Committee shall be deemed to give any individual any right to be granted a Stock Award nor any other rights hereunder except as may be evidenced by an agreement, and then only to the extent and on the terms and conditions expressly set forth therein. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to assure the performance of its obligations with respect to any Stock Award.

(b) No Restriction on Corporate Action. Nothing contained in the Plan shall be construed to prevent the Company or any Affiliate from taking any action that is deemed by the Company or such Affiliate to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Stock Award made under the Plan. No Participant, beneficiary or other person shall have any claim against the Company or any Affiliate as a result of any such action.

(c) Acceleration of Exercisability and Vesting. Subject to the requirements of Section 409A, the Committee (or if no Committee, the Board) shall have the power to accelerate exercisability and/or vesting when it deems fit, such as upon a Change of Control, and shall have the power to accelerate the time at which a Stock Award may first be exercised or the time during which a Stock Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Stock Award stating the time at which it may first be exercised or the time during which it will vest.

(d) Shareholder Rights. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to a Stock Award except to the extent that the Company has issued the shares of Common Stock relating to such Stock Award.

(e) No Employment or other Service Rights. Nothing in the Plan or any instrument executed or Stock Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate or (iii) the service of a Director pursuant to the Bylaws of the Company, and any applicable provisions of the corporate law of the state in which the Company is incorporated, as the case may be.

(f) Incentive Stock Option \$100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars (\$100,000), the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options.

(g) Investment Assurances. The Company may require a Participant, as a condition of exercising or redeeming a Stock Award or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of acquiring the Common Stock; (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock; and (iii) to give such other written assurances as the Company may determine are reasonable in order to comply with applicable law. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (1) the issuance of the shares of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act or (2) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws, and in either case otherwise complies with applicable law. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(h) Withholding Obligations. To the extent provided by the terms of a Stock Award Agreement, the Participant may satisfy any federal, state, local, or foreign tax withholding obligation relating to the exercise or redemption of a Stock Award or the acquisition of, vesting, distribution, or transfer of Common Stock under a

Stock Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable to the Participant; provided, however, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law; or (iii) delivering to the Company owned and unencumbered shares of Common Stock.

(i) Fractional Shares. No fractional shares of Common Stock shall be delivered, nor shall any cash in lieu of fractional shares be paid.

(j) Restrictions on Transfer. Except as otherwise provided in this Plan, the Option Agreement, the Restricted Stock Agreement or other agreement evidencing such Stock Award, no Stock Award granted under this Plan or any right evidenced thereby shall be transferable by the Participant other than by will or the laws of descent and distribution. In addition, any Stock Award shall be subject to any additional restrictions on transfer provided for in the Plan or any agreement evidencing such Stock Award.

(k) Section 409A. The Plan is intended to provide compensation that is exempt from or that complies with Section 409A of the Code, and ambiguous provisions, if any, shall be construed in a manner that is compliant with or exempt from the application of Section 409A of the Code. The Plan shall not be amended in a manner that would cause the Plan or any amounts payable under the Plan to fail to comply with the requirements of Section 409A of the Code, to the extent applicable, and further, the provisions of any purported amendment that may reasonably be expected to result in such non-compliance shall be of no force or effect with respect to the Plan. To the extent the Committee determines that any Stock Award granted under the Plan is subject to Section 409A of the Code, the agreement evidencing such Stock Award shall incorporate the terms and conditions necessary to avoid the adverse tax consequences under Section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, in the event that, following the Effective Date, the Committee determines that any Stock Award may be subject to Section 409A of the Code, the Committee may adopt such amendments to the Plan and the Stock Award or adopt other policies and procedures (including amendments, policies, and procedures with retroactive effect) or take any other actions that the Committee (if no Committee, the Board) determines are necessary or appropriate to exempt the Stock Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Stock Award or to comply with the requirements of Section 409A of the Code.

(l) Notwithstanding any provision of this Plan to the contrary, if a Participant is a "specified employee" within the meaning of Section 409A of the Code as of the date of the Participant's termination of Continuous Service and the Company determines, in good faith, that immediate payment of any amounts or benefits under this Plan would cause a violation of Section 409A of the Code, then any amounts or benefits that are payable under the Plan upon the Participant's "separation from service" within the meaning of Section 409A of the Code that (i) are subject to the provisions of Section 409A of the Code; (ii) are not otherwise excluded under Section 409A of the Code; and (iii) would otherwise be payable during the first six-month period following such separation from service, shall be paid on the first business day following the earlier of (1) the date that is six months and one day following the date of termination or (2) the date of the Participant's death.

12. ADJUSTMENTS UPON CHANGES IN STOCK.

(a) No Effect on Right or Power. The existence of the Plan and the Stock Awards granted hereunder shall not affect in any way the right or power of the Board of the shareholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization, or other change in the Company's or any Affiliate's capital structure of its business; (ii) any merger or consolidation of the Company or any Affiliate; (iii) any issue of debt or equity securities ahead of or affecting Common Stock or the rights thereof; (iv) the dissolution or liquidation of the company or any Affiliate; (v) any sale, lease, exchange or other disposition of all or any part of the company's or any Affiliate's assets or business; or (vi) any other corporate act or proceeding.

(b) Capitalization Adjustments. If any change is made in the Common Stock subject to the Plan, or subject to any Stock Award, without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, spinoff, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the Plan will be appropriately adjusted in the class(es) and maximum number of securities subject to the Plan pursuant to Subsection 4(a) above and the maximum number of securities subject to award to any person pursuant to Subsection 5(c) above, and the outstanding Stock Awards will be appropriately adjusted in the class(es) and number of securities and price per share of the securities subject to such outstanding Stock Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. (The conversion of any convertible securities of the Company shall not be treated as a transaction “without receipt of consideration” by the Company.)

(c) Adjustments Upon a Change of Control.

- (i) In the event of a Change of Control as defined in 2(d)(i) through 2(d)(iii), such as an asset sale, merger, or change in ownership of voting power, then any surviving entity or acquiring entity shall assume or continue any Stock Awards outstanding under the Plan or shall substitute similar stock awards (including an award to acquire the same consideration paid to the shareholders in the transaction by which the Change of Control occurs) for those outstanding under the Plan. In the event any surviving entity or acquiring entity refuses to assume or continue such Stock Awards or to substitute similar stock awards for those outstanding under the Plan, then with respect to Stock Awards held by Participants whose Continuous Service has not terminated, the Board in its sole discretion and without liability to any person may (1) provide for the payment of a cash amount in exchange for the cancellation of a Stock Award equal to the product of (x) the excess, if any, of the Fair Market Value per share of Common Stock at such time over the exercise or redemption price, if any, times (y) the total number of shares then subject to such Stock Award, (2) continue the Stock Awards, or (3) notify Participants holding an Option, Stock Appreciation Right, Phantom Stock Unit or similar award that they must exercise or redeem any portion of such Stock Award (including, at the discretion of the Board, any unvested portion of such Stock Award) at or prior to the closing of the transaction by which the Change of Control occurs and that the Stock Awards shall terminate if not so exercised or redeemed at or prior to the closing of the transaction by which the Change of Control occurs. With respect to any other Stock Awards outstanding under the Plan, such Stock Awards shall terminate if not exercised or redeemed prior to the closing of the transaction by which the Change of Control occurs. The Board or Committee shall not be obligated to treat all Stock Awards, even those which are of the same type, in the same manner under this Section 12(c).
- (ii) In the event of a Change of Control as defined in Section 2(d)(iv), such as a dissolution of the Company, all outstanding Stock Awards shall terminate immediately prior to such event.

(d) Section 409A Considerations. Notwithstanding anything to the contrary in this Section 12, any adjustments made pursuant to this section shall be made in conformity with Section 409A of the Code to the extent necessary to avoid its application or adverse tax consequences thereunder.

13. AMENDMENT OF THE PLAN AND STOCK AWARDS.

(a) Amendment of Plan. The Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 12 of the Plan relating to adjustments upon changes in Common Stock, no amendment shall be effective unless approved by the shareholders of the Company if such approval is required under applicable law or regulation or by any exchange or automated quotation system upon which the Common Stock is listed for trading or quoted.

(b) Shareholder Approval. The Board may, in its sole discretion, submit any other amendment to the Plan for shareholder approval.

(c) Contemplated Amendments. It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options and/or to bring the Plan and/or Incentive Stock Options granted under it into compliance therewith.

(d) No Material Impairment of Rights. Rights under any Stock Award granted before amendment of the Plan shall not be materially impaired by any amendment of the Plan unless (i) the Company requests the consent of the Participant and (ii) the Participant consents in writing.

(e) Amendment of Stock Awards. The Board at any time, and from time to time, may amend the terms of any one or more Stock Awards; provided, however, that the rights under any Stock Award shall not be materially impaired by any such amendment unless (i) the Company requests the consent of the Participant and (ii) the Participant consents in writing.

14. TERMINATION OR SUSPENSION OF THE PLAN.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on the tenth (10th) anniversary of the date the Plan is adopted by the Board. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Material Impairment of Rights. Subject to other applicable provisions of the Plan, all Stock Awards made under the Plan prior to termination of the Plan shall remain in effect until such Awards have been satisfied or terminated in accordance with the Plan and the terms of the Stock Awards. Suspension or termination of the Plan shall not materially impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the Participant.

15. USE OF PROCEEDS FROM STOCK.

Proceeds from the sale of Common Stock pursuant to Stock Awards shall constitute general funds of the Company.

16. CHOICE OF LAW.

The law of the State of Michigan shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to such state's conflict of laws rules.

EXHIBIT A
FORM OF OPTION AGREEMENT
UNIVERSAL TRUCKLOAD SERVICES, INC.
2014 AMENDED AND RESTATED STOCK INCENTIVE PLAN
NONSTATUTORY STOCK OPTION AGREEMENT

THIS NONSTATUTORY STOCK OPTION AGREEMENT (the “*Option*” or the “*Agreement*”) is made on the ____ day of _____, 20__ (the “*Effective Date*”), by and between **UNIVERSAL TRUCKLOAD SERVICES, INC.**, a Michigan corporation (the “*Company*”), and _____ (the “*Optionholder*”).

Grant Date: _____

Number of Shares: _____

Option Price Per Share: _____

Expiration Date: _____

The Company, pursuant to the terms of the 2014 Amended and Restated Stock Incentive Plan adopted by the Company’s Board of Directors on April __, 2014 (the “*Plan*”), hereby grants an option to purchase the aforementioned number of shares of common stock of the Company (“*Common Stock*”) to the Optionholder at the aforementioned price and in all respects subject to the terms, definitions and provisions of this Agreement. The Option is intended to be a non-qualified stock option, and is not intended to be treated as an option that complies with Section 422 of the Internal Revenue Code of 1986, as amended.

1. **Exercise and Option.** This Option shall be exercisable at any time and from time to time pursuant to the exercise schedule and in accordance with the terms of this Agreement as follows:

(a) **Exercise Schedule.** This Option shall become exercisable and shall vest in installments as indicated below:

Percentage of option vested and available for exercise	Cumulative percentage of option vested and available for exercise	Exercise and Vesting Date
____%	____%	Immediately
____%	____%	_____
____%	____%	_____
____%	____%	_____
____%	____%	_____

(b) **Method of Exercise.** This Option shall be exercisable by a written notice, which shall:

(i) state the election to exercise the Option, the number of shares in respect of which it is being exercised, the person in whose name the stock certificate or certificates for such shares of Common Stock is to be registered, his or her address and Social Security Number (or if more than one, the names, addresses and Social Security Numbers of such persons);

(ii) contain such representations and agreements as to the holder’s investment intent with respect to such shares of Common Stock as may be satisfactory to the Company’s counsel;

(iii) be signed by the person or persons entitled to exercise the Option and, if the Option is being exercised by any person or persons other than the Optionholder, be accompanied by proof, satisfactory to the Company’s counsel, of the right of such person or persons to exercise the Option;

(iv) be accompanied by payment to the Company of the full Option price for the shares with respect to which the Option is exercised. The option price shall be paid in the following manner:

(A) full payment in cash or equivalent;

(B) pursuant to a “same day sale” program or delivery to the Company of an irrevocable exercise notice together with irrevocable instructions from the Optionholder to a broker or dealer, reasonably acceptable to the Company, to sell certain shares of Common Stock purchased upon exercise of an Option and promptly deliver to the Company the amount of the sale proceeds necessary to pay the exercise price of the Option (provided that with respect to such a cashless exercise, the Option shall be deemed exercised on the date of sale of the shares of Common Stock received upon exercise);

(C) by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company shall accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued;

(D) any combination of subclauses “A” through “C”, equal to the aggregate of the option price, or as approved by the Committee.

(c) Securities Exemption. The Company shall not be required to issue or deliver any certificates for shares of Common Stock purchased upon the exercise of an Option (i) prior to the completion of any registration or other qualification of such shares under any state or federal laws or rulings or regulations of any government regulatory body, which the Company shall determine to be necessary or advisable, or (ii) prior to receiving an opinion of counsel satisfactory to the Company that the sale or issuance of such shares is exempt from these registration or qualification requirements.

(d) Restrictions on Exercise. As a condition to the exercise of this Option, the Company may require the person exercising the Option to make any representation and warranty to the Company as may be required by any applicable law or regulation.

(e) Termination, Death or Disability

(i) In the event the Continuous Service of the Optionholder shall be terminated by the Company, the unvested portion of this Option shall be forfeited immediately. The vested portion of the Option may be exercised at any time within _____ (___) days after such termination of Continuous Service, but in no case later than the date on which the Option would otherwise terminate.

(ii) In the event the Continuous Service of the Optionholder shall be terminated by the Employee for any reason other than death or Disability (as defined by the Plan), the unvested portion of this Option shall be forfeited immediately. The vested portion of the Option may be exercised at any time after the 90th day following the date of termination but within _____ (___) days of such termination of Continuous Service, but in no case later than the date on which the Option would otherwise terminate; provided, however, that the vested portion of the Option may only be exercised if and only if the Optionholder has not become employed by another company in the motor freight business in the United States, Canada, or Mexico, in which case all vested shares shall be forfeited.

(iv) In the event the Continuous Service of the Optionholder shall be terminated due to Disability, the unvested portion of this Option shall be forfeited immediately. The vested portion of the Option may be exercised at any time within _____ (___) months after such Disability, but in no case later than the date on which the Option would otherwise terminate.

(v) If the Optionholder shall die while employed by the Company, the unvested portion of this Option shall be forfeited immediately. The vested portion of the Option shall become immediately exercisable by

the Optionholder's estate, by the person who acquires the right to exercise such Option upon his or her death by bequest or inheritance, or by the person designated by the Optionholder to exercise the Option upon the Optionholder's death. Such exercise may occur at any time within _____(____) months after the date of the Optionholder's death or such other period as the Committee may at any time provide, but in no case later than the date on which the Option would otherwise terminate.

(vi) This Option shall terminate on the aforementioned Expiration Date, unless terminated prior thereto as provided herein or in the Plan.

2. **Nontransferability of Option.** This Option may not be assigned or transferred other than by will or the laws of descent and distribution or to the Optionholder's designee as provided in Section 1(e)(v) and, during the lifetime of the Optionholder, may be exercised only by him or her. Any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided, however, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

3. **Stock Subject to the Option.** The Company and the Optionholder agree that the Common Stock of the Company acquired upon exercise of the Option shall not be sold or transferred for 180 days after issuance and shall be subject to the other restrictions set forth in the Plan and subject to the restriction as set out in Paragraph 4 of this Agreement.

4. **Right of First Refusal.** The Optionholder shall not sell or transfer the shares issued upon exercise of the Option without first providing to the Company a notice of intent to sale (the "Notice") at least five (5) days prior to the intended sale date. After the Notice, the Company shall have until the close of business on the fourth business day after the Notice to agree to purchase the shares intended for sale. If the Company exercises its right to purchase the shares, the purchase shall be on the fifth day after the Notice and the purchase price shall be the fair market value of the Common Stock on that day. If the Company does not exercise its right, then the Optionholder shall have ten (10) business days thereafter to sell the shares. If the Optionholder does not sell the shares within such ten-day period, this right of first refusal shall be applicable to any subsequent sale of said shares.

5. **Notices.** Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Optionholder at the address appearing in the personnel records of the Company for the Optionholder or to either part at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

6. **No Right to Continued Employment.** Neither the Plan nor this Agreement shall be construed as giving the Optionholder the right to be retained in the employ of, or in any consulting relationship to, the Company. Further, the Company may at any time terminate the employment of the Optionholder or discontinue any consulting relationship, free from any liability or any claim under the Plan or this Agreement, except as otherwise expressly provided herein.

7. **Benefits of Agreement.** This Agreement shall inure to the benefit of and be binding upon the successors, assigns and heirs of the respective parties. All obligations imposed upon the Optionholder and all rights granted to the Company under this Agreement shall be binding upon Optionholder's heirs, legal representatives, and successors. This Agreement shall be the sole and exclusive source of any and all rights which the Optionholder, his heirs, legal representatives or successors may have in respect to the Plan or any options or Common Stock granted or issued hereunder, whether to himself or to any other person.

8. **Withholding.** An Optionholder shall be required to pay to the Company, and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of an Option, its exercise

or any payment or transfer under an Option or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such withholding taxes.

9. **Governing Plan and Plan Amendments.** By entering into this Agreement, the Optionholder agrees and acknowledges that the Optionholder has received a copy of the Plan. The award and this Agreement are subject to the terms and conditions of the Plan. The Plan is incorporated into this Agreement by reference. By signing this Agreement, you accept this award, acknowledge receipt of a copy of the Plan and acknowledge that the award is subject to all the terms and provisions of the Plan and this Agreement. You further agree to accept as binding, conclusive and final all decisions and interpretations by the Committee of the Plan upon any questions arising under the Plan. This Agreement shall be subject to the terms of the Plan except that this Agreement may not in any way be restricted or limited by any Plan amendment or termination approved after the date of this Agreement without the Optionholder's written consent.

10. **Terms.** Any terms used in this Agreement that are not otherwise defined shall have the meanings ascribed to them in the Plan.

11. **Entire Agreement.** This Agreement contains the entire understanding of the parties and shall not be modified or amended except in writing and duly signed by the parties. No waiver by either party of any default under this Agreement shall be deemed a waiver of any later default.

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COMPANY:

By: _____
Name: _____
Title: _____

OPTIONHOLDER:

I acknowledge having received, read and understood the Plan and this Agreement. I accept the terms and conditions of my Option as set forth in this Agreement, subject to the terms and conditions of the Plan.

Signature of Optionholder

Name (please print): _____

Agreed to and accepted this ____ day of _____, 20__.

EXHIBIT B
FORM OF RESTRICTED STOCK AGREEMENT
UNIVERSAL TRUCKLOAD SERVICES, INC.
2014 AMENDED AND RESTATED STOCK INCENTIVE PLAN
RESTRICTED STOCK BONUS AWARD
NOTIFICATION OF AWARD AND TERMS AND CONDITIONS OF AWARD

THIS RESTRICTED STOCK BONUS AWARD AGREEMENT (the “Agreement”) contains the terms and conditions of the restricted stock bonus award granted to you by Universal Truckload Services, Inc., a Michigan corporation (the “Company”) under Universal Truckload Services, Inc.’s 2014 Amended and Restated Stock Incentive Plan, adopted by the Company’s Board of Directors on April ____, 2014 (the “Plan”).

Name of Grantee: _____

Grant Date: _____

Number of Shares: _____

The Company, pursuant to the terms of the Plan hereby grants to you, effective on the aforementioned Grant Date, the right to receive the number of shares shown above of Common Stock of the Company (“Shares”) on the Vesting Date (as defined below). Before the Shares are vested, they are referred to in this Agreement as “Restricted Stock.”

1. Payment. The Restricted Stock is granted without requirement of payment.

2. Stockholder Rights. Your Restricted Stock will be held for you by the Company or by a designated transfer agent until the applicable Vesting Date. You shall have all the rights of a stockholder only with respect to shares of Restricted Stock that have vested. Without limiting the generality of the forgoing, with respect to your unvested Restricted Stock, you shall have neither the right to vote such shares at any meeting of shareholders of the Company nor the right to receive any dividends paid in cash or otherwise with respect to such shares.

3. Vesting of Restricted Stock.

(a) Vesting. Your Restricted Stock will vest as follows, provided you have not incurred a Forfeiture Condition described below:

Percentage of shares vesting	Cumulative percentage vested	Vesting Date
____%	____%	Immediately
____%	____%	_____
____%	____%	_____
____%	____%	_____
____%	____%	_____

(b) Forfeiture Conditions. Subject to Paragraph 3(c) below, the shares of your Restricted Stock that would otherwise vest on a Vesting Date will not vest and shall be forfeited if, after the Grant Date and prior to the Vesting Date:

(i) your Continuous Service as an Employee terminates on or prior to the Vesting Date; or

(ii) you are discussing or negotiating the possibility of becoming or are considering an offer to become, or have accepted an offer or entered into an agreement to become an employee, officer, director, partner, manager, consultant to, or agent of, or otherwise becoming affiliated with, any entity competing or seeking to compete with the Company or an affiliate of the Company; or

(iii) you are subject to an administrative suspension, unless you are reinstated as an Employee in good standing at the end of the administrative suspension period, in which case the applicable number of shares of Restricted Stock would vest as of the date of such reinstatement.

(c) Accelerated Vesting; Vesting Notwithstanding Termination. Your Restricted Stock will vest earlier than described in Paragraph 3(a), and such earlier vesting date shall also be considered a “Vesting Date,” under the following circumstances:

(i) The Committee may, in its discretion, at any time accelerate the vesting of your Restricted Stock on such terms and conditions as it deems appropriate.

(d) Mandatory Deferral of Vesting. If the vesting of Restricted Stock in any year could, in the Committee’s opinion, when considered with your other compensation, result in the Company’s inability to deduct the value of your Shares because of the limitation on deductible compensation under Internal Revenue Code Section 162(m), then the Company in its sole discretion may defer the Vesting Date applicable to your Restricted Stock (but only to the extent that, in the Committee’s judgment, the value of your Restricted Stock would not be deductible) until six months following the termination of your Employee status.

4. Forfeiture of Restricted Stock. If you suffer a forfeiture condition (i.e., if your Continuous Service as an Employee is terminated prior to the Vesting Date and the vesting is not accelerated under Paragraph 3(c), you will immediately forfeit your Restricted Stock, and all of your rights to and interest in the Restricted Stock shall terminate upon forfeiture without payment of consideration. Forfeited Restricted Stock shall be reconveyed to the Company.

5. Taxes and Tax Withholding.

(a) Upon the vesting of your Restricted Stock, you will have income in the amount of the value of the Shares that become vested on the Vesting Date, and you must pay income tax on that income.

(b) You agree to consult with any tax consultants you think advisable in connection with your Restricted Stock and acknowledge that you are not relying, and will not rely, on the Company for any tax advice. Please see Section 9(b) regarding Section 83(b) elections.

(c) Whenever any Restricted Stock becomes vested under the terms of this Agreement, you must remit, on or prior to the due date thereof, the minimum amount necessary to satisfy all of the federal, state and local withholding (including FICA) tax requirements imposed on the Company (or the Affiliate that employs you) relating to your Shares. The Committee may require you to satisfy these minimum withholding tax obligations by any (or a combination) of the following means: (i) a cash, check, or wire transfer; (ii) authorizing the Company to withhold from the Shares otherwise deliverable to you as a result of the vesting of the Restricted Stock, a number of Shares having a Fair Market Value, as of the date the withholding tax obligation arises, less than or equal to the amount of the withholding obligation; or (iii) in unencumbered shares of the Company common stock, which have been held for at least six months.

6. Restricted Stock Not Transferable. Neither Restricted Stock, nor your interest in the Restricted Stock, may be sold, conveyed, assigned, transferred, pledged or otherwise disposed of or encumbered at any time prior to vesting applicable to any award of Restricted Stock issued in your name. Any attempted action in violation of this paragraph shall be null, void, and without effect.

7. Right of First Refusal. The Grantee shall not sell or transfer the Shares without first providing to the Company a notice of intent to sale (the “Notice”) at least five (5) days prior to the intended sale date. After the Notice, the Company shall have until the close of business on the fourth business day after the Notice to agree to purchase the Shares intended for sale. If the Company exercises its right to purchase the Shares, the purchase

shall be on the fifth day after the Notice and the price shall be the fair market value of the Common Stock on that day. If the Company does not exercise its right, then the Grantee shall have ten (10) business days thereafter to sell the Shares. If the Grantee does not sell the Shares within such ten-day period, this right of first refusal shall be applicable to any subsequent sale of said Shares.

8. Stock Issuance.

(a) The value of the Shares under this Agreement will not be taken into account in computing the amount of your salary or other compensation for purposes of determining any pension, retirement, death or other benefit under any employee benefit plan of the Company or any affiliate of the Company, except to the extent such plan or another agreement between you and the Company specifically provides otherwise.

(b) The Company may, without liability for its good faith actions, place legend restrictions upon the Restricted Stock or unrestricted Shares obtained upon vesting of the Restricted Stock and issue “stop transfer” instructions requiring compliance with applicable securities laws and the terms of the Restricted Stock.

9. Agreements of Grantee. By accepting this award,

(a) You agree to provide any information reasonably requested by the Company from time to time, and

(b) You agree not to make an Internal Revenue Code Section 83(b) election with respect to this award of Restricted Stock.

10. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Grantee at the address appearing in the personnel records of the Company for the Grantee or to either part at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

11. No Right to Continued Employment. Neither the Plan nor this Agreement shall be construed as giving the Grantee the right to be retained in the employ of, or in any consulting relationship to, the Company. Further, the Company may at any time terminate the employment of the Grantee or discontinue any consulting relationship, free from any liability or any claim under the Plan or this Agreement, except as otherwise expressly provided herein.

12. Benefits of Agreement. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and heirs of the respective parties. All obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be binding upon Grantee’s heirs, legal representatives, and successors. This Agreement shall be the sole and exclusive source of any and all rights which the Grantee, his heirs, legal representatives or successors may have in respect to the Plan or any Shares granted or issued hereunder, whether to himself or to any other person.

13. Governing Plan and Plan Amendments. By entering into this Agreement, the Grantee agrees and acknowledges that the Grantee has received a copy of the Plan. The award and this Agreement are subject to the terms and conditions of the Plan. The Plan is incorporated into this Agreement by reference. By signing this Agreement, you accept this award, acknowledge receipt of a copy of the Plan and acknowledge that the award is subject to all the terms and provisions of the Plan and this Agreement. You further agree to accept as binding, conclusive and final all decisions and interpretations by the Committee of the Plan upon any questions arising under the Plan. This Agreement shall be subject to the terms of the Plan except that this Agreement may not in any way be restricted or limited by any Plan amendment or termination approved after the date of this Agreement without the Grantee’s written consent.

14. Terms. Any terms used in this Agreement that are not otherwise defined shall have the meanings ascribed to them in the Plan.

15. Entire Agreement. This Agreement contains the entire understanding of the parties and shall not be modified or amended except in writing and duly signed by the parties. No waiver by either party of any default under this Agreement shall be deemed a waiver of any later default.

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COMPANY:

By: _____
Name: _____
Title: _____

GRANTEE:

I acknowledge having received, read and understood the Plan and this Agreement. I accept the terms and conditions of my Restricted Stock award as set forth in this Agreement, subject to the terms and conditions of the Plan.

Signature of Grantee

Name (please print): _____

Agreed to and accepted this ____ day of _____, 20__.

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

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

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)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	ULH	The NASDAQ Stock Market LLC

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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 checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

As of July 3, 2021, the last business day of the registrant's most recently completed second quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant, based upon the closing sale price of the common stock on July 3, 2021, as reported by The Nasdaq Stock Market, was approximately \$171.4 million (assuming, but not admitting for any purpose, that all (a) directors and executive officers of the registrant are affiliates, and (b) the number of shares held by such directors and executive officers does not include shares that such persons could have acquired within 60 days of July 3, 2021).

The number of shares of common stock, no par value, outstanding as of March 7, 2022, was 26,834,107.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Registrant's 2022 Annual Meeting of Shareholders are incorporated by reference in Part III of this Form 10-K.

UNIVERSAL LOGISTICS HOLDINGS, INC.
2021 ANNUAL REPORT ON FORM 10-K
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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (“Form 10-K”) contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Many of the forward-looking statements are located in Part II, Item 7 of this Form 10-K under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as “future,” “anticipates,” “believes,” “targets,” “estimates,” “expects,” “intends,” “will,” “would,” “could,” “can,” “may,” and similar terms. Forward-looking statements are not a guarantee of future performance, and the Company’s actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of this Form 10-K under the heading “Risk Factors,” which are incorporated herein by reference. All information presented herein is based on the Company’s fiscal calendar. Unless otherwise stated, references to particular years, quarters, months, or periods refer to the Company’s fiscal years ended December 31 and the associated quarters, months, and periods of those fiscal years. Each of the terms “Universal,” the “Company,” “we,” “us” and “our” as used herein refers collectively to Universal Logistics Holdings, Inc., and its subsidiaries, unless otherwise stated. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

PART I

ITEM 1: BUSINESS

Company Background

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 truckload, brokerage, intermodal, dedicated, and value-added services.

We provide a comprehensive suite of transportation and logistics solutions that allow our customers to reduce costs and manage their global supply chains more efficiently. We market and deliver our services in several ways:

- Through a direct sales and marketing network focused on selling our portfolio of services to large customers in specific industry sectors;
- Through company-managed facilities and full-service freight forwarding and customs house brokerage offices; and
- Through a network of agents who solicit freight business directly from shippers.

At December 31, 2021, we operated 51 company-managed terminal locations and serviced 63 value-added programs at locations throughout the United States and in Mexico, Canada and Colombia, and we had an agent network totaling approximately 257 agents.

We were incorporated in Michigan on December 11, 2001. We have been a publicly held company since February 11, 2005, the date of our initial public offering.

Our principal executive offices are located at 12755 E. Nine Mile Road, Warren, Michigan 48089.

Operations

We broadly group our revenues into the following service categories: truckload, brokerage, intermodal, dedicated, and value-added services.

Truckload. Our truckload services include dry van, flatbed, heavy-haul and refrigerated operations. Truckload services represented approximately \$248.9 million, or 14.2%, of our operating revenues in 2021. We transport a wide variety of general commodities, including automotive parts, machinery, building materials, paper, food, consumer goods, furniture, steel and other metals on behalf of customers in various industries. Truckload services also include our final mile and ground expedited services. Our transportation services are provided through a network of owner-operators and employee drivers.

Brokerage. We provide customers freight brokerage services by utilizing third-party transportation providers to transport goods. Brokerage services also include full service domestic and international freight forwarding, and customs brokerage. In 2021, brokerage services represented approximately \$401.8 million, or 22.9%, of our operating revenues.

Intermodal. Intermodal operations include steamship-truck, rail-truck, and support services. Intermodal support services represented \$473.1 million, or 27.0%, of our operating revenues in 2021. Our intermodal support services are primarily short-to-medium distance delivery of both international and domestic containers between the port or railhead and the customer and drayage services.

Dedicated. Our dedicated services are primarily provided in support of automotive customers using van equipment. In 2021, dedicated services represented approximately \$204.1 million, or 11.7%, of our operating revenues. Our dedicated services are primarily short run or round-trip moves within a defined geographic area provided through a network of union and non-union employee drivers, owner-operators, and contract drivers.

Value-Added. Our value-added services, which are typically dedicated to individual customer requirements, include material handling, consolidation, sequencing, sub-assembly, cross-dock services, kitting, repacking, warehousing and returnable container management. Value-added services represented approximately \$423.1 million, or 24.2%, of our operating revenues in 2021. Our facilities and services are often directly integrated into the production processes of our customers and represent a critical piece of their supply chains.

Segments

We report our financial results in four distinct reportable segments: contract logistics, intermodal, trucking, and company-managed brokerage.

Operations aggregated in our contract logistics segment deliver value-added and/or dedicated transportation services to support in-bound logistics to original equipment manufacturers (OEMs) and major retailers on a contractual basis, generally pursuant to terms of one year or longer. Our intermodal segment is associated with local and regional drayage moves predominately coordinated by company-managed terminals using a mix of owner-operators, company equipment and third-party capacity providers (broker carriers). Operations aggregated in our trucking segment are associated with individual freight shipments coordinated by our agents and company-managed terminals using a mix of owner-operators, company equipment and broker carriers. Our company-managed brokerage segment provides for the pick-up and delivery of individual freight shipments using broker carriers, coordinated by our company-managed operations.

For additional information on segments, see Item 8, Note 18 to the Consolidated Financial Statements.

COVID-19 Pandemic

The Company remains committed to doing its part to protect its employees, customers, vendors and the general public from the spread of the coronavirus outbreak (COVID-19). Our operational and financial performance were negatively impacted by COVID-19 during the latter part of the first and most of the second quarter of 2020. To mitigate the impact on our business, we implemented numerous cost reduction measures including furloughing a large portion of our direct labor force, requiring personnel to take unpaid time-off, restricting travel, and reducing discretionary spending. During the third quarter 2020, we experienced a rebound in demand for transportation and manufacturing support services and experienced a more normalized level of business activity. Although we estimate COVID-19 had the largest impact on our business during the second quarter 2020, we are unable to predict with any certainty the future impact COVID-19 may have on our operational and financial performance. The ultimate magnitude of COVID-19, including the extent of its impact on the Company's financial and operating results, which could be material, will be determined by the length of time the pandemic continues, its severity, government regulations imposed in response to the pandemic, and to its general effect on the economy and transportation demand.

Business and Growth Strategy

The key elements of our strategy are as follows:

Make strategic acquisitions. The transportation and logistics industry is highly fragmented, with hundreds of small and mid-sized competitors that are either specialized in specific vertical markets, specific service offerings, or limited to local and regional coverage. We expect to selectively evaluate and pursue acquisitions that will enhance our service capabilities, expand our geographic network and/or diversify our customer base.

Continue to capitalize on strong industry fundamentals and outsourcing trends. We believe long-term industry growth will be supported by manufacturers seeking to outsource non-core logistics functions to cost-effective third-party providers that can efficiently manage increasingly complex global supply chains. We intend to leverage our integrated suite of transportation and logistics services, our network of facilities, our long-term customer relationships, and our reputation for operational excellence to capitalize on favorable industry fundamentals and growth expectations.

Target further penetration of key customers in the North American automotive industry. The automotive industry is one of the largest users of global outsourced logistics services, providing us growth opportunities with both existing and new customers. Of our customers generating revenues greater than \$100,000 per year, this sector comprised approximately 31% of operating revenues in 2021. We intend to capitalize on anticipated continued growth in outsourcing of higher value logistics services in the automotive sector such as sub-assembly and sequencing, which link directly into production lines and require specialized capabilities, technological expertise and strict quality controls.

Continue to expand penetration in other vertical markets. We have a history of providing highly complex value-added logistics services to automotive and other industrial customers. We have developed standardized, modular systems for material handling processes and have extensive experience in rapid implementation and workforce training. These capabilities and our broad portfolio of logistics services are transferable across vertical markets. We believe we can leverage the expertise we initially developed in the automotive sector. In addition to automotive, our targeted industries include aerospace, energy, government services, healthcare, industrial retail, consumer goods, and steel and metals.

Expand our network of agents and owner-operators. Increasing the number of agents and owner-operators has been a driver of our historical growth in transactional transportation services. We intend to continue to recruit qualified agents and owner-operators in order to penetrate new markets and expand our operations in existing markets. Our agents typically focus on a small number of shippers in a particular market and are attuned to the specific transportation needs of that core group of shippers, while remaining alert to growth opportunities.

Competition and Industry

The transportation and logistics service industry is highly competitive and extremely fragmented. We compete based on quality and reliability of service, price, breadth of logistics solutions, and IT capabilities. We compete with asset and non-asset based truckload and less-than-truckload carriers, intermodal transportation, logistics providers and, in some aspects of our business, railroads. We also compete with other motor carriers for owner-operators and agents.

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

We also encounter competition from regional and local third-party logistics providers, integrated transportation companies that operate their own aircraft, cargo sales agents and brokers, surface freight forwarders and carriers, airlines, associations of shippers organized to consolidate their members' shipments to obtain lower freight rates, and internet-based freight exchanges.

The transportation industry is continuously impacted by new rules and regulations intended to improve the overall safety of the industry. Compliance with such increasingly complex rules continues to constrain the supply of qualified drivers. We believe that our industry will continue to be hindered by an insufficient quantity of qualified drivers which creates significant competition for this declining pool.

Customers

Revenue is generated from customers throughout the United States, and in Mexico, Canada and Colombia. Our customers are largely concentrated in the automotive, retail and consumer goods, steel, oil and gas, alternative energy and manufacturing industries.

A significant percentage of our revenues is derived from the domestic auto industry. Of our customers generating revenues greater than \$100,000 per year, aggregate sales in the automotive industry totaled 31%, 29% and 27% of revenues during the fiscal years ended December 31, 2021, 2020 and 2019, respectively. During 2021, 2020 and 2019, General Motors accounted for approximately 13%, 14% and 12% of our total operating revenues, respectively. Sales to our top 10 customers, including General Motors, totaled 38% in 2021. A significant percentage of our revenue also results from our providing capacity to other transportation companies that aggregate loads from a variety of shippers in these and other industries.

Human Capital Resources

Overview. As of December 31, 2021, we had 8,004 employees. During the year ended December 31, 2021, we also engaged, on average, the full-time equivalency of 1,448 individuals on a contract basis. As of December 31, 2021, approximately 37% of our employees in the United States, Canada, and Colombia and 91% of our employees in Mexico were members of unions and subject to collective bargaining agreements. We believe our union and employee relationships are good.

Diversity and Inclusion. We believe diversity and inclusion are critical to our ability to win in the marketplace and enable our workforce and communities to succeed. Specifically, having a diverse and inclusive workplace allows us to attract and retain the best employees to deliver results for our shareholders. A qualified, diverse, and inclusive workforce also helps us represent the broad cross-section of ideas, values, and beliefs of our employees, customers, and communities. Our commitment to diversity and inclusion means that we will continue to strive to establish and improve an inclusive workplace environment where employees from all backgrounds can succeed and be heard.

Employee Health and Safety. We are committed to being an industry leader in health and safety standards. The physical health, wellbeing, and mental health of our employees is crucial to our success. Most recently, our primary concern during the COVID-19 pandemic has been to do our part to protect our employees, customers, vendors, and the general public from the spread of the virus while continuing to serve the vital role of supplying essential goods to the nation. For essential functions, including our plant workers and driving professionals, we have distributed cleaning and protective supplies to various plants and terminals so that they are available to those that need them, increased cleaning frequency and coverage, and provided employees direction on precautionary measures, such as sanitizing truck interiors, personal hygiene, and social distancing. We will continue to adapt our operations as required to ensure safety while continuing to provide a high level of service to our customers.

Talent Acquisition, Retention and Development. We continually strive to hire, develop, and retain the top talent in our industry. Critical to attracting and retaining top talent is employee satisfaction, and we regularly implement programs to increase employee satisfaction. We reward our employees by providing competitive compensation, benefits, and incentives throughout all levels in our organization. Intense competition in the transportation and logistics services industry for qualified workers and drivers has resulted in additional expense to recruit and retain an adequate supply of employees and has had a negative impact on the industry. Our operations have also been impacted, we have periodically experienced under-utilization and increased expenses due to a shortage of qualified workers and drivers. We place a high priority on the recruitment and retention of an adequate supply of qualified workers and drivers.

Independent Contractor Network

We utilize a network of agents and owner-operators located throughout the United States and in Ontario, Canada. These agents and owner-operators are independent contractors.

A significant percentage of the interaction with our shippers is provided by our agents. Our agents solicited and controlled approximately 30% of the freight we hauled in 2021, with the balance of the freight being generated by company-managed terminals. Our top 100 agents in 2021 generated approximately 20% of our annual operating revenues. Our agents typically focus on three or four shippers within a particular market and solicit most of their freight business from this core group. By focusing on a relatively small number of shippers, each agent is acutely aware of the specific transportation needs of that core group of shippers, while remaining alert to growth opportunities.

We also contract with owner-operators to provide greater flexibility in responding to fluctuations in customer demand. Owner-operators provide their own trucks and are contractually responsible for all associated expenses, including but not limited to financing costs, fuel, maintenance, insurance, and taxes, among other things. They are also responsible for maintaining compliance with Federal Motor Carrier Safety Administration regulations.

Revenue Equipment

The following table represents our equipment used to provide transportation services as of December 31, 2021:

<u>Type of Equipment</u>	<u>Company-owned or Leased</u>	<u>Owner-Operator Provided</u>	<u>Total</u>
Tractors	1,487	2,421	3,908
Yard Tractors	262	-	262
Trailers	3,838	977	4,815
Chassis	2,830	1	2,831
Containers	176	-	176

Risk Management and Insurance

Our customers and federal regulations generally require that we provide insurance for auto liability and general liability claims up to \$1.0 million per occurrence. Accordingly, in the United States, we purchase such insurance from a licensed casualty insurance carrier, which is a related party, providing a minimum \$1.0 million of coverage for individual auto liability and general liability claims. We are generally self-insured for auto and general liability claims above \$1.0 million unless riders are sought to satisfy individual customer or vendor contract requirements. In certain of our businesses, we have secured additional auto liability coverage where we are self-insured for claims above \$4.0 million. In Mexico, our operations and investment in equipment are insured through an internationally recognized, third-party insurance underwriter.

We typically self-insure for the risk of motor cargo liability claims and material handling claims. Accordingly, we establish financial reserves for anticipated losses and expenses related to motor cargo liability and material handling claims, and we periodically evaluate and adjust those reserves to reflect our experience. Any such adjustments could have a materially adverse effect on our operations and financial results.

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

In brokerage arrangements, our exposure to liability associated with accidents incurred by other third-party carriers who haul freight on our behalf is reduced by various factors, including the extent to which the third party providers maintain their own insurance coverage.

Technology

We use multifaceted software tools and hardware platforms that support seamless integration with the IT networks of our customers and vendors through electronic data exchange systems. These tools enhance our relationships and ability to effectively communicate with customers and vendors. Our tools and platforms provide real-time, web-based visibility into the supply chains of our customers.

In our contract logistics segment, we customize our proprietary Warehouse Management System (WMS) to meet the needs of individual customers. Our WMS allows us to send our customers an advance shipping notice through a simple, web-based interface that can be used by a variety of vendors. It also enables us to clearly identify and communicate to the customer any vendor-related problems that may cause delays in production. We also use cross-dock and container-return-management applications that automate the cycle of material receipt and empty container return.

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

We believe that these tools improve our services and quality controls, strengthen our relationships with our customers, and enhance our value proposition. Any significant disruption or failure of these systems could have a materially adverse effect on our operations and financial results.

Government Regulation

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

Our international operations, which include not only facilities in Mexico, Canada and Colombia but also transportation shipments managed by our specialized service operations, are impacted by a wide variety of U.S. government regulations and applicable international treaties. These include regulations of the U.S. Department of State, U.S. Department of Commerce, and the U.S. Department of Treasury. Regulations also cover specific commodities, destinations and end-users. Part of our specialized services operations is engaged in the arrangement of imported and exported freight. As such, we are subject to the regulations of the U.S. Customs and Border Protection, which include significant notice and registration requirements. In various Canadian provinces, we operate transportation services under authority granted by the Ministries of Transportation and Communications.

Transportation-related regulations are greatly affected by U.S. national security legislation and related regulations. We believe we comply with applicable material regulations and that the costs of regulatory compliance are an ordinary operating cost of our business that we may not be able to recoup from rates charged to customers.

Environmental Regulation

We are subject to various federal, state and local environmental laws and regulations that focus on, among other things: the emission and discharge of hazardous materials into the environment or their presence at our properties or in our vehicles; fuel storage tanks; transportation of certain materials; and the discharge or retention of storm water. Under specific environmental laws, we could also be held responsible for any costs relating to contamination at our past or present facilities and at third-party waste disposal sites, as well as costs associated with cleanup of accidents involving our vehicles. We do not believe that the cost of future compliance with current environmental laws or regulations will have a material adverse effect on our operations, financial condition, competitive position or capital expenditures for fiscal year 2022. However, future changes to laws or regulations may adversely affect our operations and could result in unforeseen costs to our business.

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. Conversely, such demand generally decreases during the third quarter of each year due to the impact of scheduled OEM customer plant shutdowns in July for vacations and changeovers in production lines for new model years.

Our value-added services business is also impacted in the fourth quarter by plant shutdowns during the December holiday period. However, due to the COVID-19 pandemic and its impact on North American automotive manufacturing, we may not experience normal seasonal demand for our services supporting the automotive production and selling cycles during the current year.

Our transportation services business is generally impacted by decreased activity during the post-holiday winter season and, in certain states, during hurricane season. At these times, some shippers reduce their shipments, and inclement weather impedes trucking operations or underlying customer demand.

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

Available Information

We make available free of charge on or through our website, www.universallogistics.com, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC). The contents of our website are not incorporated into this filing.

ITEM 1A: RISK FACTORS

Set forth below, and elsewhere in this Report and in other documents we file with the SEC, are risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this Report.

Risks Related to Our Industry

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

Our business is dependent upon a number of general economic and business factors that may adversely affect our results of operations. These factors include significant increases or rapid fluctuations in fuel prices, excess capacity in the transportation and logistics industry, surpluses in the market for used equipment, interest rates, fuel taxes, license and registration fees, insurance premiums, self-insurance levels, and difficulty in attracting and retaining qualified drivers and independent contractors.

We operate in a highly competitive and fragmented industry, and our business may suffer if we are unable to adequately address any downward pricing pressures or other factors that may adversely affect our ability to compete with other carriers.

Further, we are affected by recessionary economic cycles and downturns in customers' business cycles, particularly in market segments and industries, such as the automotive industry, where we have a significant concentration of customers. Economic conditions may also adversely affect our customers and their ability to pay for our services.

Deterioration in the United States and world economies could exacerbate any difficulties experienced by our customers and suppliers in obtaining financing, which, in turn, could materially and adversely impact our business, financial condition, results of operations and cash flows.

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

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

- we compete with many other truckload carriers and logistics companies of varying sizes, some of which have more equipment, a broader coverage network, a wider range of services and greater capital resources than we do;
- some of our competitors periodically reduce their rates to gain business, especially during times of reduced growth rates in the economy, which may limit our ability to maintain or increase rates, maintain our operating margins, or maintain significant growth in our business;
- many customers reduce the number of carriers they use by selecting so-called “core carriers” as approved service providers and, in some instances, we may not be selected;
- some companies hire lead logistics providers to manage their logistics operations, and these lead logistics providers may hire logistics providers on a non-neutral basis which may reduce the number of business opportunities available to us;
- many customers periodically accept bids from multiple carriers and providers for their shipping and logistic service needs, and this process may result in the loss of some of our business to competitors and/or price reductions;
- the trend toward consolidation in the trucking and third-party logistics industries may create other large providers with greater financial resources and other competitive advantages relating to their size and with whom we may have difficulty competing;
- advances in technology require increased investments to remain competitive, and our customers may not be willing to accept higher rates to cover the cost of these investments;
- competition from Internet-based and other brokerage companies may adversely affect our relationships with our customers and freight rates;
- economies of scale that may be passed on to smaller providers by procurement aggregation providers may improve the ability of smaller providers to compete with us;
- some areas of our service coverage require trucks with engines no older than 2011 in order to comply with environmental rules; and
- an inability to continue to access capital markets to finance equipment acquisition could put us at a competitive disadvantage.

We may be adversely impacted by fluctuations in the price and availability of diesel fuel.

Diesel fuel represents a significant operating expense for the Company, and we do not currently hedge against the risk of diesel fuel price increases. An increase in diesel fuel prices or diesel fuel taxes, or any change in federal or state regulations that results in such an increase, could have a material adverse effect on our operating results to the extent we are unable to recoup such increases from customers in the form of increased freight rates or through fuel surcharges. Historically, we have been able to offset, to a certain extent, diesel fuel price increases through fuel surcharges to our customers, but we cannot be certain that we will be able to do so in the future. We continuously monitor the components of our pricing, including base freight rates and fuel surcharges, and address individual account profitability issues with our customers when necessary. While we have historically been able to adjust our pricing to help offset changes to the cost of diesel fuel through changes to base rates and/or fuel surcharges, we cannot be certain that we will be able to do so in the future.

Difficulty in attracting drivers could affect our profitability and ability to grow.

The transportation industry routinely experiences difficulty in attracting and retaining qualified drivers, including independent contractors, resulting in intense competition for drivers. We have from time to time experienced under-utilization and increased expenses due to a shortage of qualified drivers. If we are unable to attract drivers when needed or contract with independent contractors when needed, we could be required to further adjust our driver compensation packages, increase driver recruiting efforts, or let trucks sit idle, any of which could adversely affect our growth and profitability.

Purchase price increases for new revenue equipment and/or decreases in the value of used revenue equipment could have an adverse effect on our results of operations, cash flows and financial condition.

During the last decade, the purchase price of new revenue equipment has increased significantly as equipment manufacturers recover increased materials costs and engine design costs resulting from compliance with increasingly stringent EPA engine emission standards. Additional EPA emission mandates in the future could result in higher purchase prices of revenue equipment which could result in higher than anticipated depreciation expenses. If we were unable to offset any such increase in expenses with freight rate increases, our cash flows and results of operations could be adversely affected. If the market price for used equipment continues to decline, then we could incur substantial losses upon disposition of our revenue equipment which could adversely affect our results of operations and financial condition.

We have significant ongoing capital requirements that could affect our liquidity and profitability if we are unable to generate sufficient cash from operations or obtain sufficient financing on favorable terms.

The transportation and logistics industry is capital intensive. If we are unable to generate sufficient cash from operations in the future, we may have to limit our growth, enter into unfavorable financing arrangements, or operate our revenue equipment for longer periods, any of which could have a material adverse effect on our profitability.

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

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

A determination that independent contractors are employees could expose us to various liabilities and additional costs.

Federal and state legislators and other regulatory authorities, as well as independent contractors themselves, have increasingly asserted that independent contractors in the transportation services industry are employees rather than independent contractors. Federal and state legislation has been introduced in the past that would make it easier for tax and other authorities to reclassify independent contractors as employees, including legislation designed to increase the recordkeeping requirements for those that engage independent contractor drivers and to increase the penalties for companies who misclassify their employees and are found to have violated employees' overtime and/or wage requirements.

In September 2019, California enacted a new law, A.B. 5 ("AB5"), that made it more difficult for workers to be classified as independent contractors. AB5 provides that the three-pronged "ABC Test" must be used to determine worker classifications in wage order claims. Under the ABC Test, a worker is presumed to be an employee and the burden to demonstrate their independent contractor status is on the hiring company through satisfying all three of the following criteria: (a) the worker is free from control and direction in the performance of services; (b) the worker is performing work outside the usual course of the business of the hiring company; and (c) the worker is customarily engaged in an independently established trade, occupation, or business. How AB5 will be enforced is still to be determined. Although it was set to enter into effect in January 2020, a federal judge in California issued a preliminary injunction staying enforcement of AB5 on the trucking industry while the California Trucking Association ("CTA") moved forward with its suit seeking to invalidate AB5. The U.S. Court of Appeals for the Ninth Circuit, however, reversed the judicial stay on April 28, 2021. Shortly thereafter, the CTA announced it would petition the U.S. Supreme Court to review the decision of the Ninth Circuit, and on June 28, 2021, the Ninth Circuit granted a motion to stay enforcement of AB5 pending the U.S. Supreme Court's decision on CTA's petition.

While the U.S. Supreme Court may decide to conduct a judicial review of the Ninth Circuit's decision, there can be no assurance that AB5 will not be enforceable against trucking companies in the near future, that interpretations supporting the independent contractor status will not change, that other federal or state legislation will not be enacted, or that various authorities will not successfully assert a position that re-classifies independent contractors to be employees. If our independent contractors are determined to be our employees, that determination could materially increase our exposure under a variety of federal and state tax, workers' compensation, unemployment benefits, labor, employment and tort laws, as well as our potential liability for employee benefits. In addition, such changes may be applied retroactively, and if so, we may be required to pay additional amounts to compensate for prior periods. Any of the above increased costs would adversely affect our business and operating results.

We may incur additional operating expenses or liabilities as a result of potential future requirements to address climate change issues.

Federal, state, and local governments, as well as some of our customers, are beginning to respond to global warming issues. This increased focus on sustainability may result in new legislation or regulations and customer requirements that could negatively affect us as we may incur additional costs or be required to make changes to our operations in order to comply with any new regulations or customer requirements. Legislation or regulations that potentially impose restrictions, caps, taxes, or other controls on emissions of greenhouse gases such as carbon dioxide, a by-product of burning fossil fuels such as those used in the Company's trucks, could adversely affect our operations and financial results. More specifically, legislative, or regulatory actions related to climate change could adversely impact the Company by increasing our fuel costs and reducing fuel efficiency and could result in the creation of substantial additional capital expenditures and operating costs in the form of taxes, emissions allowances, or required equipment upgrades. Any of these factors could impair our operating efficiency and productivity and result in higher operating costs. In addition, revenues could decrease if we are unable to meet regulatory or customer sustainability requirements. These additional costs, changes in operations, or loss of revenues could have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to Our Business

The coronavirus outbreak or other similar outbreaks could negatively impact our financial condition, liquidity, results of operations, and cash flows.

The outbreak of the novel coronavirus (COVID-19), and any other outbreaks of contagious diseases or other adverse public health developments, could have a materially adverse effect on our financial condition, liquidity, results of operations, and cash flows. The rapid spread of COVID-19 has resulted in governmental authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, stay-at-home orders, increased border security and closures. These measures and the public health concerns resulting from the outbreak have severely disrupted economic and commercial activity. The resulting impact on domestic and global supply chains has caused slowdowns and reduced freight demand for transportation companies such as ours. Because we have a significant concentration of customers within the automotive industry, our revenues have been significantly affected by the closure of North American automotive and heavy-truck manufacturing facilities beginning in late March and throughout the second quarter of 2020. Although most automotive and heavy-truck operations have resumed production, additional closures and other consumer activity affecting our customers and any future wave of the virus or other similar outbreaks could further adversely affect our business. A significant portion of our revenue is also provided by a network of agents and owner-operators located throughout the United States and in Ontario, Canada. As the COVID-19 virus continues to spread in areas we service, a significant impact to our network due to illness or government restrictions could have a material adverse effect on our ability to service our customers and on our business and results of operations. In addition, the implementation of measures to protect the health and safety of our employees, customers, vendors, and the general public may disrupt our ability to efficiently manage personnel and operations and to recruit and retain driver and non-driver personnel, which could have a materially adverse effect on our operating results. Further, negative financial results, an economic downturn or uncertainty, or a tightening of credit markets caused by COVID-19 or other similar outbreaks could have a material adverse effect on our liquidity and our ability to effectively meet our short- and long-term financial obligations.

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

A significant portion of our larger customers are concentrated in the North American automotive industry. For customers generating annual revenues over \$100,000, 31% of our revenues were derived from customers in the North American automotive industry during 2021. Our business and growth largely depend on continued demand for its services from customers in this industry. Any future downturns in North American automobile production, which also impacts our steel and metals customers, could similarly affect our revenues in future periods.

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

A large portion of our revenue is generated from a limited number of major customers concentrated in the automotive, steel and metals, and energy industries. Our top 10 customers accounted for approximately 38% of our operating revenues during 2021. Our contracts with customers generally contain cancellation clauses, and there can be no assurance that these customers will continue to utilize our services or that they will continue at the same levels. Further, there can be no assurance that these customers will not be affected by a future downturn in demand, which would result in a reduction in their operations and corresponding need for our services. Moreover, our customers may individually lose market share, apart from general economic trends. If our major customers lose U.S. market share, they may have less need for services. A reduction in or termination of services by one or more of our major customers could have a material adverse effect on our business and results of operations.

If we are unable to retain our key employees, our business, financial condition, and results of operations could be harmed.

We are highly dependent upon the services of our key employees and executive officers. The loss of any of their services could have a material adverse effect on our operations and future profitability. We must continue to develop and retain a core group of managers if we are to realize our goal of expanding our operations and continuing our growth. We cannot assure that we will be able to do so.

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

A substantial number of our employees and of the employees of our largest customers are members of industrial trade unions and are employed under the terms of collective bargaining agreements. Each of our unionized facilities has a separate agreement with the union that represents the workers at only that facility. During 2019, a labor strike by the United Auto Workers of its employees at the facilities of our largest customer, General Motors, caused an extended shutdown of General Motors' manufacturing operations and, in turn, materially and adversely impacted our operating results during the third and fourth quarters of 2019. Any future labor disputes involving either us or our customers could similarly affect our operations. If the UAW and our automotive customers and their suppliers are unable to negotiate new contracts in the future and our customers' plants experience slowdowns or closures as a result, our revenue and profitability could be negatively impacted. A labor dispute involving another supplier to our customers that results in a slowdown or closure of our customers' plants to which we provide services could also have a material adverse effect on our business. Significant increases in labor costs as a result of the renegotiation of collective bargaining agreements could also be harmful to our business and our profitability. As of December 31, 2021, approximately 37% of our employees in the United States, Canada, and Colombia, and 91% of our employees in Mexico were members of unions and subject to collective bargaining agreements.

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

Ongoing insurance and claims expenses could significantly reduce our earnings and cash flows.

Our future insurance and claims expenses might exceed historical levels, which could reduce our earnings and cash flows. The Company is self-insured for health and workers' compensation insurance coverage up to certain limits. If medical costs continue to increase, or if the severity or number of claims increase, and if we are unable to offset the resulting increases in expenses with higher freight rates, our earnings could be materially and adversely affected.

We face litigation risks that could have a material adverse effect on the operation of our business.

We face litigation risks regarding a variety of issues, including without limitation, accidents involving our trucks and employees, alleged violations of federal and state labor and employment laws, securities laws, environmental liability, and other matters. These proceedings may be time-consuming, expensive, and disruptive to normal business operations. The defense of such lawsuits could result in significant expense and the diversion of our management's time and attention from the operation of our business. In recent years, several insurance companies have stopped offering coverage to trucking companies as a result of increases in the severity of automobile liability claims and higher costs of settlements and verdicts. Recent jury awards in the trucking industry have reached into the tens and even hundreds of millions of dollars. Trends in such awards, commonly referred to as nuclear verdicts, could adversely affect our ability to obtain suitable insurance coverage or could significantly increase our cost for obtaining such coverage, which would adversely affect our financial condition, results of operations, liquidity, and cash flows. Costs we incur to defend or to satisfy a judgment or settlement of these claims may not be covered by insurance or could exceed the amount of that coverage or increase our insurance costs and could have a material adverse effect on our financial condition, results of operations, liquidity, and cash flows.

We have substantial fixed costs and, as a result, our operating income fluctuates disproportionately with changes in our net sales.

A significant portion of our expenses are fixed costs that neither increase nor decrease proportionately with our sales. There can be no assurance that we would be able to reduce our fixed costs proportionately in response to a decline in our sales; therefore, our competitiveness could be significantly impacted. As a result, a decline in our sales would result in a higher percentage decline in our income from operations and net income.

We have a significant amount of debt, which could restrict our growth, place us at a competitive disadvantage or otherwise materially adversely affect our financial health.

Our significant debt levels could have important consequences such as the following:

- impair our ability to obtain additional future financing for working capital, capital expenditures, acquisitions, or general corporate expenses;
- limit our ability to use operating cash flow in other areas of our business due to the necessity of dedicating a substantial portion of these funds for payments on our indebtedness;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- make it more difficult for us to satisfy our obligations;
- increase our vulnerability to general adverse economic and industry conditions; and
- place us at a competitive disadvantage compared to our competitors.

Our ability to make scheduled payments on, or to refinance, our debt and other obligations will depend on our financial and operating performance, which, in turn, is subject to our ability to implement our strategic initiatives, prevailing economic conditions and certain financial, business, and other factors beyond our control. If our cash flow and capital resources are insufficient to fund our debt service and other obligations, we may be forced to reduce or delay expansion plans and capital expenditures, sell material assets or operations, obtain additional capital, or restructure our debt. We cannot provide any assurance that our operating performance, cash flow and capital resources will be sufficient to pay our debt obligations when they become due. We also cannot provide assurance that we would be able to dispose of material assets or operations or restructure our debt or other obligations if necessary or, even if we were able to take such actions, that we could do so on terms that are acceptable to us.

Disruptions in the credit markets may adversely affect our business, including the availability and cost of short-term funds for liquidity requirements and our ability to meet long-term commitments, which could adversely affect our results of operations, cash flows and financial condition.

If cash from operations is not sufficient, we may be required to rely on the capital and credit markets to meet our financial commitments and short-term liquidity needs. Disruptions in the capital and credit markets, as have been experienced during recent years, could adversely affect our ability to draw on our revolving credit facilities. Our access to funds under the credit facilities is dependent on the ability of banks to meet their funding commitments. A bank may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from other borrowers within a short period of time.

Longer term disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives, or failures of significant financial institutions could adversely affect our access to liquidity needed for our business. Any disruption could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged, which could adversely affect our growth and profitability.

Further changes in U.S. tax laws and regulations may impact our effective tax rate and may adversely affect our business, financial condition, and operating results.

The Tax Cuts and Jobs Act had a favorable impact on our effective tax rate and our net income for 2018. We also have benefited from certain other tax provisions, such as those relating to capital expenditure deductions. However, future changes in the U.S. tax laws, including any changes related to capital expenditure deductions or any significant changes to federal tax rates, interest expense deductions, or the taxation of business entities, could have a materially adverse effect on our growth opportunities, business, and results of operations.

Our results of operations may be affected by seasonal factors.

Our productivity may decrease during the winter season when severe winter weather impedes operations. Also, some shippers may reduce their shipments after the winter holiday season. At the same time, operating expenses may increase, and fuel efficiency may decline due to engine idling during periods of inclement weather. Harsh weather conditions generally also result in higher accident frequency, increased freight claims, and higher equipment repair expenditures. Generally, demand for our value-added services delivered to existing customers increases during the second calendar quarter of each year as a result of the automotive industry's spring selling season and decreases during the third quarter of each year due to the impact of scheduled OEM customer plant shutdowns in July for vacations and changeovers in production lines for new model years. Our value-added services business is also impacted in the fourth quarter by plant shutdowns during the December holiday period.

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

We are subject to various environmental laws and regulations dealing with the handling of hazardous materials, underground fuel storage tanks, and discharge and retention of storm-water. We operate in industrial areas, where truck terminals and other industrial activities are located, and where groundwater or other forms of environmental contamination could occur. In prior years, we also maintained bulk fuel storage and fuel islands at two of our facilities. Our operations may involve the risks of fuel spillage or seepage, environmental damage, and hazardous waste disposal, among others. If we are involved in a spill or other accident involving hazardous substances, or if we are found to be in violation of applicable laws or regulations, it could have a materially adverse effect on our business and operating results. If we should fail to comply with applicable environmental regulations, we could be subject to substantial fines or penalties and to civil and criminal liability.

Our business may be disrupted by natural disasters and severe weather conditions causing supply chain disruptions.

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

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

The rapid or unrestricted spread of a contagious illness such as COVID-19, or the fear of such an event, could significantly disrupt global and domestic supply chains for our customers or result in various travel restrictions, any of which could have a material adverse effect on our business and results of operations. The duration of the current disruption in supply chains, and whether the magnitude of the disruption will change, are currently unknown. In addition, in order to prevent terrorist attacks, federal, state, and municipal authorities have implemented and continue to follow various security measures, including checkpoints and travel restrictions on large trucks. Our international operations in Canada and Mexico may be affected significantly if there are any disruptions or closures of border traffic due to security measures. Such measures may have costs associated with them, which, in connection with the transportation services we provide, we or our owner-operators could be forced to bear. Further, a public health crisis, terrorist attack, war, or risk of such an event also may have an adverse effect on the economy. A decline in economic activity could adversely affect our revenue or restrict our future growth. Instability in the financial markets as a result of a health pandemic, terrorism or war also could affect our ability to raise capital. In addition, the insurance premiums charged for some or all of the coverage currently maintained by us could increase dramatically or such coverage could be unavailable in the future.

We may be unable to successfully integrate businesses we acquire into our operations.

Integrating businesses we acquire may involve unanticipated delays, costs or other operational or financial problems. Successful integration of the businesses we acquire depends on a number of factors, including our ability to transition acquired companies to our management information systems. In integrating acquired businesses, we may not achieve expected economies of scale or profitability or realize sufficient revenues to justify our investment. We also face the risk that an unexpected problem at one of the companies we acquire will require substantial time and attention from senior management, diverting management's attention from other aspects of our business. We cannot be certain that our management and operational controls will be able to support us as we grow.

Our information technology systems are subject to certain cyber risks and disasters that are beyond our control.

We depend heavily on the proper functioning and availability of our information, communications, and data processing systems, including operating and financial reporting systems, in operating our business. Our systems and those of our technology and communications providers are vulnerable to interruptions caused by natural disasters, power loss, telecommunication and internet failures, cyber-attack, and other events beyond our control. Accordingly, information security and the continued development and enhancement of the controls and processes designed to protect our systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority for us.

We have been, and in the future may be, subject to cybersecurity and malware attacks and other intentional hacking. Any failure to identify and address or to prevent a cyber- or malware-attack could result in service interruptions, operational difficulties, loss of revenues or market share, liability to our customers or others, the diversion of corporate resources, injury to our reputation and increased service and maintenance costs. For example, in June 2020, we experienced a previously disclosed ransomware cyber-attack affecting certain of our network systems. During the attack, we experienced limited disruption and rapidly deployed back-up systems or implemented temporary procedures to maintain operations. Based on our assessment and on information currently known, we do not believe the attack had or will have a material adverse impact on our business or results of operations.

Although our information systems are protected through physical and software security as well as redundant backup systems, they remain susceptible to cyber security risks. Some of our software systems are utilized by third parties who provide outsourced processing services which may increase the risk of a cyber-security incident. We have invested and continue to invest in technology security initiatives, employee training, information technology risk management and disaster recovery plans. The development and maintenance of these measures is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly more sophisticated. Despite our efforts, we are not fully insulated from data breaches, technology disruptions or data loss, which could adversely impact our competitiveness and results of operations.

Any future successful cyber-attack or catastrophic natural disaster could significantly affect our operating and financial systems and could temporarily disrupt our ability to provide required services to our customers, impact our ability to manage our operations and perform vital financial processes, any of which could have a materially adverse effect on our business.

We are subject to certain risks arising from doing business in Mexico.

As we continue to grow our business in Mexico, we are subject to greater risks of doing business internationally. Those risks include but are not limited to the following:

- Fluctuations in foreign currencies;
- changes in the economic strength of Mexico;
- difficulties in enforcing contractual obligations and intellectual property rights;
- burdens of complying with a wide variety of international and U.S. export and import laws; and
- social, political, and economic instability.

We also face additional risks associated with our business in Mexico, including but not limited to the following:

- Changes in Mexican law prohibiting the hiring of outsourced personnel except under specified circumstances;
- changes in Mexican law that materially modify the calculation of an employer's profit-sharing payments to employees;
- the adoption and enforcement of restrictive trade policies;
- the imposition of any import or export tariffs, taxes, duties, or fees; and
- potential disruptions or delays at border crossings due to immigration-related issues or other factors.

If we are unable to address business concerns related to our Mexican operations in a timely and cost-efficient manner, our financial position, results of operations, or cash flows could be adversely affected.

Discontinuation, reform, or replacement of LIBOR may adversely affect our variable rate debt.

Borrowings under our credit facilities are at variable rates of interest, primarily based on London Interbank Offered Rate (“LIBOR”). LIBOR tends to fluctuate based on general interest rates, rates set by the U.S. Federal Reserve Board and other central banks, the supply of and demand for credit in the London interbank market, and general economic conditions. In July 2017, the Financial Conduct Authority in the U.K. announced a desire to phase out LIBOR as a benchmark by the end of 2021. However, for U.S. dollar-denominated (“USD”) LIBOR, only one-week and two-month USD LIBOR will cease to be published after 2021, and all remaining USD LIBOR tenors will continue being published until June 2023. Financial industry working groups are developing replacement rates and methodologies to transition existing agreements that depend on LIBOR as a reference rate; however, we can provide no assurance that market-accepted rates and transition methodologies will be available and finalized at the time of LIBOR cessation. If clear market standards and transition methodologies have not been developed by the time LIBOR becomes unavailable, we may have difficulty reaching agreement on acceptable replacement rates under our credit facilities. If we are unable to negotiate replacement rates on favorable terms, it could have a material adverse effect on our earnings and cash flows.

Risks Related to Our Common Stock

We are controlled by Matthew T. Moroun, the Chairman of our Board of Directors. The influence of our public shareholders over significant corporate actions is limited, and Mr. Moroun’s interests may conflict with our interests and the interests of other shareholders.

Matthew T. Moroun owns directly and indirectly approximately 72% of our outstanding common stock. As a result, Mr. Moroun controls any action requiring the general approval of our shareholders, including the election of our board of directors, the adoption of amendments to our articles of incorporation and bylaws, and the approval of any merger or sale of substantially all of our assets. So long as Mr. Moroun continues to own a significant amount of our equity, even if such amount is less than a majority of the outstanding shares of our common stock, he will be capable substantially influencing the outcome of votes on all matters requiring approval by the shareholders, including our ability to enter into certain corporate transactions. This concentration of ownership could limit the price that some investors might be willing to pay for shares of our common stock.

The interests of Mr. Moroun could conflict with or differ from our interests or the interests of our other shareholders. For example, the concentration of ownership he holds could delay, defer, or prevent a change of control of our Company or impede a merger, takeover or other business combination that may otherwise be favorable for us. Accordingly, Mr. Moroun could cause us to enter into transactions or agreements of which our other shareholders would not approve or make decisions with which they may disagree. Mr. Moroun may continue to retain control of us for the foreseeable future and may decide not to enter into a transaction in which shareholders would receive consideration for our common stock that is much higher than the then-current market price of our common stock. In addition, he could elect to sell a controlling interest in us to a third-party and our other shareholders may not be able to participate in such transaction or, if they are able to participate in such a transaction, such shareholders may receive less than the then current fair market value of their shares. Any decision regarding their ownership of us that Mr. Moroun may make at some future time will be in his absolute discretion, subject to applicable laws and fiduciary duties.

Because Matthew T. Moroun owns a controlling interest in us, we are not subject to certain corporate governance standards that apply to other publicly traded companies.

Mr. Moroun controls a majority of our outstanding common stock. As a result, we are a controlled company under the rules of the NASDAQ Stock Market. The NASDAQ rules state that a company of which more than 50% of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain corporate governance requirements, including the requirements that:

- a majority of the board of directors consist of independent directors;
- a nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and
- the compensation committee be composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities.

These requirements will not apply to us as long as we remain a controlled company. Accordingly, you may not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of NASDAQ.

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

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

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

We have adopted a cash dividend policy which anticipates a total annual dividend of \$0.42 per share of common stock. However, the payment of future dividends will be at the discretion of our Board of Directors and will depend, among other things, on our financial condition, results of operations, capital requirements, any covenants included in our credit facilities, any legal or contractual restrictions on the payment of dividends and other factors the Board of Directors deem relevant. As a consequence of these limitations and restrictions, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our common stock. For example, due to the uncertainty caused by the COVID-19 pandemic, our Board of Directors temporarily suspended the Company's cash dividend policy. We suspended the policy during the first half of 2020, but it has since been reinstated. Any change in the level of our dividends or the suspension of the payment thereof could adversely affect the market price of our common stock.

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

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

- a requirement that special meetings of our shareholders may be called only by our Board of Directors, the Chairman of our Board of Directors, our Chief Executive Officer, or the holders of a majority of our outstanding common stock;
- advance notice requirements for shareholder proposals and nominations;
- the authority of our Board of Directors to issue, without shareholder approval, preferred stock with such terms as the Board of Directors may determine, including in connection with our implementation of any shareholders rights plan; and
- an exclusive forum bylaw provision requiring that any derivative action brought on behalf of the corporation, any action asserting a claim of breach of a legal or fiduciary duty and any similar claim under the Michigan Business Corporation Act or our articles of incorporation must be brought exclusively in the Circuit Court of the County of Macomb in the State of Michigan or the United States District Court for the Eastern District of Michigan, Southern Division.

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

ITEM 1B: UNRESOLVED SECURITIES & EXCHANGE COMMISSION STAFF COMMENTS

None.

ITEM 2: PROPERTIES

We are headquartered and maintain our corporate administrative offices in Warren, Michigan. We own our corporate administrative offices, as well as 23 terminal yards and other properties in the following locations: Dearborn, Michigan; Romulus, Michigan; Riverside, California; Jacksonville, Florida; Garden City, Georgia; Harvey, Illinois; Gary, Indiana; Louisville, Kentucky; Albany, Missouri; Rural Hall, North Carolina; South Kearny, New Jersey; Cleveland, Ohio; Columbus, Ohio; Reading, Ohio; Latty, Ohio; York County, Pennsylvania; Wall, Pennsylvania; Mount Pleasant, South Carolina; Memphis, Tennessee; Dallas, Texas; Houston, Texas; Millwood, West Virginia and Clearfield, Utah.

As of December 31, 2021, we also leased 91 operating, terminal and yard, and administrative facilities in various U.S. cities located in 24 states, in Windsor, Ontario; and in San Luis Potosí, Mexico. Generally, our facilities are utilized by our operating segments for various administrative, transportation-related or value-added services. We also deliver value-added services under our contract logistics segment inside or linked to 37 facilities provided by customers. Certain of our leased facilities are leased from entities controlled by our majority shareholders. These facilities are leased on either a month-to-month basis or extended terms. For more information on our lease arrangements, see Part II, Item 8: Notes 11, 13 and 16 to the Consolidated Financial Statements.

ITEM 3: LEGAL PROCEEDINGS

On March 17, 2021, the Company received a complaint from the National Labor Relations Board (the “NLRB”) based on charges alleged by the International Brotherhood of Teamsters against four of the Company’s operating subsidiaries. The charges stem from the Company’s decision to close underperforming operations in California in December 2019. In April 2021, the Company answered the complaint by denying it engaged in any unfair labor practices and maintaining that the Company closed the underperforming California terminal due to financial reasons. In October 2021, the Company received an adverse ruling requiring the Company to, among other things, reinstate the terminated drivers and compensate them for back pay. The Company is appealing the decision. The calculation of the amount owed to the drivers will take into consideration any offsetting earnings made by terminated individuals since their separation from the Company. The Company currently estimates the possible range of financial exposure in the matter to be between \$4.3 million and \$7.2 million. Based on the Company’s best estimate of the liability at this time, the Company has recorded an accrued liability for this matter of \$5.8 million. While the outcome of these claims cannot be predicted with any certainty, management does not believe the outcome of any of these matters will have a material adverse effect on our business, financial position, results of operations or cash flows.

The Company is involved in certain other 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. However, if we experience claims that are not covered by our insurance or that exceed our estimated claim reserve, it could increase the volatility of our earnings and have a materially adverse effect on our financial condition, results of operations or cash flows.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5: MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on The NASDAQ Global Market under the symbol ULH.

As of March 7, 2022, there were approximately 30 record holders of our common stock, based upon data available to us from our transfer agent. We believe, however, that we have a significantly greater number of shareholders because a substantial number of our common shares are held at The Depository Trust & Clearing Corporation on behalf of our shareholders.

Dividends

We have a cash dividend policy that anticipates a regular dividend of \$0.42 per share of common stock, payable in quarterly increments of \$0.105 per share of common stock. In addition, under our current dividend policy, after considering the regular quarterly dividends made during the year, the Board of Directors also evaluates the potential declaration of an annual special dividend payable in the first quarter of each year. The Board of Directors did not declare a special dividend in the first quarter of 2022.

Currently, we anticipate continuing to pay cash dividends on a quarterly basis, but we cannot guarantee that such dividends will be paid in the future. Future dividend policy and the payment of dividends, if any, will be determined by the Board of Directors in light of circumstances then existing, including our earnings, financial condition and other factors deemed relevant by the Board of Directors.

Limitations on our ability to pay dividends are described under the section captioned "Liquidity and Capital Resources – Revolving Credit, Promissory Notes and Term Loan Agreements" in Item 7 of this Form 10-K.

Securities Authorized for Issuance under Equity Compensation Plans

See Part III, Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters" of this Annual Report for a presentation of compensation plans under which equity securities of the Company are authorized for issuance.

Purchases of Equity Securities by the Issuer

On July 29, 2021, the Company announced that it had been authorized to purchase up to 1,000,000 shares of its common stock from time to time in the open market. As of December 31, 2021, 1,000,000 shares remain available under this authorization. No specific expiration date has been assigned to the authorization.

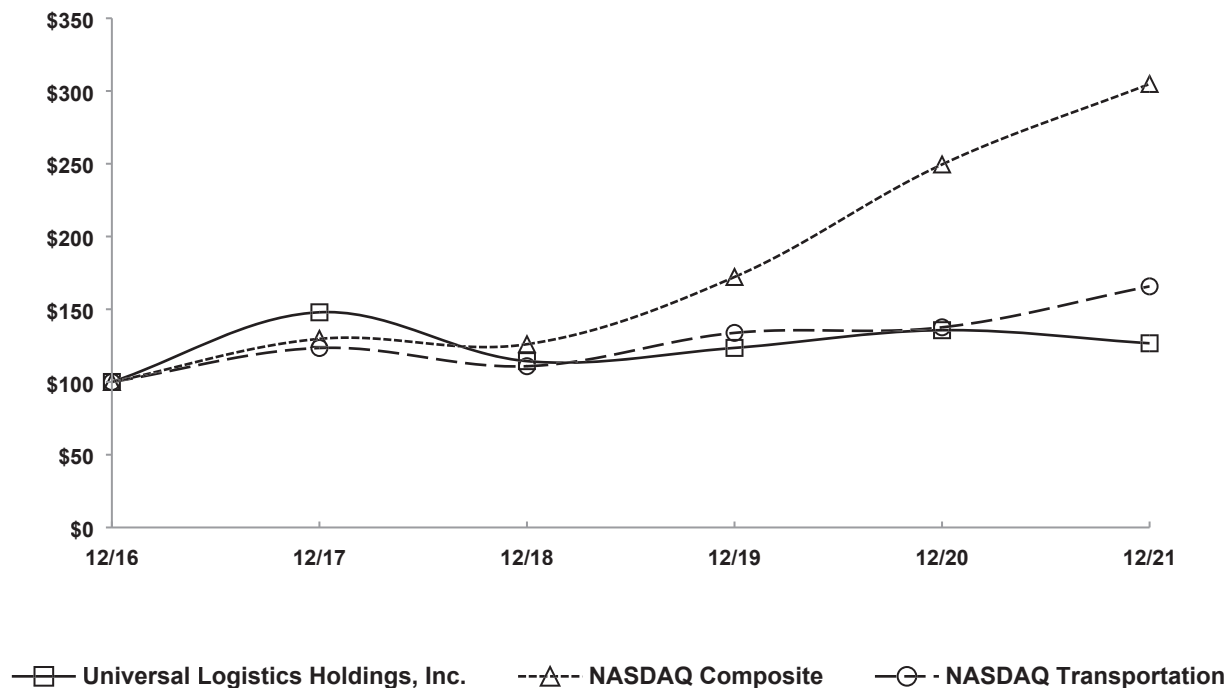
There were no purchases of our equity securities by or on behalf of us or any affiliated purchaser within the fourth quarter of 2021.

Performance Graph

The graph below matches Universal Logistics Holdings, Inc.'s cumulative 5-year total shareholder return on common stock with the cumulative total returns of the NASDAQ Composite index and the NASDAQ Transportation index. The graph tracks the performance of a \$100 investment in our common stock and in each index (with the reinvestment of all dividends) from December 31, 2016 to December 31, 2021.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Universal Logistics Holdings, Inc., the NASDAQ Composite Index
and the NASDAQ Transportation Index



*\$100 invested on 12/31/16 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
Universal Logistics Holdings, Inc.....	100.00	147.90	114.32	123.42	135.60	126.61
NASDAQ Composite	100.00	129.64	125.96	172.17	249.51	304.85
NASDAQ Transportation	100.00	123.35	110.84	133.75	137.58	165.72

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

ITEM 6: RESERVED

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

Overview

We are a leading asset-light provider of customized transportation and logistics solutions throughout the United States, and in Mexico, Canada and Colombia. We provide a comprehensive suite of transportation and logistics solutions that allow our customers 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 company-managed facilities and full-service freight forwarding and customs house brokerage offices, and through a contract network of agents who solicit freight business directly from shippers.

We operate, manage or provide services at 114 logistics locations in the United States, Mexico, Canada and Colombia and through our network of agents and owner-operators located throughout the United States and in Ontario, Canada. Thirty-seven of our value-added service operations are located inside customer plants or distribution operations; the other facilities are generally located close to our customers' plants to optimize the efficiency of their component supply chains and production processes. Our facilities and services are often directly integrated into the production processes of our customers and represent a critical piece of their supply chains. To support our asset-light business model, we generally coordinate the duration of real estate leases associated with our value-added services with the end date of the related customer contract associated with such facility, or use month-to-month leases, in order to mitigate exposure to unrecovered lease costs.

We offer our customers a wide range of transportation services by utilizing a diverse fleet of tractors and trailing equipment provided by us, our owner-operators and third-party transportation companies. Our owner-operators provided us with 2,421 tractors and 977 trailers. We own 1,749 tractors, 3,838 trailers, 2,830 chassis and 176 containers. Our agents and owner-operators are independent contractors who earn a fixed commission calculated as a percentage of the revenue or gross profit they generate for us and who bring an entrepreneurial spirit to our business. Our transportation services are provided through a network of both union and non-union employee drivers, owner-operators, contract drivers, and third-party transportation companies.

As of December 31, 2021, we employed 8,004 people in the United States, Mexico, Canada, and Colombia, including 3,142 employees subject to collective bargaining agreements. We also engaged contract staffing vendors to supply an average of 1,448 additional personnel on a full-time-equivalent basis.

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

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

We report our financial results in four distinct reportable segments, contract logistics, intermodal, trucking, and company-managed brokerage. Operations aggregated in our contract logistics segment deliver value-added and/or dedicated transportation services to support in-bound logistics to original equipment manufacturers (OEMs) and major retailers on a contractual basis, generally pursuant to terms of one year or longer. Our intermodal segment is associated with local and regional drayage moves predominately coordinated by company-managed terminals using a mix of owner-operators, company equipment and third-party capacity providers (broker carriers). Operations aggregated in our trucking segment are associated with individual freight shipments coordinated by our agents and company-managed terminals using a mix of owner-operators, company equipment and broker carriers. Our company-managed brokerage segment provides for the pick-up and delivery of individual freight shipments using broker carriers, coordinated by our company-managed operations.

COVID-19 Pandemic

The Company remains committed to doing its part to protect its employees, customers, vendors and the general public from the spread of the coronavirus outbreak (COVID-19). We have distributed cleaning and protective supplies to our workforce, increased cleaning frequency and coverage, and provided employees direction on precautionary measures, such as sanitizing truck interiors, personal hygiene, and social distancing. We will continue to adapt our operations as required to ensure safety while continuing to provide a high level of service to our customers.

The spread of COVID-19 resulted in governmental authorities enforcing measures to try to contain the virus, which severely disrupted economic and commercial activity during the latter part of the first and most of the second quarter of 2020. To mitigate the impact on our business, we implemented numerous cost reduction measures including furloughing a large portion of our direct labor force, requiring personnel to take unpaid time-off, restricting travel, and reducing discretionary spending. During the third quarter 2020, we experienced a rebound in demand for transportation and manufacturing support services and experienced a more normalized level of business activity. Although we estimate COVID-19 had the largest impact on our business during the second quarter 2020, we are unable to predict with any certainty the future impact COVID-19 may have on our operational and financial performance. The ultimate magnitude of COVID-19, including the extent of its impact on the Company's financial and operating results, which could be material, will be determined by the length of time the pandemic continues, its severity, government regulations imposed in response to the pandemic, and to its general effect on the economy and transportation demand.

While operating cash flows may be negatively impacted by the pandemic, the Company believes we will be able to finance our near term needs for working capital over the next twelve months, as well as any planned capital expenditures during such period, with cash balances, cash flows from operations, and loans and extensions of credit under our credit facilities and on margin against our marketable securities. Should the impact of the COVID-19 pandemic last longer than anticipated, and/or our cash flow from operations decline more than expected, we may need to obtain additional financing. The Company's ability to fund future operating expenses and capital expenditures, as well as its ability to meet future debt service obligations or refinance indebtedness will depend on future operating performance, which will be affected by general economic, financial, and other factors beyond our control.

Factors Affecting Our Revenues

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

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

We recognize revenue as control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration the Company expects to receive in exchange for its services. For our transportation services businesses, which include truckload, brokerage, intermodal and dedicated services, revenue is recognized over time as the performance obligations on the in-transit services are completed. For the Company's value-added service businesses, we have elected to use the "right to invoice" practical expedient, reflecting that a customer obtains the benefit associated with value-added services as they are provided. For additional information on revenue recognition, see Item 8, Note 3 to the Consolidated Financial Statements.

Factors Affecting Our Expenses

Purchased transportation and equipment rent. Purchased transportation and equipment rent represents the amounts we pay to our owner-operators or other third party equipment providers to haul freight and, to the extent required to deliver certain logistics services, the cost of equipment leased under short-term contracts from third parties. The amount of the purchased transportation we pay to our owner-operators is primarily based on a contractually agreed-upon rates for each load hauled, net of any rental income we receive by leasing our trailers to owner-operators. The expense also includes the amount of fuel surcharges, where separately identifiable, that we receive from our customers and pass through to our owner-operators. Our strategy is to maintain a highly flexible business model that employs a cost structure that is mostly variable in nature. As a result, purchased transportation and equipment rent is the largest component of our costs and increases or decreases proportionately with changes in the amount of revenue generated by our owner-operators and other third party providers and with the production volumes of our customers. We recognize purchased transportation and equipment rent as the services are provided.

Direct personnel and related benefits. Direct personnel and related benefits include the salaries, wages and fringe benefits of our employees, as well as costs related to contract labor utilized in selling and operating activities. These costs are a significant component of our cost structure and increase or decrease proportionately with the expansion, addition or closing of operating facilities. As of December 31, 2021, approximately 37% of our employees in the United States, Canada and Colombia, and 91% of our employees in Mexico were subject to collective bargaining agreements. Any changes in union agreements will affect our personnel and related benefits cost. The operations in the United States, Mexico and Canada that are subject to collective bargaining agreements have separate, individualized agreements with several different unions that represent employees in these operations. While there are some facilities with multiple unions, each collective bargaining agreement with each union covers a single facility for that union. Such agreements have expiration dates that are generally independent of other collective bargaining agreements and include economics and operating terms tailored to the specific operational requirements of a customer. Our operation in Mexico provides competitive compensation within the Mexican statutory framework for managerial and supervisory personnel.

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

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

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

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

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

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

Operating Revenues

We broadly group our services into the following categories: truckload services, brokerage services, intermodal services, dedicated services and value-added services. Our truckload, brokerage and intermodal services associated with individual freight shipments coordinated by our agents and company-managed terminals, while our dedicated and value-added services to specific customers on a contractual basis, generally pursuant to contract terms of one year or longer. The following table sets forth operating revenues resulting from each of these service categories for the years ended December 31, 2021, 2020 and 2019, presented as a percentage of total operating revenues:

	Years ended December 31,		
	2021	2020	2019
Operating revenues:			
Truckload services	14.2%	14.5%	16.6%
Brokerage services	22.9	24.2	23.5
Intermodal services	27.0	28.3	25.8
Dedicated services.....	11.7	9.2	9.2
Value-added services.....	24.2	23.8	24.9
Total operating revenues.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Results of Operations

The following table sets forth items derived from our Consolidated Statements of Income for the years ended December 31, 2021, 2020 and 2019, presented as a percentage of operating revenues:

	Years ended December 31,		
	2021	2020	2019
Operating revenues	100.0%	100.0%	100.0%
Operating expenses:			
Purchased transportation and equipment rent	47.1	48.5	47.8
Direct personnel and related benefits	26.1	24.3	24.4
Operating supplies and expenses.....	8.5	8.0	8.0
Commission expense.....	1.9	1.9	2.1
Occupancy expense	2.1	2.5	2.4
General and administrative.....	2.3	2.4	2.9
Insurance and claims	2.2	1.4	3.1
Depreciation and amortization	3.9	5.3	4.9
Total operating expenses	<u>94.1</u>	<u>94.2</u>	<u>95.7</u>
Income from operations.....	5.9	5.8	4.3
Interest and other non-operating income (expense), net.....	(0.3)	(1.2)	(0.9)
Income before for income taxes	5.6	4.6	3.3
Income tax (benefit) expense.....	1.4	1.1	0.7
Net income.....	<u>4.2%</u>	<u>3.5%</u>	<u>2.5%</u>

2021 Compared to 2020

Operating revenues. Operating revenues for 2021 increased \$359.9 million, or 25.9%, to \$1,751.0 million from \$1,391.1 million in 2020. Included in operating revenues are separately-identified fuel surcharges of \$96.9 million for 2021 compared to \$67.9 million in 2020. Consolidated income from operations increased \$22.6 million, or 28.1%, to \$103.0 million for 2021 compared to \$80.4 million during the same period last year. Overall results for 2020 were negatively impacted by the COVID-19 pandemic which resulted in a substantial portion of our customers being shuttered. Results for 2021 include a favorable legal settlement which resulted in a \$5.7 million pre-tax gain recorded in other non-operating income, as well as \$6.0 million in charges for auto liability claims expected to settle in excess of policy limits, \$5.8 million in charges for on-going legal matters, and \$18.9 million of losses incurred in connection with a recent contract logistics program launch.

In the contract logistics segment, which includes value-added and dedicated services, operating revenues increased \$167.6 million, or 36.5%, to \$627.2 million in 2021 compared to \$459.7 million in the previous year. Income from operations in the contract logistics segment increased \$8.8 million, or 24.6%, to \$44.8 million for 2021 compared to \$36.0 million in the same period last year. In 2021, Universal managed 63 value-added programs compared to 58 in the prior year period. During 2021, dedicated transportation load count increased 20.5% to 594,748 from 493,733 in 2020. Results for 2021 in the contract logistics segment include approximately \$18.9 million of losses incurred in connection with a recent program launch. Results in the contract logistics segment for 2020 were negatively impacted by the COVID-19 pandemic, which caused a substantial portion of our customers to temporarily suspend operations. As a percentage of revenue, operating margin for the contract logistics segment for 2021 was 7.1% compared to 7.8% during the same period last year. The launch losses recorded in 2021 adversely impacted this segment's operating margin by 310 basis points.

In the intermodal segment, operating revenues increased \$79.4 million, or 20.2%, to \$473.1 million in 2021 compared to \$393.6 million in the previous year. Intermodal revenues for 2021 included \$51.2 million in separately identified fuel surcharges, compared to \$40.1 million in the same period last year. During 2021, Universal moved 665,088 intermodal loads compared to 719,947 in 2020, a decrease of 7.6%, while its average operating revenue per load, excluding fuel surcharges increased 13.2% to \$522 from \$461. In 2021, other accessorial charges such as detention, demurrage and storage increased \$45.0 million to \$84.9 million compared to \$39.9 million one year earlier. Income from operations in the intermodal segment was unchanged at \$30.4 million in both 2021 and 2020. Included in intermodal segment results were litigation related charges totaling \$5.8 million in 2021. As a percentage of revenue, operating margin in the intermodal segment was 6.4% in 2021 compared to 7.7% in the prior year period. The litigation related charges recorded in 2021 adversely impacted this segment's operating margin by 120 basis points.

In the trucking segment, which includes agent-based and company-managed trucking operations, operating revenues increased \$84.9 million to \$403.3 million in 2021 compared to \$318.4 million in the prior year. Included in trucking segment revenues for 2021 were \$24.4 million in separately identified fuel surcharges compared to \$16.1 million during 2020. Income from operations in the trucking segment increased \$3.2 million to \$19.6 million for 2021 compared to \$16.4 million in the same period last year. During 2021, load volumes increased 12.0% to 288,378 loads compared to 257,562 in 2020. Average operating revenue per load, excluding fuel surcharges, also increased 11.3% to \$1,356 from \$1,218 in the prior year period. 2021 trucking segment results also included a \$6.0 million charge for auto liability claims expected to settle in excess of policy limits. As a percentage of revenue, operating margin in the trucking segment was 4.9% in 2021 compared to 5.2% in the same period last year. The claim charges recorded in 2021 adversely impacted the trucking segment's operating margin by 140 basis points.

In the company-managed brokerage segment, operating revenues increased \$24.7 million, or 11.3%, to \$242.8 million in 2021 compared to \$218.1 million in 2020. Company-managed brokerage load volumes decreased 16.3% to 121,944 in 2021 from 145,655 during the same period last year. However, average operating revenue per load, excluding fuel surcharges, increased 31.5% to \$1,845 in 2021 from \$1,403 in 2020. As a percentage of revenue, operating margin for the company-managed brokerage segment was 2.9% for 2021 compared to a negative 1.2% in the same period last year.

Purchased transportation and equipment rent. Purchased transportation and equipment rental costs for 2021 increased \$150.6 million, or 22.3%, to \$824.8 million from \$674.1 million during the same period last year. 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-related services, which includes truckload, brokerage, intermodal and to a lesser extent, dedicated services, which uses a higher mix of company-drivers compared to owner-operators. The absolute increase in purchased transportation and equipment rental costs was primarily the result of an increase in transportation-related service revenues. In 2021, transportation-related service revenues increased 25.4% over the same period last year. As a percentage of operating revenues, purchased transportation and equipment rent expense decreased to 47.1% compared to 48.5% during the same period last year. The decrease was due to a decrease in the mix of brokerage services revenue, where the cost of transportation is typically higher than our other transportation businesses. As a percentage of total revenues, brokerage services revenue decreased to 22.9% for 2021 compared to 24.2% in the same period last year.

Direct personnel and related benefits. Direct personnel and related benefits for 2021 increased by \$119.0 million, or 35.3%, to \$456.6 million compared to \$337.6 million during the same period last year. 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 increase was due to the launch of new business wins and robust volumes in our contract logistics segment in 2021, as well as the impact of temporary layoffs and furloughs in 2020 in response to the COVID-19 pandemic. As a percentage of operating revenues, personnel and related benefits increased to 26.1% for 2021, compared to 24.3% in 2020. The percentage is derived on an aggregate basis from both existing and new programs, and from customer operations at various stages in their lifecycles. Individual operations may be impacted by additional production shifts or by overtime at selected operations. While generalizations about the impact of personnel and related benefits costs as a percentage of total revenue are difficult, we manage compensation and staffing levels, including the use of contract labor, to maintain target economics based on near-term projections of demand for our services.

Operating supplies and expenses. Operating supplies and expenses increased by \$38.3 million, or 34.5%, to \$149.4 million for 2021 compared to \$111.1 million for 2020. These expenses include items such as fuel, maintenance, cost of materials, communications, utilities and other operating expenses, and generally relate to fluctuations in customer demand. The main elements of the increase included increases of \$16.5 million in fuel expense, \$5.3 million in legal charges and professional fees, \$8.2 million in vehicle and other maintenance, \$4.0 million in travel and entertainment, and \$3.3 million in other operating expenses.

Commission expense. Commission expense for 2021 increased by \$7.2 million, or 27.1%, to \$33.9 million from \$26.7 million in 2020. Commission expense increased due to increased revenue in the agency based truckload business. As a percentage of operating revenues, commission expense was unchanged at 1.9% for both 2021 and 2020.

Occupancy expense. Occupancy expenses increased by \$2.7 million, or 7.8%, to \$37.3 million for 2021. This compares to \$34.6 million in 2020. The increase was primarily attributable to an increase in building rents and property taxes.

General and administrative. General and administrative expense for 2021 increased by \$6.4 million to \$39.6 million from \$33.3 million in 2020. The increase was attributable to a \$4.1 million increase in salaries, wages, and benefits and a \$2.5 million increase in professional fees. As a percentage of operating revenues, general and administrative expense was 2.3% in 2021 compared to 2.4% for 2020.

Insurance and claims. Insurance and claims expense for 2021 increased by \$19.6 million to \$38.8 million from \$19.3 million in 2020. The increase was attributable to increases of \$11.1 million in cargo and service failure claims and \$8.5 million in auto liability premiums and claims. Included in insurance and claims expense were \$6.0 million in charges for auto liability claims expected to settle in excess of policy limits. As a percentage of operating revenues, insurance and claims increased to 2.2% for 2021 compared to 1.4% in 2020.

Depreciation and amortization. Depreciation and amortization expense for 2021 decreased by \$6.6 million, or 8.9%, to \$67.5 million from \$74.1 million for 2020. Depreciation expense decreased \$5.3 million and amortization expense decreased \$1.3 million. The decrease in depreciation expense is attributable to the limited availability of transportation equipment for purchase in 2021. If equipment manufacturers implement solutions to overcome production issues, depreciation expense is expected to increase as capital expenditures return to normalized levels.

Interest expense, net. Net interest expense was \$11.6 million for 2021 compared to \$14.6 million for 2020. The decrease in net interest expense reflects a decrease in outstanding borrowings and a decrease in interest rates on our debt. As of December 31, 2021, our outstanding borrowings totaled \$428.4 million compared to \$461.7 million at the same time last year.

Other non-operating income (expense). Other non-operating income was \$7.2 million for 2021 compared to \$1.9 million of other non-operating expense for 2020. Other non-operating income for 2021 includes a \$5.7 million pre-tax gain from a favorable legal settlement. Other non-operating income in 2021 also includes a \$1.5 million pre-tax holding gain on marketable securities due to changes in fair value recognized in income compared to a pre-tax holding loss of \$1.6 million in 2020.

Income tax expense. Income tax expense for 2021 was \$24.8 million, compared to \$15.8 million for 2020, based on an effective tax rate of 25.2% and 24.7% respectively. The increase in income taxes in 2021 is the result of an increase in taxable income and our effective tax rate for 2021 compared to 2020.

2020 Compared to 2019

Operating revenues. Operating revenues for 2020 decreased \$120.9 million, or 8.0%, to \$1,391.1 million from \$1,512.0 million in 2019. Included in operating revenues are separately-identified fuel surcharges of \$67.9 million in 2020 compared to \$89.6 million in 2019. Excluding intermodal, the Company experienced decreases in each of its service lines in 2020 compared to the prior year. Consolidated income from operations increased \$15.0 million, or 22.9%, to \$80.4 million for 2020 compared to \$65.4 million during the same period last year. Included in 2019 income from operations were \$30.0 million in litigation related charges related to previously disclosed legal matters.

In the contract logistics segment, which includes value-added and dedicated services, operating revenues decreased \$55.5 million to \$459.7 million in 2020 compared to \$515.2 million in the previous year. Income from operations in the contract logistics segment decreased \$12.4 million, or 25.7%, to \$36.0 million for 2020 compared to \$48.4 million in 2019. The decrease in operating revenues and income is primarily attributable to the shutdown of North American automotive and heavy-truck manufacturing in the first half of 2020 due to the COVID-19 pandemic.

In the intermodal segment, operating revenues increased \$3.3 million to \$393.6 million in 2020 compared to \$390.3 million in the previous year. Intermodal revenues for 2020 included \$40.1 million in separately identified fuel surcharges, compared to \$47.1 million in the same period last year. Income from operations in the intermodal segment decreased \$8.8 million to \$30.4 million for 2020 compared to \$39.2 million in 2019. As a percentage of revenue, operating margin decreased to 7.7% in 2020 compared to 10.0% in 2019. During 2020, Universal's intermodal segment increased the number of loads hauled by 7.3%, however its average operating revenue per load, excluding fuel surcharges, more than offset this increase falling 11.0% compared to the same period last year.

In the trucking segment, which includes agent-based and company-managed trucking operations, operating revenues decreased \$71.2 million to \$318.4 million in 2020 compared to \$389.6 million in the previous year. Income from operations in the trucking segment increased \$37.9 million to \$16.4 million for 2020 compared to an operating loss of \$21.5 million in 2019, which included the settlement of a previously disclosed legal matter. In 2020, the trucking segment experienced a 5.6% increase in its average operating revenue per load, excluding fuel surcharges, however, the number of loads hauled fell 19.8% compared to the same period last year.

Operating revenues in the company-managed brokerage segment, increased \$2.4 million to \$218.1 million in 2020 compared to \$215.8 million in the previous year. As a percentage of revenue, operating margin decreased to a negative 1.2% in 2020 compared to 0.8% in 2019. Although 2020 underperformed 2019, the fourth quarter of 2020 was an improvement sequentially as the Company continues to rationalize both lanes and customers. The company-managed brokerage segment's average operating revenue per load increased 1.6% in 2020 while the loads moved decreased 0.7% compared to the same period last year.

Purchased transportation and equipment rent. Purchased transportation and equipment rental costs for 2020 decreased by \$48.9 million, or 6.8%, to \$674.1 million from \$723.1 million during the same period last year. Purchased transportation and equipment rent generally increases or decreases in proportion to the revenues generated through owner-operators and other third party capacity providers and is generally correlated with changes in demand for transportation-related services, which includes truckload, brokerage, intermodal and dedicated services. The absolute decrease in purchased transportation and equipment rental costs was primarily the result of a decrease in transportation-related service revenues. In 2020, transportation-related service revenues decreased 6.7% compared to 2019. As a percentage of operating revenues, purchased transportation and equipment rent expense increased to 48.5% compared to 47.8% during the same period last year. The increase was due to an increase in the mix of transportation-related service revenue. As a percentage of total revenues, transportation-related service revenue increased to 76.1% for 2020 compared to 75.1% in the same period last year.

Direct personnel and related benefits. Direct personnel and related benefits for 2020 decreased by \$30.6 million, or 8.3%, to \$337.6 million compared to \$368.2 million during the same period last year. 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 decrease was due to layoffs and temporary furloughs to right-size staffing as a cost cutting measure in response to the economic slowdown as a result of the COVID-19 pandemic. As a percentage of operating revenues, personnel and related benefits slightly decreased to 24.3% for 2020, compared to 24.4% for 2019. The percentage is derived on an aggregate basis from both existing and new programs, and from customer operations at various stages in their lifecycles. Individual operations may be impacted by additional production shifts or by overtime at selected operations. While generalizations about the impact of personnel and related benefits costs as a percentage of total revenue are difficult, we manage compensation and staffing levels, including the use of contract labor, to maintain target economics based on near-term projections of demand for our services.

Operating supplies and expenses. Operating supplies and expenses decreased by \$9.7 million, or 8.0%, to \$111.1 million for 2020 compared to \$120.8 million for 2019. These expenses include items such as fuel, maintenance, cost of materials, communications, utilities and other operating expenses, and generally relate to fluctuations in customer demand. The main elements of the decrease included decreases of \$7.3 million in fuel expense on company tractors, \$2.9 million in operating supplies and material costs in operations supporting heavy-truck programs, \$2.4 million in vehicle and other maintenance, and \$1.9 million in travel and entertainment. These decreases were partially offset by increases of \$3.3 million in professional fees and \$2.0 million in bad debt expense.

Commission expense. Commission expense for 2020 decreased by \$4.5 million, or 14.6%, to \$26.7 million from \$31.2 million for 2019. Commission expense decreased due to decreased revenue in the agency based truckload business. As a percentage of operating revenues, commission expense decreased to 1.9% for 2020, compared to 2.1% one year earlier.

Occupancy expense. Occupancy expenses decreased by \$2.1 million, or 5.6%, to \$34.6 million for 2020. This compares to \$36.6 million for 2019. The decrease was primarily attributable to a decrease in building rents and property taxes as we consolidated facilities for certain value-added programs.

General and administrative. General and administrative expense for 2020 decreased by \$11.2 million to \$33.3 million from \$44.5 million in 2019. The decrease was attributable to a \$6.6 million decrease in salaries, wages, and benefits and a \$6.0 million decrease in professional fees. Included in professional fees for 2019 was a \$5.1 million charge for a previously disclosed legal matter. As a percentage of operating revenues, general and administrative expense was 2.4% for 2020 compared to 2.9% for 2019.

Insurance and claims. Insurance and claims expense for 2020 decreased by \$28.2 million to \$19.3 million from \$47.4 million in 2019. As a percentage of operating revenues, insurance and claims decreased to 1.4% for 2020 compared to 3.1% for 2019. The decrease was primarily attributable to a \$24.8 million charge for a legal settlement in the third quarter of 2019 as well as a decrease in our auto liability premiums and contractor insurance. This was partially offset by an increase in cargo and service failure claims, including \$0.5 million in service claims related to the June 2020 cyber-attack.

Depreciation and amortization. Depreciation and amortization expense for 2020 decreased by \$0.6 million, or 0.8%, to \$74.1 million from \$74.8 million for 2019. Depreciation expense decreased \$0.1 million in 2020 and amortization expense decreased \$0.5 million.

Interest expense, net. Net interest expense was \$14.6 million for 2020 compared to \$17.0 million for 2019. The decrease in net interest expense reflects a decrease in the average interest rate on our outstanding borrowings. As of December 31, 2021, our outstanding borrowings totaled \$461.7 million compared to \$459.7 million at the same time last year.

Other non-operating (expense) income. Other non-operating expense was \$1.9 million for 2020 compared to other non-operating income of \$1.8 million in 2019. Included in other non-operating expense during 2020 was \$1.6 million in losses on marketable securities compared to \$1.5 million in gains in 2019.

Income tax expense. Income tax expense for 2020 was \$15.8 million, compared to \$12.6 million for 2019, based on an effective tax rate of 24.7% and 25.1% respectively. The increase in income taxes in 2020 is the result of an increase in taxable income for 2020 compared to 2019.

Liquidity and Capital Resources

Our primary sources of liquidity are funds generated by operations, loans and extensions of credit under our credit facilities, on margin against our marketable securities, funds from installment notes, and proceeds from the sales of marketable securities. We use secured, asset lending to fund a substantial portion of purchases of tractors, trailers and material handling equipment.

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

In 2021, our capital expenditures totaled \$38.8 million. These expenditures primarily consisted of transportation equipment and investments in support of our value-added service operations. Due to widespread shortages, production backlogs, and limited availability of transportation equipment in 2021, our expenditures were somewhat lower than our customary capital expenditures. Our asset-light business model depends largely on the customized solutions we implement for specific customers. As a result, our capital expenditures will also depend on specific new contracts and the overall age and condition of our owned transportation equipment. In 2022, exclusive of acquisitions of businesses, we expect our capital expenditures to be in the range of 4% to 5% of operating revenues. We expect to make these capital expenditures for the acquisition of transportation equipment, to support our new and existing value-added service operations, and for improvements to our existing terminal yard and container facilities. If equipment manufacturers identify and implement solutions enabling them to overcome these supply-side constraints, then we would expect to return to a normalized level of capital expenditures in future periods.

We have a cash dividend policy that anticipates a regular dividend of \$0.42 per share of common stock, payable in quarterly increments of \$0.105 per share of common stock. After considering the regular quarterly dividends made during the year, the Board of Directors also evaluates the potential declaration of an annual special dividend payable in the first quarter of each year. The Board of Directors did not declare a special dividend in the first quarter of 2022. During the year ended December 31, 2021, we paid a total of \$0.42 per common share, or \$11.3 million. Future dividend policy and the payment of dividends, if any, will be determined by the Board of Directors in light of circumstances then existing, including our earnings, financial condition and other factors deemed relevant by the Board of Directors.

While operating cash flows may be negatively impacted by a prolonged pandemic, the Company believes we will be able to finance our near term needs for working capital over the next twelve months, as well as any planned capital expenditures during such period, with cash balances, cash flows from operations, and loans and extensions of credit under our credit facilities and on margin against our marketable securities. Should the impact of the COVID-19 pandemic last longer than anticipated, and/or our cash flow from operations decline more than expected, we may need to obtain additional financing. The Company's ability to fund future operating expenses and capital expenditures, as well as its ability to meet future debt service obligations or refinance indebtedness will depend on future operating performance, which will be affected by general economic, financial, and other factors beyond our control.

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

Our secured credit facility provides for maximum borrowings of \$350 million in the form of a \$150 million term loan and a \$200 million revolver at a variable rate of interest based on LIBOR or a base rate and matures on November 26, 2023. The credit facility, which is secured by cash, deposits, accounts receivable, and selected other assets of the applicable borrowers, includes customary affirmative and negative covenants and events of default, as well as financial covenants requiring minimum fixed charge coverage and leverage ratios, and customary mandatory prepayments provisions. Our credit facility includes an accordion feature which allows us to increase availability by up to \$100 million upon our request. At December 31, 2021, we were in compliance with all covenants under the credit facility, and \$36.7 million was available for borrowing.

A wholly-owned subsidiary issued a series of promissory notes in order to finance transportation equipment. The notes issued in connection with this equipment financing, which are secured by liens on selected titled vehicles, include certain affirmative and negative covenants, are generally payable in 60 monthly installments and bear interest at fixed rates ranging from 2.25% to 5.13%.

A wholly-owned subsidiary issued a series of promissory notes in order to finance certain purchases of real property. The promissory notes, which are secured by first mortgages and assignment of leases on specific parcels of real estate and improvements, include certain affirmative and negative covenants and are generally payable in 120 monthly installments. Each of the notes bears interest at a variable rate ranging from LIBOR plus 1.85% to LIBOR plus 2.25%. At December 31, 2021, we were in compliance with all covenants.

We also maintain a short-term line of credit secured by our portfolio of marketable securities. It bears interest at LIBOR plus 1.10%. The amount available under the margin facility is based on a percentage of the market value of the underlying securities. We did not have any amounts advanced against the line as of December 31, 2021, and the maximum available borrowings were \$4.3 million.

Discussion of Cash Flows

At December 31, 2021, we had cash and cash equivalents of \$13.9 million compared to \$8.8 million at December 31, 2020. Operating activities provided \$83.3 million in net cash, and we used \$33.2 million in investing activities and \$44.6 million in financing activities.

The \$83.3 million in net cash provided by operations was primarily attributed to \$73.7 million of net income, which reflects non-cash depreciation and amortization, noncash lease expense, amortization of debt issuance costs, gains on marketable equity securities and equipment sales, stock-based compensation, provisions for doubtful accounts and a change in deferred income taxes totaling \$94.7 million, net. Net cash provided by operating activities also reflects an aggregate increase in net working capital totaling \$85.1 million. The primary drivers behind the increase in working capital were principal reductions in operating lease liabilities during the period, an increase in trade and other accounts receivable, an increase in prepaid expenses and other assets, and a decrease in income taxes payable. These were partially offset by increases in accruals for insurance and claims, trade accounts payable, and accrued expenses and other current liabilities. Affiliate transactions increased net cash provided by operating activities by \$1.2 million. The decrease in net cash resulted from an increase in accounts payable to affiliates of \$0.8 million and a decrease in accounts receivable from affiliates of \$0.4 million.

The \$33.2 million in net cash used in investing activities consisted of \$38.8 million in capital expenditures and \$0.1 million in marketable securities purchases. These uses were partially offset by \$5.6 million in proceeds from the sale of equipment and \$0.1 million in proceeds from the sale of marketable securities.

We used \$44.6 million in financing activities. During the period we paid cash dividends of \$11.3 million. We had outstanding borrowings totaling \$428.4 million at December 31, 2021 compared to \$461.7 million at December 31, 2020. During the period we had net borrowings on our revolving lines of credit totaling \$11.9 million and borrowed an additional \$16.0 million for new equipment. We also made term loan, and equipment and real estate note payments totaling \$61.2 million during the period.

Contractual Obligations

As of December 31, 2021, we had contractual obligations related to our long-term debt of \$366.1 million and \$8.8 million for principal borrowings and interest, respectively, which become due through 2030. See Item 8, Note 9 to the Consolidated Financial Statements for additional information regarding our debt obligations. We also have contractual obligations for operating leases commitments and purchase commitments related to agreements to purchase equipment. See Item 8, Note 13 and Note 16, respectively, to the Consolidated Financial Statements for additional information regarding lease obligations and purchase commitments.

Off-Balance Sheet Arrangements

None.

Legal Matters

We are subject to various legal proceedings and other contingencies, the outcomes of which are subject to significant uncertainty. We accrue for estimated losses if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. We use judgment and evaluate, with the assistance of legal counsel, whether a loss contingency arising from litigation should be disclosed or recorded. The outcome of legal proceedings is inherently uncertain, so typically a loss cannot be precisely estimated. Accordingly, if the outcome of legal proceedings is different than is anticipated by us, we would have to record the matter at the actual amount at which it was resolved, in the period resolved, impacting our results of operations and financial position for the period. See Item 8, Note 16 to the Consolidated Financial Statements.

Critical Accounting Policies

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

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

Insurance and Claim Costs

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

We establish reserves for anticipated losses and expenses related to cargo and equipment damage claims and auto liability claims. The reserves consist of specific reserves for all known claims and an estimate for claims incurred but not reported, and losses arising from known claims ultimately settling in excess of insurance coverage using loss development factors based upon industry data and past experience. In determining the reserves, we specifically review all known claims and record a liability based upon our best estimate of the amount to be paid. In making our estimate, we consider the amount and validity of the claim, as well as our past experience with similar claims. In establishing the reserve for claims incurred but not reported, we consider our past claims history, including the length of time it takes for claims to be reported to us. Based on our past experience, the time between when a claim occurs and when it is reported to us is short. As a result, we believe that the number of incurred but not reported claims at any given point in time is small. These reserves are periodically reviewed and adjusted to reflect our experience and updated information relating to specific claims. As of December 31, 2021 and 2020, we had accruals of \$23.0 million and \$9.2 million, respectively, for estimated claims net of insurance receivables. If we experience claims that are not covered by our insurance or that exceed our estimated claim reserve, it could increase the volatility of our earnings and have a materially adverse effect on our financial condition, results of operations or cash flows. Based on our 2021 reserve for claims incurred but not reported, a 10% increase in claims incurred but not reported, would increase our insurance and claims expense by approximately \$0.5 million.

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

At both December 31, 2021 and 2020, our goodwill balance was \$170.7 million. We are required to test goodwill for impairment annually or more frequently, whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit with goodwill below its carrying amount. We annually test goodwill impairment during the third quarter. Goodwill represents the excess purchase price over the fair value of assets acquired in connection with our acquisitions. We continually assess whether any indicators of impairment exist, which requires a significant amount of judgment. Such indicators may include a sustained significant decline in our share price and market capitalization; a decline in our expected future cash flows; a significant adverse change in legal factors or in the business climate; unanticipated competition; overall weaknesses in our industry; and slower growth rates. Adverse changes in these factors could have a significant impact on the recoverability of goodwill and could have a material impact on our consolidated financial statements. The Company has the option to first assess qualitative factors such as current performance and overall economic conditions to determine whether or not it is necessary to perform a quantitative goodwill impairment test. If we choose that option, then we would not be required to perform a quantitative goodwill impairment test unless we determine that, based on a qualitative assessment, it is more likely than not that the fair value of a reporting unit is less than its carrying value. If we determine that it is more likely than not, or if we choose not to perform a qualitative assessment, we then proceed with the quantitative assessment. Under the quantitative test, if the fair value of a reporting unit exceeds its carrying amount, then goodwill of the reporting unit is considered to not be impaired. If the carrying amount of the reporting unit exceeds its fair value, then an impairment loss is recognized in an amount equal to the excess, up to the value of the goodwill.

During each of the third quarters of 2021 and 2020, we completed our goodwill impairment testing by performing a quantitative assessment using the income approach for each of our reporting units with goodwill. The determination of the fair value of the reporting units requires us to make estimates and assumptions related to future revenue, operating income and discount rates. Based on the results of this test, no impairment loss was recognized. There were no triggering events identified from the date of our assessment through December 31, 2021 that would require an update to our annual impairment test.

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

Recently Issued Accounting Pronouncements Not Currently Effective

See Item 8: Note 2 to the Consolidated Financial Statements for discussion of new accounting pronouncements.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our principal exposure to interest rate risk relates to outstanding borrowing under our credit facility, real estate financing and margin facility, all of which charge interest at floating rates. Borrowings under the credit agreements with each of the banks bear interest at LIBOR or a base rate, plus an applicable margin. Our margin facility bears interest at a floating rate equal to LIBOR plus 1.10%. As of December 31, 2021, we had total variable interest rate borrowings of \$325.1 million. Assuming variable rate debt levels remain at \$325.1 million for a full year, a 100 basis point increase in interest rates on our variable rate debt would increase interest expense approximately \$3.3 million annually.

In connection with the real estate financing, we entered into interest rate swap agreements to fix a portion of the interest rates on our variable rate debt that has a combined notional amount of \$10.8 million at December 31, 2021. Under the swap agreements, the Company receives interest at the one-month LIBOR rate plus 2.25% and pays a fixed rate. The first swap became effective in October 2016, has a rate of 4.16% (amortizing notional amount of \$10.0 million) and expires in July 2026. The second swap became effective in October 2016, has a rate of 3.83% (amortizing notional amount of \$0.8 million) and expires in May 2022. At December 31, 2021, the fair value of the swap agreements was a liability of \$0.2 million. Since these swap agreements qualify for hedge accounting, the changes in fair value are recorded in other comprehensive income (loss), net of tax.

Included in cash and cash equivalents is approximately \$10,000 in short-term investment grade instruments. The interest rates on these instruments are adjusted to market rates at least monthly. In addition, we have the ability to put these instruments back to the issuer at any time. Accordingly, any future interest rate risk on these short-term investments would not be material.

Commodity Price Risk

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

Exposure to market risk for fluctuations in fuel prices also relates to a small portion of our transportation service contracts for which the cost of fuel is integral to service delivery and the service contract does not have a mechanism to adjust for increases in fuel prices. Increases and decreases in the price of fuel are generally passed on to our customers for which we realize minimal changes in profitability during periods of steady market fuel prices. However, profitability may be positively or negatively impacted by sudden increases or decreases in market fuel prices during a short period of time as customer pricing for fuel services is established based on market fuel costs. We believe the exposure to fuel price fluctuations would not materially impact our results of operations, cash flows or financial position. Based upon our 2021 fuel consumption, a 10% increase in the average annual price per gallon of diesel fuel would increase our annual fuel expense on company owned tractors by approximately \$3.0 million.

Equity Securities Risk

We hold certain actively traded marketable equity securities, which subjects the Company to fluctuations in the fair market value of its investment portfolio based on current market price. The recorded value of marketable equity securities increased to \$8.0 million at December 31, 2021 from \$6.5 million at December 31, 2020. The increase resulted from an increase in the market value of the portfolio of approximately \$1.5 million and purchases of marketable securities totaling approximately \$0.1 million. These increases were partially offset by sales of marketable equity securities totaling approximately \$0.1 million, with realized gains on sales of \$25,000. A 10% decrease in the market price of our marketable equity securities would cause a corresponding 10% decrease in the carrying amounts of these securities, or approximately \$0.8 million. For additional information with respect to the marketable equity securities, see Item 8, Note 5 to the Consolidated Financial Statements.

Foreign Exchange Risk

In the years ended December 31, 2021 and 2020, 1.7% and 2.2%, respectively, of our revenues were derived from services provided outside the United States, principally in Mexico, Canada and Colombia. Exposure to market risk for changes in foreign currency exchange rates relates primarily to selling services and incurring costs in currencies other than the local currency and to the carrying value of net investments in foreign subsidiaries. As a result, we are exposed to foreign currency exchange rate risk due primarily due to translation of the accounts of our Mexican, Canadian and Colombian operations from their local currencies into U.S. dollars and also to the extent we engage in cross-border transactions. The majority of our exposure to fluctuations in the Mexican peso, Canadian dollar, and Colombian peso is naturally hedged since a substantial portion of our revenues and operating costs are denominated in each country's local currency. Based on 2021 expenditures denominated in foreign currencies, a 10% decrease in the exchange rates would increase our annual operating expenses by approximately \$2.5 million. Historically, we have not entered into financial instruments for trading or speculative purposes. Short-term exposures to fluctuating foreign currency exchange rates are related primarily to intercompany transactions. The duration of these exposures is minimized by ongoing settlement of intercompany trading obligations.

The net investments in our Mexican, Canadian and Colombian operations are exposed to foreign currency translation gains and losses, which are included as a component of accumulated other comprehensive income in our statement of shareholders' equity. Adjustments from the translation of the net investment in these operations decreased equity by approximately \$0.3 million for the year ended December 31, 2021.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Universal Logistics Holdings, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Universal Logistics Holdings, Inc. (a Michigan corporation) and subsidiaries (the “Company”) as of December 31, 2021, the related consolidated statements of income, comprehensive income, shareholders’ equity and cash flows for the year ended December 31, 2021, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated March 16, 2022 expressed an unqualified opinion.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Analysis – Contract Logistics and Intermodal Reporting Units

As described further in Note 1 to the financial statements, goodwill is tested for impairment at least annually or more frequently, whenever events occur, or circumstances change that would more likely than not reduce the fair value of a reporting unit with goodwill below its carrying amount. The Company completed its goodwill impairment test by performing a quantitative assessment using the income approach for each of its reporting units with goodwill. The determination of the fair value of the reporting units requires management to make estimates and assumptions related to forecasts of future revenue, operating income and discount rates in the discounted cash flow analyses. We identified the goodwill impairment analysis of the Contract Logistics and Intermodal reporting units as a critical audit matter.

The principal consideration for our determination that the goodwill impairment analysis of the Contract Logistics and Intermodal reporting units is a critical audit matter is the high degree of auditor judgment necessary in evaluating the reasonableness of certain assumptions made by management in the discounted cash flow analyses used to determine fair value of the reporting units, including forecasted revenue, operating income and discount rate.

Our audit procedures related to the goodwill impairment analyses of the Contract Logistics and Intermodal reporting units included the following, among others.

- We tested the design, implementation and operating effectiveness of controls relating to management's goodwill impairment assessment, including the control over the reasonableness of assumptions used in the discounted cash flow analyses.
- We evaluated the reasonableness of management's forecasts of future revenue and operating income by comparing these assumptions to historical operating results for the reporting units and relevant external market and industry data.
- We utilized our valuation specialists with specialized skills and knowledge, to assess the reasonableness of the discount rates used in the discounted cash flow analyses.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2021.

Southfield, Michigan
March 16, 2022

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Universal Logistics Holdings, Inc.
Warren, Michigan

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Universal Logistics Holdings, Inc. (the “Company”) as of December 31, 2020, the related consolidated statements of income, comprehensive income, cash flows and shareholders’ equity for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, LLP

We served as the Company’s auditor from 2013 to 2020.

Troy, Michigan
March 16, 2021

UNIVERSAL LOGISTICS HOLDINGS, INC.

Consolidated Balance Sheets
December 31, 2021 and 2020
(In thousands, except share data)

Assets	2021	2020
Current assets:		
Cash and cash equivalents.....	\$ 13,932	\$ 8,763
Marketable securities	8,031	6,534
Accounts receivable – net of allowance for doubtful accounts of \$7,841 and \$5,140, respectively	341,398	259,154
Other receivables.....	26,318	22,422
Prepaid expenses and other	30,209	23,427
Due from affiliates	807	1,224
Total current assets.....	420,695	321,524
Property and equipment, net.....	345,583	364,795
Operating lease right-of-use asset	105,859	97,820
Goodwill	170,730	170,730
Intangible assets – net of accumulated amortization of \$107,461 and \$93,574, respectively	88,349	102,236
Deferred income taxes	2,060	2,159
Other assets.....	4,215	3,785
Total assets	\$ 1,137,491	\$ 1,063,049
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 117,837	\$ 97,916
Current portion of long-term debt.....	61,160	59,713
Current portion of operating lease liabilities.....	24,566	21,920
Accrued expenses and other current liabilities	43,627	39,588
Insurance and claims	43,357	25,022
Due to affiliates	17,839	17,093
Income taxes payable	4,323	11,555
Total current liabilities	312,709	272,807
Long-term liabilities:		
Long-term debt, net of current portion.....	366,188	400,407
Operating lease liability, net of current portion	85,984	78,093
Deferred income taxes	61,250	64,426
Other long-term liabilities.....	9,150	7,743
Total long-term liabilities.....	522,572	550,669
Shareholders' equity:		
Common stock, no par value. Authorized 100,000,000 shares; 30,986,702 and 30,979,827 shares issued; 26,919,455 and 26,912,580 shares outstanding, respectively	30,988	30,981
Paid-in capital	4,639	4,484
Treasury stock, at cost; 4,067,247 shares.....	(82,385)	(82,385)
Retained earnings.....	356,071	293,643
Accumulated other comprehensive income (loss):		
Interest rate swaps, net of income taxes of \$(60) and \$(142), respectively	(178)	(476)
Foreign currency translation adjustments.....	(6,925)	(6,674)
Total shareholders' equity.....	302,210	239,573
Total liabilities and shareholders' equity	\$ 1,137,491	\$ 1,063,049

See accompanying notes to consolidated financial statements.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Consolidated Statements of Income
Years ended December 31, 2021, 2020 and 2019
(In thousands, except per share data)

	2021	2020	2019
Operating revenues:			
Truckload services, including related party amounts of \$660, \$947 and \$1,636, respectively.....	\$ 248,878	\$ 201,419	\$ 251,574
Brokerage services	401,823	336,365	354,940
Intermodal services.....	473,059	393,633	390,299
Dedicated services.....	204,102	127,510	138,664
Value-added services.....	423,118	332,156	376,521
Total operating revenues.....	1,750,980	1,391,083	1,511,998
Operating expenses:			
Purchased transportation and equipment rent, including related party amounts of \$1,695, \$22 and \$65, respectively	824,789	674,143	723,079
Direct personnel and related benefits, including related party amounts of \$42,371, \$27,532 and \$31,932, respectively.....	456,643	337,618	368,243
Operating supplies and expenses, including related party amounts of \$3,887, \$826 and \$895, respectively.....	149,394	111,056	120,767
Commission expense.....	33,894	26,661	31,204
Occupancy expense, including related party amounts of \$12,384, \$12,925 and \$11,794, respectively.....	37,286	34,586	36,645
General and administrative, including related party amounts of \$8,923, \$5,688 and \$7,633, respectively.....	39,648	33,267	44,497
Insurance and claims, including related party amounts of \$17,997, \$16,542 and \$17,570, respectively.....	38,829	19,252	47,418
Depreciation and amortization	67,537	74,141	74,765
Total operating expenses	1,648,020	1,310,724	1,446,618
Income from operations.....	102,960	80,359	65,380
Interest income.....	43	47	73
Interest expense.....	(11,642)	(14,626)	(17,085)
Other non-operating (expense) income.....	7,220	(1,870)	1,818
Income before income taxes	98,581	63,910	50,186
Income tax expense.....	24,848	15,778	12,600
Net income.....	\$ 73,733	\$ 48,132	\$ 37,586
Earnings per common share:			
Basic	\$ 2.74	\$ 1.78	\$ 1.34
Diluted.....	\$ 2.74	\$ 1.78	\$ 1.34
Weighted average number of common shares outstanding:			
Basic	26,919	26,997	28,069
Diluted.....	26,929	27,000	28,070
Dividends declared per common share.....	\$ 0.42	\$ 0.21	\$ 0.42

See accompanying notes to consolidated financial statements.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Consolidated Statements of Comprehensive Income
Years ended December 31, 2021, 2020 and 2019
(In thousands, except per share data)

	2021	2020	2019
Net Income.....	\$ 73,733	\$ 48,132	\$ 37,586
Other comprehensive income (loss):			
Unrealized changes in fair value of interest rate swaps, net of income taxes of \$82, \$(110) and \$(126), respectively	298	(371)	(403)
Foreign currency translation adjustments.....	(251)	(2,769)	1,354
Total other comprehensive income (loss)	47	(3,140)	951
Total comprehensive income	\$ 73,780	\$ 44,992	\$ 38,537

See accompanying notes to consolidated financial statements.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Consolidated Statements of Cash Flows
Years ended December 31, 2021, 2020 and 2019
(In thousands)

	2021	2020	2019
Cash flows from operating activities:			
Net income	\$ 73,733	\$ 48,132	\$ 37,586
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	67,537	74,141	74,765
Noncash lease expense.....	26,058	27,827	29,904
Amortization of debt issuance costs	480	589	586
Loss (gain) on marketable equity securities.....	(1,500)	1,574	(1,540)
Gain on disposal of property and equipment	(1,202)	(734)	(1,245)
Stock-based compensation.....	162	195	73
Provision for doubtful accounts	6,315	5,165	3,133
Deferred income taxes	(3,197)	(3,278)	7,161
Change in assets and liabilities:			
Trade and other accounts receivable	(92,968)	(58,090)	21,798
Prepaid income taxes, prepaid expenses and other assets	(7,074)	(542)	(2,230)
Accounts payable, accrued expenses, income taxes payable, insurance and claims and other current liabilities	36,635	26,729	(13,791)
Principal reduction in operating lease liabilities	(24,650)	(26,654)	(29,061)
Due to/from affiliates, net.....	1,163	2,728	623
Other long-term liabilities	1,788	1,554	274
Net cash provided by operating activities	83,280	99,336	128,036
Cash flows from investing activities:			
Capital expenditures	(38,841)	(90,710)	(79,753)
Proceeds from the sale of property and equipment	5,605	4,189	11,152
Purchases of marketable securities	(114)	(361)	(92)
Proceeds from sale of marketable securities	117	1,622	1,596
Acquisitions of businesses.....	—	(1,295)	(75,963)
Net cash used in investing activities	(33,233)	(86,555)	(143,060)
Cash flows from financing activities:			
Proceeds from borrowing - revolving debt.....	408,478	395,717	379,458
Repayments of debt - revolving debt	(396,547)	(395,616)	(308,821)
Proceeds from borrowing - term debt.....	15,967	63,902	56,494
Repayments of debt - term debt	(61,151)	(62,038)	(70,016)
Borrowing under margin account.....	—	256	—
Repayments under margin account	—	(256)	(541)
Dividends paid.....	(11,305)	(5,731)	(15,042)
Purchases of treasury stock	—	(5,138)	(24,785)
Capitalized financing costs.....	—	(46)	—
Net cash (used in) provided by financing activities	(44,558)	(8,950)	16,747
Effect of exchange rate changes on cash and cash equivalents	(320)	(2,794)	276
Net increase in cash.....	5,169	1,037	1,999
Cash and cash equivalents – January 1	8,763	7,726	5,727
Cash and cash equivalents – December 31	\$ 13,932	\$ 8,763	\$ 7,726

See accompanying notes to consolidated financial statements.

UNIVERSAL LOGISTICS HOLDINGS, INC.
 Consolidated Statements of Cash Flows - Continued
 Years ended December 31, 2021, 2020 and 2019
 (In thousands)

	2021	2020	2019
Supplemental cash flow information:			
Cash paid for interest	\$ 11,223	\$ 14,039	\$ 16,349
Cash paid for income taxes	\$ 36,173	\$ 3,784	\$ 12,459

Non-cash operating and financing activities:

During each of the years ended December 31, 2021 and 2020, the Company had non-cash activities resulting from \$2.8 million of declared dividends that were unpaid as of the end of each year.

See accompanying notes to consolidated financial statements.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Consolidated Statements of Shareholders' Equity
Years ended December 31, 2021, 2020 and 2019
(In thousands)

	<u>Common stock</u>	<u>Paid-in capital</u>	<u>Treasury stock</u>	<u>Retained earnings</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Total</u>
Balances – December 31, 2018.....	\$ 30,967	\$ 4,230	\$ (52,462)	\$ 231,525	\$ (4,961)	\$ 209,299
Net income	—	—	—	37,586	—	37,586
Other comprehensive income	—	—	—	—	951	951
Dividends paid (\$0.530 per share)	—	—	—	(15,042)	—	(15,042)
Dividends payable (\$0.105 per share)	—	—	—	(2,865)	—	(2,865)
Stock based compensation.....	5	68	—	—	—	73
Purchases of treasury stock	—	—	(24,785)	—	—	(24,785)
Balances – December 31, 2019.....	<u>\$ 30,972</u>	<u>\$ 4,298</u>	<u>\$ (77,247)</u>	<u>\$ 251,204</u>	<u>\$ (4,010)</u>	<u>\$ 205,217</u>
Net income	—	—	—	48,132	—	48,132
Other comprehensive loss	—	—	—	—	(3,140)	(3,140)
Dividends paid (\$0.105 per share)	—	—	—	(2,866)	—	(2,866)
Dividends payable (\$0.105 per share)	—	—	—	(2,827)	—	(2,827)
Stock based compensation.....	9	186	—	—	—	195
Purchases of treasury stock	—	—	(5,138)	—	—	(5,138)
Balances – December 31, 2020.....	<u>\$ 30,981</u>	<u>\$ 4,484</u>	<u>\$ (82,385)</u>	<u>\$ 293,643</u>	<u>\$ (7,150)</u>	<u>\$ 239,573</u>
Net income	—	—	—	73,733	—	73,733
Other comprehensive income	—	—	—	—	47	47
Dividends paid (\$0.315 per share)	—	—	—	(8,479)	—	(8,479)
Dividends payable (\$0.105 per share)	—	—	—	(2,826)	—	(2,826)
Stock based compensation.....	7	155	—	—	—	162
Balances – December 31, 2021.....	<u>\$ 30,988</u>	<u>\$ 4,639</u>	<u>\$ (82,385)</u>	<u>\$ 356,071</u>	<u>\$ (7,103)</u>	<u>\$ 302,210</u>

See accompanying notes to consolidated financial statements.

UNIVERSAL LOGISTICS HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2021, 2020 and 2019

(1) Summary of Significant Accounting Policies

(a) Business

Universal Logistics Holdings, Inc. (“Universal” or the “Company”), through its subsidiaries, is a leading asset-light provider of customized transportation and logistics solutions throughout the United States, and in Mexico, Canada and Colombia. We provide our customers with supply chain solutions that can be scaled to meet their changing demands. We offer our customers a broad array of services across their entire supply chain, including truckload, brokerage, intermodal, dedicated and value-added services. Our customized solutions and flexible business model are designed to provide us with a highly variable cost model.

(b) Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions relating to these entities have been eliminated.

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

COVID-19

In March of 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a pandemic. The Company remains committed to doing its part to protect its employees, customers, vendors and the general public from the spread of COVID-19. We will continue to adapt our operations as required to ensure safety while continuing to provide a high level of service to our customers.

To mitigate the impact to our business, we implemented numerous cost reduction efforts beginning in the second quarter 2020 including furloughing a portion of the direct labor force, requiring employees to take unpaid time-off, restricting travel, reducing discretionary spending, and various other measures. Also during the second quarter 2020 we began taking advantage of the cash deferral programs available for payment of employer social security taxes and federal and state income taxes under the Coronavirus Aid, Relief, and Economic Security Act (“CARES” Act).

The Company makes estimates and assumptions that affect reported amounts and disclosures included in its financial statements and accompanying notes and assesses certain accounting matters that require consideration of forecasted financial information. The Company's assumptions about future conditions important to these estimates and assumptions are subject to uncertainty, including the impacts of the COVID-19 pandemic.

Although we estimate COVID-19 had the largest impact on our business during the second quarter 2020, we are unable to predict with any certainty the future impact COVID-19 may have on our operational and financial performance. The Company will continue to monitor these conditions in future periods as new information becomes available and will update its analyses accordingly.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(1) Summary of Significant Accounting Policies—continued

(c) Use of Estimates

The preparation of the consolidated financial statements requires management of the Company to make a number of estimates and assumptions related to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the fair value of assets and liabilities acquired in business combinations; carrying amounts of property and equipment and intangible assets; marketable securities; valuation allowances for receivables; and liabilities related to insurance and claim costs. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

We consider all highly liquid investments, purchased with a maturity of three months or less, to be cash equivalents. Accounts at banks with an aggregate excess of the amount of checks issued over cash balances are included as accounts payable in current liabilities in the consolidated balance sheets, and changes in such accounts are reported as cash flows from operating activities in the consolidated statements of cash flows. At times cash held at banks may exceed FDIC insured limits.

(e) Marketable Securities

Marketable equity securities are measured at fair value, with changes in fair value recognized in net income. At December 31, 2021 and 2020, the Company’s marketable securities, all of which are available-for-sale, consist of common and preferred stocks with readily determinable fair values. The cost of securities sold is based on the specific identification method, and interest and dividends are included in other non-operating income (expense). See Note 5 “Marketable Securities” for further information on our portfolio.

(f) Accounts Receivable

Accounts receivable are recorded at the net invoiced amount, net of an allowance for doubtful accounts, and do not bear interest. They include amounts for services rendered in the respective period but not yet billed to the customer until a future date, which typically occurs within one month. In order to reflect customer receivables at their estimated net realizable value, we record charges against revenue based upon current information. These charges generally arise from rate changes, errors, and revenue adjustments that may arise from contract disputes or differences in calculation methods employed by the customer. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in our existing accounts receivable. We determine the allowance based on historical write-off experience and the aging of our outstanding accounts receivable. Balances are considered past due based on invoiced terms. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. We do not have any off-balance-sheet credit exposure related to our customers. Accounts receivable from affiliates are shown separately and include trade receivables from the sale of services to affiliates.

(g) Inventories

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

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

	2021	2020
Finished goods	\$ 10,625	\$ 6,893
Raw materials and supplies	3,479	1,383
Total	\$ 14,104	\$ 8,276

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(1) Summary of Significant Accounting Policies—continued

(h) Property and Equipment

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

<u>Description</u>	<u>Life in Years</u>
Transportation equipment	3 - 15
Other operating assets	3 - 15
Information technology equipment.....	3 - 5
Buildings and related assets	10 - 39

The amounts recorded for depreciation expense were \$53.6 million, \$58.9 million, and \$59.0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

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

(i) Intangible Assets

Intangible assets subject to amortization consist of agent and customer relationships, customer contracts, tradenames, and non-competition agreements that have been acquired in business combinations. These assets are amortized either over the period of economic benefit or on a straight-line basis over the estimated useful lives of the related intangible asset. The estimated useful lives of these intangible assets range from three to nineteen years. The useful lives of acquired trademarks are indefinite and, therefore, not subject to amortization.

Our identifiable intangible assets as of December 31, 2021 and 2020 are as follows (in thousands):

	<u>2021</u>			<u>2020</u>		
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Definite Lived Intangibles:						
Agent and customer relationships	\$ 165,990	\$ 81,198	\$ 84,792	\$ 165,990	\$ 69,124	\$ 96,866
Customer contracts.....	20,600	20,600	—	20,600	20,600	—
Tradenames	4,000	4,000	—	4,000	2,731	1,269
Non-compete agreements.....	2,720	1,663	1,057	2,720	1,119	1,601
Indefinite Lived Intangibles:						
Trademarks.....	2,500	—	2,500	2,500	—	2,500
Total Identifiable Intangible Assets.....	<u>\$ 195,810</u>	<u>\$ 107,461</u>	<u>\$ 88,349</u>	<u>\$ 195,810</u>	<u>\$ 93,574</u>	<u>\$ 102,236</u>

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

2022	\$ 11,740
2023	11,339
2024	10,366
2025	9,714
2026	8,903
Thereafter	33,787
Total	<u>\$ 85,849</u>

The amounts recorded for amortization expense were \$13.9 million, \$15.2 million, and \$15.7 million for the years ended December 31, 2021, 2020 and 2019, respectively.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(1) Summary of Significant Accounting Policies—continued

(j) Goodwill

Goodwill represents the excess purchase price over the fair value of assets acquired in connection with the Company’s acquisitions. Under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification, or ASC, Topic 350 “Intangibles – Goodwill and Other”, we are required to test goodwill for impairment annually (in our third fiscal quarter) or more frequently, whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit with goodwill below its carrying amount. We have the option to first assess qualitative factors such as current performance and overall economic conditions to determine whether or not it is necessary to perform a quantitative goodwill impairment test. If we choose that option, then we would not be required to perform a quantitative goodwill impairment test unless we determine that, based on a qualitative assessment, it is more likely than not that the fair value of a reporting unit is less than its carrying value. If we determine that it is more likely than not, or if we choose not to perform a qualitative assessment, we then proceed with the quantitative assessment. Under the quantitative test, if the fair value of a reporting unit exceeds its carrying amount, then goodwill of the reporting unit is considered to not be impaired. If the carrying amount of the reporting unit exceeds its fair value, then an impairment loss is recognized in an amount equal to the excess, up to the value of the goodwill. During the third quarter of 2021, we completed our goodwill impairment testing by performing a quantitative assessment using the income approach for each of our reporting units with goodwill. The determination of the fair value of the reporting units requires us to make estimates and assumptions related to future revenue, operating income and discount rates. Based on the results of this test, no impairment loss was recognized.

The changes in the carrying amount of goodwill for the years ended December 31, 2021 and 2020 are as follows (in thousands):

Balance as of January 1, 2020	\$	168,451
Purchase accounting adjustments		2,279
Balance as of December 31, 2020		170,730
Purchase accounting adjustments		—
Balance as of December 31, 2021	\$	170,730

During 2020, the Company made purchase accounting adjustments to the preliminary purchase price allocations of the Company’s April 22, 2019 acquisition of Michael’s Cartage, Inc. (“Michael’s”) and November 5, 2019 acquisition of Roadrunner Intermodal Services, LLC, Morgan Southern, Inc., Wando Trucking, LLC, and Central Cal Transportation, LLC (collectively, “Roadrunner Intermodal”). The adjustments resulted in increases of \$2.3 million in goodwill and \$1.3 million in intangible assets, as well as decreases of \$3.3 million in property and equipment, \$1.5 million in other assets, \$2.3 million in current liabilities, and \$0.2 million in deferred tax liabilities. During 2020, the Company also paid an additional \$1.3 million in cash for post-closing adjustments related to the Roadrunner acquisition. There were no such adjustments made during 2021.

At both December 31, 2021 and 2020, \$56.3 million of goodwill was recorded in our contract logistics segment, \$101.1 million in our intermodal segment, \$9.8 million in our trucking segment and \$3.5 million in our company-managed brokerage segment.

(1) Summary of Significant Accounting Policies—continued

(k) Long-Lived Assets

Long-lived assets, other than goodwill and indefinite lived intangibles such as property and equipment and purchased intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, we first compare the undiscounted cash flows expected to be generated by a long-lived asset or group to its carrying value. If the carrying value of the long-lived asset or group is deemed to not be recoverable on an undiscounted cash flow basis, an impairment charge is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market prices and independent third-party appraisals. Changes in management's judgment relating to salvage values and/or estimated useful lives could result in greater or lesser annual depreciation expense or impairment charges in the future. Indefinite lived intangibles are tested for impairment annually by comparing the carrying value of the assets to their fair value.

(l) Contingent Consideration

Contingent consideration arrangements granted in connection with a business combination are evaluated to determine whether contingent consideration is, in substance, additional purchase price of an acquired enterprise or compensation for services, use of property or profit sharing. Additional purchase price is added to the fair value of consideration transferred in the business combination and compensation is included in operating expenses in the period it is incurred. Contingent consideration related to additional purchase price is measured to fair value at each reporting date until the contingency is resolved. None of the acquired companies in 2018 or 2019 had contingent consideration arrangements.

(m) Fair Value of Financial Instruments

For cash equivalents, accounts receivables, accounts payable, and accrued expenses, the carrying amounts are reasonable estimates of fair value as the assets are readily redeemable or short-term in nature and the liabilities are short-term in nature. Marketable securities, consisting of equity securities, are carried at fair market value as determined by quoted market prices. Our revolving credit and term loan agreements consist of variable rate borrowings. The carrying value of these borrowings approximates fair value because the applicable interest rates are adjusted frequently based on short-term market rates. 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. See Note 10 "Fair Value Measurement and Disclosures" for further information.

(n) Deferred Compensation

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

(o) Closing Costs

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

(1) Summary of Significant Accounting Policies—continued

(p) Revenue Recognition

Revenue is recognized as control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration the Company expects to receive in exchange for its services.

For our transportation services businesses, which include truckload, brokerage, intermodal and dedicated services, revenue is recognized over time as the performance obligations on the in-transit services are completed. A performance obligation is created when a customer submits a bill of lading for the transportation of goods from origin to destination. Performance obligations are satisfied as the shipments move from origin to destination, and transportation revenue is recognized based on the percentage of the service that has been completed at the end of the reporting period.

Value-added services, which are typically dedicated to individual customer requirements, include material handling, consolidation, sequencing, sub-assembly, cross-dock services, kitting, repacking, warehousing and returnable container management. We have elected to use the “right to invoice” practical expedient, reflecting that a customer obtains the benefit associated with value-added services as they are provided.

We are the primary obligor when rendering services and assume the corresponding credit risk with customers. We have discretion in setting sales prices and, as a result, our earnings may vary. In addition, we have discretion to choose and negotiate terms with our multiple suppliers for the services ordered by our customers. This includes owner-operators with whom we contract to deliver our transportation services. As such, revenue and the related purchased transportation and commissions are recognized on a gross basis. Fuel surcharges, where separately identifiable, of \$96.9 million, \$67.9 million and \$89.6 million for the years ended December 31, 2021, 2020 and 2019, respectively, are included in operating revenues.

See Note 3, “Revenue Recognition,” for more information on revenue recognition.

(q) Insurance & Claims

Insurance and claims expense represents charges for premiums and the accruals made for claims within our self-insured retention amounts. The accruals are primarily related to auto liability, general liability, cargo and equipment damage, and service failure claims. A liability is recognized for the estimated cost of all self-insured claims including an estimate of incurred but not reported claims based on historical experience and for claims expected to exceed our policy limits. We may also make accruals for personal injury and property damage to third parties, and workers’ compensation claims if a claim exceeds our insurance coverage. Such accruals are based upon individual cases and estimates of ultimate losses, incurred but not reported losses, and losses arising from known claims ultimately settling in excess of insurance coverage using loss development factors based upon industry data and past experience. Since the reported accrual is an estimate, the ultimate liability may be materially different from the amount recorded.

If adjustments to previously established accruals are required, such amounts are included in operating expenses in the current period. We maintain insurance with licensed insurance carriers. Legal expenses related to auto liability claims are covered under our insurance policy. We are responsible for all other legal expenses related to claims.

In brokerage arrangements, our exposure to liability associated with accidents incurred by other third-party carriers, who haul freight on our behalf, is reduced by various factors including the extent to which the third party providers maintain their own insurance coverage.

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

(r) Stock Based Compensation

We record compensation expense for the grant of stock based awards. Compensation expense is measured at the grant date, based on the calculated fair value of the award, and recognized as an expense over the requisite service period (generally the vesting period of the grant). See Note 15 “Stock Based Compensation” for further information.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(1) Summary of Significant Accounting Policies—continued

(s) Income Taxes

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

We are no longer subject to U.S. federal income tax examinations by tax authorities for years before 2018. In addition, we file income tax returns in various state, local and foreign jurisdictions. Historically, we have been responsible for filing separate state, local and foreign income tax returns for our self and our subsidiaries. We are no longer subject to state or foreign jurisdiction income tax examinations for years before 2017 and 2016, respectively.

We recognize the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. We recognize interest related to unrecognized tax benefits in income tax expense and penalties in other operating expenses.

(t) Foreign Currency Translation

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

(u) Concentrations of Credit Risk

Financial instruments, which potentially subject us to concentrations of credit risk, consist principally of cash and cash equivalents, marketable securities and accounts receivable. We maintain our cash and cash equivalents and marketable securities with high quality financial institutions. We perform ongoing credit evaluations of our customers and generally do not require collateral. Our customers are generally concentrated in the automotive, retail and consumer goods, wind energy, building materials, machinery and metals industries. During the fiscal years ended December 31, 2021, 2020 and 2019, aggregate sales in the automotive industry totaled 31%, 29% and 27% of revenue, respectively. In 2021, 2020 and 2019, General Motors accounted for approximately 13%, 14% and 12% of our total operating revenues, respectively. In 2021, 2020 and 2019, sales to our top 10 customers, including General Motors, totaled 38%, 38% and 39%, respectively.

(2) Recent Accounting Pronouncements

In March 2020, the FASB issued ASU No. 2020-04 ("ASU 2020-04"), Reference Rate Reform (Topic 848): "Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The ASU was issued to provide optional guidance for a limited period of time to ease the potential burden in accounting for reference rate reform on financial reporting. ASU 2020-04 is effective as of March 12, 2020 through December 31, 2022. The Company has evaluated the provisions of this standard and determined that it is applicable to our primary term loan and revolving credit facility, real estate promissory notes and investment margin credit facility. The London Interbank Offered Rate ("LIBOR") is the basis for interest charges on outstanding borrowings for both our line of credit and investment margin account. The scheduled discontinuation of LIBOR is not expected to materially alter any provisions of either of these debt instruments, except for the identification of a replacement reference rate. The Company has evaluated the new guidance and does not expect it to have a material impact on its financial condition, results of operations, or cash flows.

In June 2016, the FASB issued ASU 2016-13 ("ASU 2016-13"), Accounting for Credit Losses (Topic 326). ASU 2016-13 requires the use of an "expected loss" model on certain types of financial instruments. The standard also amends the impairment model for available-for-sale debt securities and requires estimated credit losses to be recorded as allowances instead of reductions to amortized cost of the securities. The new standard will become effective for us beginning with the first quarter 2023. The Company is evaluating the new guidance but does not expect it to have a material impact on our consolidated financial statements.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(3) Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*. The Company broadly groups its services into the following categories: truckload services, brokerage services, intermodal services, dedicated services and value-added services. We disaggregate these categories and report our service lines separately on the Consolidated Statements of Income.

Truckload services include dry van, flatbed, heavy-haul and refrigerated operations. We transport a wide variety of general commodities, including automotive parts, machinery, building materials, paper, food, consumer goods, furniture, steel and other metals on behalf of customers in various industries. Truckload services also include our final mile and ground expedited services.

To complement our available capacity, we provide customers freight brokerage services by utilizing third-party transportation providers to move freight. Brokerage services also include full-service domestic and international freight forwarding and customs brokerage.

Intermodal services include rail-truck, steamship-truck and support services. Our intermodal support services are primarily short- to medium-distance delivery of rail and steamship containers between the railhead or port and the customer and drayage services.

Dedicated services are primarily provided in support of automotive and retail customers using van equipment. Our dedicated services are primarily short-run or round-trip moves within a defined geographic area.

Transportation services are short-term in nature; agreements governing their provision generally have a term of less than one year. They do not contain significant financing components. The Company recognizes revenue over the period transportation services are provided to the customer, including service performed as of the end of the reporting period for loads currently in-transit, in order to recognize the value that is transferred to a customer over the course of the transportation service.

We determine revenue in-transit using the input method, under which revenue is recognized based on the duration of time that has lapsed from the departure date (start of transportation services) to the arrival date (completion of transportation services). Measurement of revenue in-transit requires the application of judgment. We calculate the estimated percentage of an order’s transit time that is complete at period end, and we apply that percentage of completion to the order’s estimated revenue.

Value-added services, which are typically dedicated to individual customer requirements, include material handling, consolidation, sequencing, sub-assembly, cross-dock services, kitting, repacking, warehousing and returnable container management. Value-added revenues are substantially driven by the level of demand for outsourced logistics services. Major factors that affect value-added service revenue includes changes in manufacturing supply chain requirements and production levels in specific industries, particularly the North American automotive and Class-8 heavy-truck industries.

Revenue is recognized as control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration the Company expects to receive in exchange for its services. We have elected to use the “right to invoice” practical expedient to recognize revenue, reflecting that a customer obtains the benefit associated with value-added services as they are provided. The contracts in our value-added services businesses are negotiated agreements, which contain both fixed and variable components. The variability of revenues is driven by volumes and transactions, which are known as of an invoice date. Value-added service contracts typically have terms that extend beyond one year, and they do not include financing components.

The following table provides information related to contract balances associated with our contracts with customers (in thousands):

	December 31, 2021	December 31, 2020
Prepaid expenses and other - contract assets.....	\$ 2,023	\$ 2,520

We generally receive payment for performance obligations within 45 days of completion of transportation services and 65 days for completion of value-added services. Contract assets in the table above generally relate to revenue in-transit at the end of the reporting period.

See also Note 18 for additional information on revenue reported by segment and by geographic region.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(4) Acquisitions

On November 5, 2019, the Company acquired Roadrunner Intermodal from Roadrunner Transportation Systems, Inc. Roadrunner Intermodal is a nationwide drayage provider, servicing major port and rail locations throughout the United States. The total cash purchase price was \$54.7 million. The Company used available cash and borrowings on its revolving credit facility to finance the acquisition. Approximately \$0.3 million of transaction related costs were incurred in the acquisition.

On April 22, 2019, the Company acquired Michael's. Headquartered in Bridgeview, Illinois, Michael's provides intermodal drayage services to customers primarily within a 300-mile radius of the Chicagoland area. The total cash purchase price was \$21.6 million. The Company used available cash and borrowings on its revolving credit facility to finance the acquisition. Approximately \$0.4 million of transaction related costs were incurred in the acquisition.

The Company accounted for the acquisitions in accordance with ASC 805, "Business Combinations." Assets acquired and liabilities assumed were recorded at their estimated fair value at acquisition, with the remaining unallocated purchase price recorded as goodwill. The goodwill recorded is included in our intermodal segment and is non-deductible for income tax purposes. For each acquisition, the purchase price was allocated to major classes of assets acquired and liabilities assumed at estimated fair values as of the acquisition date. The allocation of the purchase price in each transaction is as follows (in thousands):

	<u>Michael's</u>	<u>Roadrunner Intermodal</u>
Current assets	\$ 4,474	\$ 16,002
Property and equipment	2,831	23,064
Goodwill.....	6,383	12,417
Intangible assets	9,000	14,000
Other assets	-	3,599
Current liabilities.....	(1,068)	(8,936)
Long-term liabilities.....	-	(2,439)
Deferred tax liabilities, net.....	-	(3,039)
	<u>\$ 21,620</u>	<u>\$ 54,668</u>

The intangible assets represent the acquired company's customer relationships and non-competition agreements. The acquired customer relationships are being amortized over a period of 11 years and the non-competition agreements are being amortized over a period of five years. The Company used the discounted cash flow method to estimate the fair value of these acquired intangible assets.

We believe that each acquisition strategically enhances our service offerings in specific geographic regions, and we expect each of them to further diversify our customer base.

The following unaudited pro forma results of operations present consolidated information of the Company as if the 2019 Acquisitions were acquired on January 1, 2019 (in thousands, except per share data):

	<u>Pro Forma Twelve Month Ended December 31, 2019</u>
Operating revenues.....	\$ 1,624,219
Income from operations.....	\$ 65,013
Net income	\$ 36,036
Earnings per common share:	
Basic.....	\$ 1.28
Diluted	\$ 1.28

The unaudited pro forma consolidated results are presented for illustrative purposes and do not purport to represent what the results of operations would actually have been had we acquired the 2019 Acquisitions on January 1, 2019. Further, the financial information does not purport to project the future operating results of the Company on a consolidated basis.

For the year ended December 31, 2019, actual revenue and operating income of the 2019 acquired companies was \$32.1 million and \$0.1 million, respectively.

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Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(5) Marketable Securities

Marketable equity securities are carried at fair value, with gains and losses in fair market value included in the determination of net income. The fair value of marketable equity securities is determined based on quoted market prices in active markets, as described in Note 10.

The following table sets forth market value, cost, and unrealized gains (losses) on equity securities at December 31 (in thousands):

	<u>2021</u>	<u>2020</u>
Fair value.....	\$ 8,031	\$ 6,534
Cost basis.....	6,426	6,579
Unrealized gains (losses).....	<u>\$ 1,605</u>	<u>\$ (45)</u>

The following table sets forth the gross unrealized gains and losses on the Company's marketable securities at December 31 (in thousands):

	<u>2021</u>	<u>2020</u>
Gross unrealized gains	\$ 2,574	\$ 1,627
Gross unrealized losses	(969)	(1,672)
Net unrealized gains (losses).....	<u>\$ 1,605</u>	<u>\$ (45)</u>

The following table shows the Company's net realized gains (losses) on marketable equity securities (in thousands):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Realized gain (loss)			
Sale proceeds	\$ 117	\$ 1,622	\$ 1,596
Cost basis of securities sold.....	92	1,641	1,289
Realized gain (loss)	<u>\$ 25</u>	<u>\$ (19)</u>	<u>\$ 307</u>
Realized gain (loss), net of taxes.....	\$ 19	\$ (14)	\$ 230

During the years ended December 31, 2021 and 2020, our marketable equity securities portfolio experienced a net unrealized pre-tax gain (loss) in market value of approximately \$1,475,000 and \$(1,555,000), respectively, which were reported in other non-operating income (expense) for the period.

(6) Accounts Receivable

Accounts receivable amounts appearing in the consolidated financial statements include both billed and unbilled receivables. We bill customers in accordance with contract terms, which may result in a brief timing difference between when revenue is recognized and when invoices are rendered. Unbilled receivables, which usually are billed within one month, totaled \$65.0 million and \$49.6 million at December 31, 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 5,140	\$ 2,545	\$ 1,772
Provision for doubtful accounts	6,315	5,165	3,133
Acquisition of businesses	—	—	350
Uncollectible accounts written off	(3,614)	(2,570)	(2,710)
Balance at end of year.....	<u>\$ 7,841</u>	<u>\$ 5,140</u>	<u>\$ 2,545</u>

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(7) Property and Equipment

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

	<u>2021</u>	<u>2020</u>
Transportation equipment.....	\$ 340,079	\$ 345,536
Land, buildings and related assets	179,870	152,827
Other operating assets.....	122,755	109,872
Information technology equipment	34,860	30,686
Construction in process	1,852	24,663
Total property and equipment.....	679,416	663,584
Less accumulated depreciation	(333,833)	(298,789)
Total property and equipment, net.....	<u>\$ 345,583</u>	<u>\$ 364,795</u>

(8) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following items at December 31 (in thousands):

	<u>2021</u>	<u>2020</u>
Accrued payroll	\$ 13,645	\$ 11,536
Accrued payroll taxes	7,132	11,601
Driver escrow liabilities.....	3,754	4,045
Legal settlements and claims	9,350	3,700
Commissions, other taxes and other	9,746	8,706
Total	<u>\$ 43,627</u>	<u>\$ 39,588</u>

(9) Debt

Debt is comprised of the following (in thousands):

	<u>Interest Rates at December 31, 2021</u>	<u>December 31,</u>	
		<u>2021</u>	<u>2020</u>
Outstanding Debt:			
Credit and Security Agreement (1)			
Term Loan	1.60%	\$ 120,000	\$ 131,250
Revolver	1.60%	163,257	151,326
Equipment Financing (2).....	2.25% to 5.13%	103,298	129,870
Real Estate Financing (3).....	1.95% to 2.35%	41,887	49,248
Margin Facility (4)	1.20%	—	—
Unamortized debt issuance costs		(1,094)	(1,574)
		427,348	460,120
Less current portion of long-term debt.....		61,160	59,713
Total long-term debt, net of current portion		<u>\$ 366,188</u>	<u>\$ 400,407</u>

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(9) Debt—continued

(1) Our Credit and Security Agreement (the “Credit Agreement”) provides for maximum borrowings of \$350 million in the form of a \$150 million term loan and a \$200 million revolver. Term loan proceeds were advanced on November 27, 2018 and mature on November 26, 2023. The term loan will be repaid in consecutive quarterly installments, as defined in the Credit Agreement, commencing March 31, 2019, with the remaining balance due at maturity. Borrowings under the revolving credit facility may be made until and mature on November 26, 2023. Borrowings under the Credit Agreement bear interest at LIBOR or a base rate plus an applicable margin for each based the Company’s leverage ratio. The Credit Agreement is secured by a first priority pledge of the capital stock of applicable subsidiaries, as well as first priority perfected security interest in cash, deposits, accounts receivable, and selected other assets of the applicable borrowers. The Credit Agreement includes customary affirmative and negative covenants and events of default, as well as financial covenants requiring minimum fixed charge coverage and leverage ratios, and customary mandatory prepayments provisions. At December 31, 2021, we were in compliance with all covenants under the facility, and \$36.7 million was available for borrowing on the revolver.

(2) Our Equipment Financing consists of a series of promissory notes issued by a wholly owned subsidiary. The equipment notes, which are secured by liens on specific titled vehicles, include certain affirmative and negative covenants, are generally payable in 60 monthly installments and bear interest at fixed rates ranging from 2.25% to 5.13%.

(3) Our Real Estate Financing consists of a series of promissory notes issued by a wholly owned subsidiary. The promissory notes, which are secured by first mortgages and assignment of leases on specific parcels of real estate and improvements, include certain affirmative and negative covenants and are generally payable in 120 monthly installments. Each of the notes bears interest at a variable rate ranging from LIBOR plus 1.85% to LIBOR plus 2.25%. At December 31, 2021, we were in compliance with all covenants.

(4) Our Margin Facility is a short-term line of credit secured by our portfolio of marketable securities. It bears interest at LIBOR plus 1.10%. The amount available under the line of credit is based on a percentage of the market value of the underlying securities. At December 31, 2021, the maximum available borrowings under the line of credit were \$4.3 million.

The following table reflects the maturities of our principal repayment obligations as of December 31, 2021 (in thousands):

<u>Years Ending December 31</u>	<u>Term</u>	<u>Revolver</u>	<u>Equipment Financing</u>	<u>Real Estate Financing</u>	<u>Margin Facility</u>	<u>Total</u>
2022	\$ 15,000	\$ —	\$ 39,278	\$ 7,361	\$ —	\$ 61,639
2023	105,000	163,257	31,868	7,361	—	307,486
2024	—	—	20,784	7,361	—	28,145
2025	—	—	8,949	7,361	—	16,310
2026	—	—	2,390	5,439	—	7,829
Thereafter.....	—	—	29	7,004	—	7,033
Total	<u>\$ 120,000</u>	<u>\$ 163,257</u>	<u>\$ 103,298</u>	<u>\$ 41,887</u>	<u>\$ —</u>	<u>\$ 428,442</u>

The Company is also party to two interest rate swap agreements that qualify for hedge accounting. The Company executed the swap agreements to fix a portion of the interest rates on its variable rate debt that have a combined notional amount of \$10.8 million at December 31, 2021. Under the swap agreements, the Company receives interest at the one-month LIBOR rate plus 2.25% and pays a fixed rate. The first swap became effective in October 2016, has a rate of 4.16% (amortizing notional amount of \$10.0 million) and expires in July 2026. The second swap became effective in October 2016, has a rate of 3.83% (amortizing notional amount of \$0.8 million) and expires in May 2022. At December 31, 2021 and 2020, the fair value of the swap agreements was a liability of \$0.2 million and \$0.6 million, respectively. 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 10, “Fair Value Measurement and Disclosures” for additional information pertaining to interest rate swaps.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(10) Fair Value Measurement and Disclosures

ASC Topic 820, “Fair Value Measurements and Disclosures,” defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date and expanded disclosures with respect to fair value measurements.

ASC Topic 820 also establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

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

We have segregated all financial assets that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the tables below (in thousands):

	December 31, 2021			Fair Value Measurement
	Level 1	Level 2	Level 3	
Assets				
Cash equivalents	\$ 10	\$ —	\$ —	\$ 10
Marketable securities	8,031	—	—	8,031
Total Assets	<u>\$ 8,041</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,041</u>
Liabilities				
Interest rate swaps	\$ —	\$ 238	\$ —	\$ 238
Total Liabilities	<u>\$ —</u>	<u>\$ 238</u>	<u>\$ —</u>	<u>\$ 238</u>
December 31, 2020				
	Level 1	Level 2	Level 3	Fair Value Measurement
Assets				
Cash equivalents	\$ 9	\$ —	\$ —	\$ 9
Marketable securities	6,534	—	—	6,534
Total Assets	<u>\$ 6,543</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,543</u>
Liabilities				
Interest rate swaps	\$ —	\$ 619	\$ —	\$ 619
Total Liabilities	<u>\$ —</u>	<u>\$ 619</u>	<u>\$ —</u>	<u>\$ 619</u>

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
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(10) Fair Value Measurement and Disclosures—continued

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 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 reflecting both the Company’s nonperformance risk and the respective counterparty’s nonperformance risk.

Our revolving credit and term loan agreements and our real estate promissory notes all consists 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 with fixed rates, 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 values and estimated fair values of these promissory notes at December 31, 2021 is summarized as follows:

	2021	
	Carrying Value	Estimated Fair Value
Equipment promissory notes	\$ 103,298	\$ 104,078

We have not elected the fair value option for any of our financial instruments.

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Notes to Consolidated Financial Statements – (Continued)
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(11) Transactions with Affiliates

In the ordinary course of business, affiliated companies that are owned by our controlling shareholder, Matthew T. Moroun, provide certain supplementary administrative support services to Universal, including legal, human resources, tax, IT infrastructure and other requested services. The cost of these services is based on the actual or estimated utilization of the specific service.

Universal also purchases other services from companies owned or controlled by our controlling shareholder. Following is a schedule of cost incurred and included in operating expenses for services provided by affiliates for the years ended December 31 (in thousands):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Administrative support services.....	\$ 4,215	\$ 2,629	\$ 4,085
Truck fuel, maintenance and other operating costs.....	3,887	826	895
Real estate rent and related costs	12,384	12,925	11,794
Insurance	65,076	47,133	53,050
Contracted transportation services	1,695	22	65
Total	<u>\$ 87,257</u>	<u>\$ 63,535</u>	<u>\$ 69,889</u>

We pay the direct variable cost of maintenance, fueling and other operational support costs for services delivered at our affiliate’s trucking terminals that are geographically remote from our own facilities. Such costs are billed when incurred, paid on a routine basis, and reflect actual labor utilization, repair parts costs or quantities of fuel purchased.

We also lease 30 facilities from related parties. Our occupancy is based on either month-to-month or contractual, multi-year lease arrangements which are billed and paid monthly. Leasing properties provided by an affiliate that owns a substantial commercial property portfolio affords us significant operating flexibility. However, we are not limited to such arrangements. See Note 13, “Leases” for further information regarding the cost of leased properties.

We purchase employee medical, workers’ compensation, property and casualty, cargo, warehousing and other general liability insurance from an insurance company owned by our controlling shareholder. In our Consolidated Balance Sheets, we record our insured claims liability and the related recovery in insurance and claims, and other receivables. At December 31, 2021 and 2020, there were \$20.4 million and \$13.3 million, respectively, included in each of these accounts for insured claims with an affiliate.

Other services from affiliates, including contracted transportation services, are delivered to us on a per-transaction-basis or pursuant to separate contractual arrangements provided in the ordinary course of business. At December 31, 2021 and 2020, amounts due to affiliates were \$17.8 million and \$17.1 million, respectively.

During 2021, we contracted with an affiliate to provide real property improvements for us totaling \$956,000. During 2020, we contracted with an affiliate to provide real property improvements for us totaling \$3.0 million and purchased wheels and tires from an affiliate totaling \$618,000 during the same period. There were no such purchases made during 2019.

Services provided by Universal to Affiliates

We periodically assist companies that are owned by our controlling shareholder by providing selected transportation and logistics services in connection with their specific customer contracts or purchase orders. Truck fueling and administrative expenses are presented net in operating expense. Following is a schedule of services provided to affiliated companies that are owned by our controlling shareholder for the years ended December 31 (in thousands):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Purchased transportation and equipment rent.....	\$ 660	\$ 947	\$ 1,636
Total	<u>\$ 660</u>	<u>\$ 947</u>	<u>\$ 1,636</u>

At December 31, 2021 and 2020, amounts due from affiliates were \$0.8 million and \$1.2 million, respectively.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
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(11) Transactions with Affiliates—continued

During 2020, we exercised our right of first refusal to acquire 6,250 shares of restricted stock from a director, H. E. “Scott” Wolfe, for \$137,800 based on the closing market price on the effective date of the transaction.

We sold a vacant parcel of land to an affiliate for \$2.5 million during 2019. The sales price was established by an independent third party appraisal. The Company’s basis in the land was \$2.4 million, resulting in a gain of \$0.1 million.

In August 2019, our Board of Directors authorized the repurchase of up to 600,000 shares of our common stock through a “Dutch auction” tender offer. Subject to certain limitations and legal requirements, we could repurchase up to an additional 2% of our outstanding shares in the tender offer. Following expiration of the tender offer, we accepted 1,101,597 shares tendered through this offer for purchase at a final purchase price of \$22.50 per share, for a total purchase price of approximately \$24.8 million. The tender offer expired on September 13, 2019. The total amount of shares purchased in the tender offer included 600,000 shares tendered by a former director of the Company and 10,000 shares tendered by the Company’s Chief Financial Officer, Mr. Jude Beres. We used funds borrowed under our existing line of credit and from our available cash and cash equivalents to fund the purchase of the accepted shares.

(12) Income Taxes

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

	Year Ended December 31,		
	2021	2020	2019
Operations			
U.S. Domestic	\$ 96,636	\$ 63,416	\$ 50,102
Foreign	1,945	494	84
Total pre-tax income.....	<u>\$ 98,581</u>	<u>\$ 63,910</u>	<u>\$ 50,186</u>

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

	2021	2020	2019
Current:			
U.S. Federal.....	\$ 24,394	\$ 14,446	\$ 2,772
State.....	3,604	3,694	2,450
Foreign	—	864	294
Total current	27,998	19,004	5,516
Deferred:			
U.S. Federal.....	(4,231)	(2,221)	6,392
State.....	984	(96)	(440)
Foreign	97	(909)	1,132
Total deferred	(3,150)	(3,226)	7,084
Total	<u>\$ 24,848</u>	<u>\$ 15,778</u>	<u>\$ 12,600</u>

On March 27, 2020, the CARES Act was signed into law that was aimed at providing emergency assistance for individuals, families, and businesses affected by COVID-19. Among other things, the CARES Act includes provisions allowing for the deferral of the employer portion of social security payments. The Company took advantage of this provision and deferred the cash payment of social security taxes. As of December 31, 2021 and 2020, the amount of deferred social security taxes was \$5.1 million and \$10.2 million, respectively, which is included in accrued payroll taxes. See Note 8 “Accrued Expenses and Other Current Liabilities”. The Company anticipates paying the December 31, 2021 balance of the deferred employer portion in 2022.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(12) Income Taxes—continued

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

	2021	2020
Domestic deferred tax assets:		
Allowance for doubtful accounts	\$ 1,720	\$ 1,198
Other assets	1,851	1,583
Accrued expenses	11,818	6,336
Total domestic deferred tax assets	\$ 15,389	\$ 9,117
Domestic deferred tax liabilities:		
Prepaid expenses	\$ 3,067	\$ 885
Marketable securities	199	498
Intangible assets	24,159	19,363
Property and equipment	49,214	52,797
Total domestic deferred tax liabilities	\$ 76,639	\$ 73,543
Net domestic deferred tax liabilities	\$ 61,250	\$ 64,426
Foreign deferred tax assets		
Net operating losses	\$ 4,196	\$ 4,447
Valuation allowance - foreign	(2,136)	(2,288)
Total foreign deferred tax asset	\$ 2,060	\$ 2,159
Net deferred tax liability	\$ 59,190	\$ 62,267

In assessing whether deferred tax assets may be realized in the future, management considers whether it is more likely than not that some portion of such tax assets will not be realized. The deferred tax assets and liabilities were reviewed separately by jurisdictions when measuring the need for valuation allowances. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income (both ordinary income and taxable capital gains) during the periods in which those temporary differences reverse. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Valuation allowances are established when necessary to reduce deferred tax assets when it is more likely than not that a portion or all of the deferred tax assets will not be realized. Based upon the level of historical taxable income, reversal of existing taxable temporary differences, projections for future taxable income over the periods in which the domestic deferred tax assets are expected to reverse, and our ability to generate future capital gains, management believes it is more likely than not that we will realize the benefits of these deductible differences. Thus, no valuation allowance has been established for the domestic deferred tax assets. We had foreign net operating loss carryforward associated with our Mexican subsidiary with a tax effect of \$2.0 million and \$2.2 million as of December 31, 2021 and 2020, respectively. The net operating loss carryforward will expire in 2030. Although realization is not assured, the Company has concluded that it is more likely than not that the deferred tax asset will be fully realized and as such no valuation allowance has been provided. At December 31, 2021 and 2020, we also had foreign net operating loss carryforwards associated with our Canadian and German subsidiaries with a tax effect of \$2.2 million and \$2.3 million, respectively. Based on the anticipated earnings projections, management has recorded a full valuation allowance for the deferred tax assets associated with these entities.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(12) Income Taxes—continued

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Federal statutory rate	21%	21%	21%
State, net of federal benefit.....	4%	4%	3%
Foreign.....	0%	0%	2%
Other	0%	0%	-1%
Effective tax rate	<u>25%</u>	<u>25%</u>	<u>25%</u>

As of December 31, 2021, the total amount of unrecognized tax benefit representing uncertainty in certain tax positions was \$0.2 million. These uncertain tax positions are based on recognition thresholds and measurement attributes for the financial statement recognition and measurements of a tax position taken or expected to be taken in a tax return. Any prospective adjustments to our accrual for uncertain tax positions will be recorded as an increase or decrease to the provision for income taxes and would impact our effective tax rate. At December 31, 2021, there are no positions for which it is reasonably possible that the total amounts of unrecognized tax benefits would significantly increase or decrease within 12 months. As of December 31, 2021, the amount for both accrued interest and penalties was zero.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Unrecognized tax benefit – beginning of year.....	\$ 272	\$ 279	\$ 331
Increases related to prior year tax positions	—	—	20
Increases related to current year tax positions.....	35	30	29
Decreases related to prior year tax positions	(81)	(37)	(101)
Unrecognized tax benefit – end of year.....	<u>\$ 226</u>	<u>\$ 272</u>	<u>\$ 279</u>

(13) Leases

ASU 2016-02, Leases, requires us to recognize a right-of-use asset and a corresponding lease liability on our balance sheet for most leases classified as operating leases under previous guidance. Right-of-use assets represent our right to use an underlying asset over the lease term and lease liabilities represent the obligation to make lease payments resulting from the lease agreement. We recognize a right-of-use asset and a lease liability on the effective date of a lease agreement.

As of December 31, 2021, our obligations under operating lease arrangements primarily related to the rental of office space, warehouses, freight distribution centers, terminal yards and equipment. Our lease obligations typically do not include options to purchase the leased property, nor do they contain residual value guarantees or material restrictive covenants. Options to extend or terminate an agreement are included in the lease term when it becomes reasonably certain the option will be exercised. As of December 31, 2021, we were not reasonably certain of exercising any renewal or termination options, and as such, no adjustments were made to the right-of-use lease assets or corresponding liabilities.

We did not separate lease and nonlease components of contracts for purposes of determining the right-of use lease asset and corresponding liability. Variable lease components that do not depend on an index or a rate, and variable non-lease components were also not contemplated in the calculation of the right-of-use asset and corresponding liability. For facility leases, variable lease costs include the costs of common area maintenance, taxes, and insurance for which we pay the lessors an estimate that is adjusted to actual expense on a quarterly or annual basis depending on the underlying contract terms. For equipment leases, variable lease costs may include additional fees associated with using equipment in excess of estimated amounts. Leases with an initial term of 12 months or less, short-term leases, are not recorded on the balance sheet. Lease expense for short-term and long-term operating leases is recognized on a straight-line basis over the lease term.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(13) Leases—continued

The following table summarizes our lease costs for the years ended December 31, 2021 and 2020, and related information (in thousands):

	December 31, 2021		
	With Affiliates	With Third Parties	Total
Lease cost			
Operating lease cost	\$ 9,806	\$ 22,953	\$ 32,759
Short-term lease cost	56	9,970	10,026
Variable lease cost	827	2,779	3,606
Sublease income	-	(1,470)	(1,470)
Total lease cost	<u>\$ 10,689</u>	<u>\$ 34,232</u>	<u>\$ 44,921</u>
	December 31, 2020		
	With Affiliates	With Third Parties	Total
Lease cost			
Operating lease cost	\$ 10,964	\$ 23,022	\$ 33,986
Short-term lease cost	541	5,721	6,262
Variable lease cost	854	2,915	3,769
Sublease income	-	(4,572)	(4,572)
Total lease cost	<u>\$ 12,359</u>	<u>\$ 27,086</u>	<u>\$ 39,445</u>

The following table summarizes other lease related information as of and for the years ended December 31, 2021 and 2020 (in thousands):

	December 31, 2021		
	With Affiliates	With Third Parties	Total
Other information			
Cash paid for amounts included in the measurement of operating leases	\$ 9,423	\$ 22,249	\$ 31,672
Right-of-use asset change due to lease termination	\$ -	\$ (1,045)	\$ (1,045)
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 10,631	\$ 26,086	\$ 36,717
Future right-of-use asset change due to a lease signed with a future commencement date	\$ -	\$ 10,926	\$ 10,926
Weighted-average remaining lease term (in years)	5.5	4.4	4.8
Weighted-average discount rate	6.5%	5.1%	5.6%
	December 31, 2020		
	With Affiliates	With Third Parties	Total
Other information			
Cash paid for amounts included in the measurement of operating leases	\$ 10,528	\$ 22,252	\$ 32,780
Right-of-use asset change due to lease termination	\$ -	\$ (2,092)	\$ (2,092)
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 16,195	\$ 17,247	\$ 33,442
Weighted-average remaining lease term (in years)	6.1	5.0	5.4
Weighted-average discount rate	6.8%	6.2%	6.5%

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(13) Leases—continued

Future minimum lease payments under these operating leases as of December 31, 2021, are as follows (in thousands):

	With Affiliates	With Third Parties	Total
2022.....	\$ 8,508	\$ 21,146	\$ 29,654
2023.....	8,275	18,754	27,029
2024.....	8,293	15,556	23,849
2025.....	6,730	13,268	19,998
2026.....	4,258	10,874	15,132
Thereafter	8,714	2,973	11,687
Total required lease payments.....	<u>\$ 44,778</u>	<u>\$ 82,571</u>	<u>\$ 127,349</u>
Less amounts representing interest.....			(16,799)
Present value of lease liabilities			<u>\$ 110,550</u>

(14) Retirement Plans

We offer 401(k) defined contribution plans to our employees. The plans are administered by a company controlled by our principal shareholders and include different matching provisions ranging from zero to \$2,080 per participant annually depending on which subsidiary or affiliate is involved. The total expense for contributions for 401(k) plans, including plans related to collective bargaining agreements, was \$0.7 million in each of the years ended December 31, 2021, 2020 and 2019.

In connection with a collective bargaining agreement that covered 12 Canadian employees at December 31, 2021, we are required to make defined contributions into the Canada Wide Industrial Pension Plan. At December 31, 2021 and 2020, the required contributions totaled approximately \$32,000 and \$38,000, respectively.

(15) Stock Based Compensation

On April 23, 2014, our Board of Directors adopted our 2014 Amended and Restated Stock Incentive Plan. The Plan was approved at the 2014 annual meeting of shareholders and became effective as of the date our Board adopted it. The 2014 Plan replaced our 2004 Stock Incentive Plan and carried forward the shares of common stock that remained available for issuance under the 2004 Plan. The grants under the Plan may be made in the form of options, restricted stock awards, restricted stock purchase rights, stock appreciation rights, phantom stock units, restricted stock units or shares of unrestricted common stock.

On September 9, 2021, the Company granted 2,355 shares of restricted stock to an employee of the Company. The restricted stock award has a fair value of \$20.46 per share, based on the closing price of the Company's stock on the grant date. The shares will vest in five equal increments on each August 9 in 2022, 2023, 2024, 2025 and 2026, subject to continued employment with the Company.

On February 5, 2020, the Company granted 5,000 shares of restricted stock to our Chief Financial Officer. The restricted stock award has a fair value of \$17.74 per share, based on the closing price of the Company's stock on the grant date. The shares will vest on February 20, 2024, subject to his continued employment with the Company.

On January 10, 2020, the Company granted 60,000 shares of restricted stock to our Chief Executive Officer. The restricted stock award has a fair value of \$18.82 per share, based on the closing price of the Company's stock on the grant date. The shares will vest in installments of 20,000 shares on January 10, 2024 and January 10, 2026, and installments of 10,000 shares on January 10, 2027 and January 10, 2028, subject to his continued employment with the Company.

On February 20, 2019, the Company granted 44,500 shares of restricted stock to certain of its employees, including 10,000 shares to our Chief Financial Officer. The restricted stock awards have a grant date fair value of \$23.56 per share, based on the closing price of the Company's stock, and any non-vested shares under the awards will vest in four equal increments on each February 20 in 2020, 2021, 2022 and 2023.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(15) Stock Based Compensation—continued

The vesting of restricted stock awards to a grantee may be accelerated under certain conditions, including retirement.

A summary of the status of our non-vested shares as of December 31, 2021, and changes during the year ended December 31, 2021, is presented below:

	<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
Non-vested at January 1, 2021	85,625	\$ 19.90
Granted	2,355	\$ 20.46
Vested	(6,875)	\$ 23.56
Forfeited	—	\$ —
Balance at December 31, 2021	<u>81,105</u>	<u>\$ 19.60</u>

The total grant date fair value of vested shares recognized as compensation cost was \$0.2 million during each of the years ended December 31, 2021 and 2020, and \$0.1 million for the year ended December 31, 2019. As of December 31, 2021, there was \$1.6 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized 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 in each year of 2022 and 2023, \$0.4 million in 2024 and 2026, and \$0.2 million in each 2027 and 2028.

(16) Commitments and Contingencies

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

On March 17, 2021, the Company received a complaint from the National Labor Relations Board (the “NLRB”) based on charges alleged by the International Brotherhood of Teamsters against four of the Company’s operating subsidiaries. The charges stem from the Company’s decision to close underperforming operations in California in December 2019. In April 2021, the Company answered the complaint by denying it engaged in any unfair labor practices and maintaining that the Company closed the underperforming California terminal due to financial reasons. In October 2021, the Company received an adverse ruling requiring the Company to, among other things, reinstate the terminated drivers and compensate them for back pay. The Company is appealing the decision. The calculation of the amount owed to the drivers will take into consideration any offsetting earnings made by terminated individuals since their separation from the Company. The Company currently estimates the possible range of financial exposure in the matter to be between \$4.3 million and \$7.2 million. Based on the Company’s best estimate of the liability at this time, the Company has recorded an accrued liability for this matter of \$5.8 million. While the outcome of these claims cannot be predicted with any certainty, management does not believe the outcome of any of these matters will have a material adverse effect on our business, financial position, results of operations or cash flows.

The Company is involved in certain other 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. However, if we experience claims that are not covered by our insurance or that exceed our estimated claim reserve, it could increase the volatility of our earnings and have a materially adverse effect on our financial condition, results of operations or cash flows.

At December 31, 2021, approximately 37% of our employees in the United States, Canada and Colombia are subject to collective bargaining agreements that are renegotiated periodically, of which 10% are subject to contracts that expire in 2022. Of our employees in Mexico, 91% are subject to such collective bargaining agreements, and our contract expiring in 2022 is currently being negotiated.

At December 31, 2021, our firm commitments to purchase equipment totaled \$26.3 million.

During the years ended December 31, 2019, the Company recorded \$30.0 million for settlements of previously disclosed legal matters.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(17) Earnings Per Share

Basic earnings per common share amounts are based on the weighted average number of common shares outstanding, excluding outstanding non-vested restricted stock. Diluted earnings per common share include dilutive common stock equivalents determined by the treasury stock method. For the years ended December 31, 2021, 2020 and 2019, there were 10,845, 2,990 and 910 weighted average non-vested shares of restricted stock, respectively, included in the denominator for the calculation of diluted earnings per share.

For the years ended December 31, 2021, 2020 and 2019, 65,000, 65,000 and 44,500 shares, respectively, were excluded from the calculation of diluted earnings per share because such shares were anti-dilutive.

(18) Segment Reporting

In December 2020, we changed the way we aggregate our business units and adopted a new segment reporting structure. As part of the new structure, we separated our previous transportation segment into three reportable segments: trucking, intermodal, and company-managed brokerage. In addition, we changed the name of our previous logistics segment to contract logistics. As a result, we now report our financial results in four distinct reportable segments: contract logistics, intermodal, trucking, and company-managed brokerage, which are based primarily on the services each segment provides. 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 contract logistics segment deliver value-added and/or dedicated transportation services to support in-bound logistics to original equipment manufacturers (OEMs) and major retailers on a contractual basis, generally pursuant to terms of one year or longer. Our intermodal segment is associated with local and regional drayage moves predominately coordinated by company-managed terminals using a mix of owner-operators, company equipment and third-party capacity providers (broker carriers). Operations aggregated in our trucking segment are associated with individual freight shipments coordinated by our agents and company-managed terminals using a mix of owner-operators, company equipment and broker carriers. Our company-managed brokerage segment provides for the pick-up and delivery of individual freight shipments using broker carriers, coordinated by our company-managed operations. Other non-reportable segments are comprised of the Company's subsidiaries that provide support services to other subsidiaries.

Separate balance sheets are not prepared by segment, and we do not provide asset information by segment to the chief operating decision maker.

The following tables summarize information about our reportable segments for the fiscal years ended December 31, 2021, 2020 and 2019 (in thousands):

	Operating Revenues		
	December 31,		
	2021	2020	2019
Contract logistics	\$ 627,220	\$ 459,666	\$ 515,185
Intermodal.....	473,059	393,633	390,299
Trucking	403,312	318,385	389,629
Company-managed brokerage.....	242,794	218,123	215,750
Other	4,595	1,276	1,135
Total operating revenues	<u>\$ 1,750,980</u>	<u>\$ 1,391,083</u>	<u>\$ 1,511,998</u>
	Eliminated Inter-segment Revenues		
	December 31,		
	2021	2020	2019
Contract logistics	\$ (530)	\$ (1,962)	\$ (835)
Intermodal.....	(6,949)	(3,952)	(1,028)
Trucking	(12,311)	(7,605)	(1,703)
Company-managed brokerage.....	(2,364)	(2,042)	(1,949)
Total eliminated inter-segment revenues.....	<u>\$ (22,154)</u>	<u>\$ (15,561)</u>	<u>\$ (5,515)</u>

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(18) Segment Reporting—continued

	Income from Operations		
	December 31,		
	2021	2020	2019
Contract logistics	\$ 44,809	\$ 35,967	\$ 48,376
Intermodal.....	30,379	30,353	39,196
Trucking	19,607	16,413	(21,485)
Company-managed brokerage.....	7,122	(2,681)	1,833
Other	1,043	307	(2,540)
Total income from operations	<u>\$ 102,960</u>	<u>\$ 80,359</u>	<u>\$ 65,380</u>

	Depreciation and Amortization		
	December 31,		
	2021	2020	2019
Contract logistics	\$ 33,504	\$ 32,386	\$ 33,670
Intermodal.....	26,074	30,457	32,025
Trucking	5,979	9,259	6,795
Company-managed brokerage.....	379	444	419
Other	1,601	1,595	1,856
Total depreciation and amortization	<u>\$ 67,537</u>	<u>\$ 74,141</u>	<u>\$ 74,765</u>

We provide a portfolio of transportation and logistics services to a wide range of customers throughout the United States and in Mexico, Canada and Colombia. Revenues attributed to geographic areas are as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
United States.....	\$ 1,720,619	\$ 1,360,935	\$ 1,480,637
Mexico	15,236	17,899	16,100
Canada	13,208	10,868	13,552
Colombia.....	1,917	1,381	1,709
Total.....	<u>\$ 1,750,980</u>	<u>\$ 1,391,083</u>	<u>\$ 1,511,998</u>

Net long-lived assets by geographic area are presented in the table below (in thousands):

	Year Ended December 31,	
	2021	2020
United States.....	\$ 416,868	\$ 420,197
Mexico	32,700	40,442
Canada	114	183
Colombia	1,760	1,793
Total.....	<u>\$ 451,442</u>	<u>\$ 462,615</u>

(19) Subsequent Events

On February 10, 2022, our Board of Directors declared the regular quarterly cash dividend of \$0.105 per share of common stock, payable to shareholders of record at the close of business on March 7, 2022 and is expected to be paid on April 4, 2022. 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.

UNIVERSAL LOGISTICS HOLDINGS, INC.
Notes to Consolidated Financial Statements – (Continued)
December 31, 2021, 2020 and 2019

(19) Subsequent Event —continued

On January 28, 2022, the Company was served with charges from the NLRB based on allegations of the International Brotherhood of Teamsters against the Company and four of its subsidiaries. The charges allege, among other things, that certain of the Company's independent contractors in California should be classified as employees, rather than independent contractors. The Company anticipates answering the charges denying all charges and plans to defend the use of independent contractors in conducting its business. While the outcome of these claims cannot be predicted with any certainty, management does not believe the outcome of any of these matters will have a material adverse effect on our business, financial position, results of operations or cash flows.

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

None.

ITEM 9A: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of the Company's management, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") were effective as of December 31, 2021 to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Inherent Limitations over Internal Controls

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles ("GAAP"). The Company's internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management, including the Company's Chief Executive Officer and Chief Financial Officer, does not expect that the Company's internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Remediation of Prior Material Weakness in Internal Control Over Financial Reporting

In our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, we identified a material weakness in our internal controls related to the completeness of our lease obligations, including controls designed to assure the timely identification of changes to our existing leases. We developed measures designed to ensure that control deficiencies contributing to this material weakness are remediated as soon as possible. The remedial measures focused on improving our policies and procedures associated with the Company's lease obligations. We now conduct a periodic review, at least quarterly, of all leases to ensure their completeness, and we require dual signatures on all real property lease agreements.

During 2021, management implemented the remediation plan described above. We completed our testing of the operating effectiveness of the implemented controls and found them to be effective. As a result, we have concluded the material weakness has been remediated as of December 31, 2021.

Changes in Internal Controls

Except as otherwise discussed above, there have been no changes in the Company's internal controls over financial reporting during the fourth quarter 2021, which were identified in connection with management's evaluation required by paragraph (d) of rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Report of Management on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the criteria set forth in *Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission*, which is commonly referred to as the 2013 framework.

Based on the Company's assessment, management has concluded that its internal control over financial reporting was effective as of December 31, 2021. The Company's independent registered public accounting firm, Grant Thornton LLP, has issued an audit report on the Company's internal control over financial reporting, which appears below.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Universal Logistics Holdings, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Universal Logistics Holdings, Inc. (the “Company”) as of December 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2021, and our report dated March 16, 2022 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ GRANT THORNTON LLP

Southfield, Michigan
March 16, 2022

ITEM 9B: OTHER INFORMATION

None.

PART III

Portions of the information required by Part III of Form 10-K are, pursuant to General Instruction G(3) of Form 10-K, incorporated by reference from our definitive Proxy Statement to be filed pursuant to Regulation 14A for our Annual Meeting of Shareholders to be held on May 4, 2022. We will, within 120 days of the end of our fiscal year, file with the Securities and Exchange Commission a definitive proxy statement pursuant to Regulation 14A.

ITEM 10: DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A for our Annual Meeting of Shareholders to be held on May 4, 2022.

ITEM 11: EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A for our Annual Meeting of Shareholders to be held on May 4, 2022.

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

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A for our Annual Meeting of Shareholders to be held on May 4, 2022.

The following table presents information about equity plans under which equity securities of the Company are authorized for issuance at December 31, 2021:

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance</u>
Equity compensation plans approved by security holders.....	81,105	\$ — (1)	95,025
Equity compensation plans not approved by security holders.....	—	\$ —	—
Total.....	<u>81,105</u>	<u>\$ — (1)</u>	<u>95,025</u>

(1) Reflects shares to be issued under restricted stock bonus awards, which do not have an exercise price. As of December 31, 2021, the Company has no outstanding options, warrants or rights that require payment of an exercise price.

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

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A for our Annual Meeting of Shareholders to be held on May 4, 2022.

ITEM 14: PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A for our Annual Meeting of Shareholders to be held on May 4, 2022.

PART IV

ITEM 15: EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(1) Financial Statements

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Report of Independent Registered Public Accounting Firm (GRANT THORNTON LLP; Southfield, Michigan; PCAOB ID 248)	34
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(2) Financial Statement Schedules

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

(3) Exhibits

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004)
3.2	Amendment to Restated 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	Fifth Amended and Restated Bylaws, effective December 13, 2019 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on December 16, 2019)
4.1	Specimen Common Share Certificate (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004)
4.2*	Description of Capital Stock of the Registrant
4.3	Second Amended and Restated Registration Rights Agreement dated July 28, 2021 among the Registrant and the Moroun Family Holders (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed July 29, 2021)
10.1	Service Level Agreement between the Registrant and Data System Services, LLC (incorporated by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K filed on March 16, 2015)
10.2+	2014 Amended and Restated Stock Option and Incentive Plan (incorporated by reference to Appendix A to the Registrant's Schedule 14A filed on April 29, 2014)
10.3+	Form of Restricted Stock Bonus Award Agreement under the 2014 Amended and Restated Stock Option and Incentive Plan (incorporated by reference to Exhibit B of Appendix A to the Registrant's Schedule 14A filed on April 29, 2014)
10.4	Credit and Security Agreement dated as of November 27, 2018 among Universal Management Services, Inc., Cavalry Logistics, LLC, Fore Transportation, Inc., Logistics Insight Corp., Mason Dixon Intermodal, Inc., Southern Counties Express, Inc., Specialized Rail Service, Inc., Universal Logistics Solutions International, Inc., Universal Specialized, Inc., Universal Truckload, Inc., Westport Axle Corp., and Westport Machining, LLC, as borrowers, certain subsidiaries of Universal Logistics Holdings, Inc., as guarantors, and KeyBank National Association as administrative agent and lender (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on November 29, 2018)

Exhibit No.	Description
10.5	Loan and Financing Agreement dated as of February 1, 2018 between UTSI Finance and Flagstar (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on February 6, 2018)
10.6	Promissory Note dated as of February 1, 2018 by UTSI Finance in favor of Flagstar (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on February 6, 2018)
10.7	Commercial Mortgage dated as of February 1, 2018 between UTSI Finance and Flagstar (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on February 6, 2018)
10.8	Amendment No. 2 to Master Security Agreement, dated as of April 24, 2018, with Key Equipment Finance, a division of KeyBank National Association (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 27, 2018)
10.9+	Employment Agreement between the Registrant and Tim Phillips (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 14, 2020)
21.1*	Subsidiaries of the Registrant
23.1*	Consent of Grant Thornton, LLP, independent registered public accounting firm
23.2*	Consent of BDO USA LLP, independent registered public accounting firm
24*	Powers of Attorney (see signature page)
31.1*	Chief Executive Officer certification, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Chief Financial Officer certification, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Chief Executive Officer and Chief Financial Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Schema Document
101.CAL*	Inline XBRL Calculation Linkbase Document
101.DEF*	Inline XBRL Definition Linkbase Document
101.LAB*	Inline XBRL Labels Linkbase Document
101.PRE*	Inline XBRL Presentation Linkbase Document
104	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2021, has been formatted in Inline XBRL.

+ Indicates a management contract, compensatory plan or arrangement.

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

Universal Logistics Holdings, Inc.
(Registrant)

By: /s/ Jude Beres
Jude Beres, Chief Financial Officer

Date: March 16, 2022

POWER OF ATTORNEY

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

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

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Tim Phillips</u> Tim Phillips	Chief Executive Officer (Principal Executive Officer)	March 16, 2022
<u>/s/ Jude Beres</u> Jude Beres	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 16, 2022
<u>/s/ Matthew T. Moroun</u> Matthew T. Moroun	Chairman of the Board	March 16, 2022
<u>/s/ Matthew J. Moroun</u> Matthew J. Moroun	Director	March 16, 2022
<u>/s/ Grant Belanger</u> Grant Belanger	Director	March 16, 2022
<u>/s/ Frederick P. Calderone</u> Frederick P. Calderone	Director	March 16, 2022
<u>/s/ Daniel J. Deane</u> Daniel J. Deane	Director	March 16, 2022
<u>/s/ Clarence W. Gooden</u> Clarence W. Gooden	Director	March 16, 2022
<u>/s/ Michael A. Regan</u> Michael A. Regan	Director	March 16, 2022
<u>/s/ Richard P. Urban</u> Richard P. Urban	Director	March 16, 2022
<u>/s/ H.E. "Scott" Wolfe</u> H. E. "Scott" Wolfe	Director	March 16, 2022

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UNIVERSAL LOGISTICS HOLDINGS, INC.

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

CORPORATE INFORMATION

Board of Directors

Matthew T. Moroun
Chairman of the Board

Matthew J. Moroun

Tim Phillips

Grant E. Belanger

Frederick P. Calderone

Daniel J. Deane

Clarence W. Gooden

Michael A. Regan

Richard P. Urban

H.E. "Scott" Wolfe

Executive Officers

Tim Phillips
Chief Executive Officer

Jude Beres
Chief Financial Officer and
Treasurer

Shareholder Information

Inquiries concerning lost stock certificates, changes of address, account status or other questions regarding your stock should be directed to the Company's Transfer Agent

Transfer Agent

Computershare, Inc.
PO Box 43078
Providence, RI 02940

The Company's annual reports on Form 10-K and quarterly reports on Form 10-Q filed with the SEC are available without charge upon request by accessing the Company's website at www.universallogistics.com or by contacting:

Investor Relations

Universal Logistics Holdings, Inc.
12755 E. Nine Mile Road
Warren, Michigan 48089
(586) 920-0100





www.UniversalLogistics.com

UNIVERSAL LOGISTICS HOLDINGS, INC.

Corporate Headquarters

12755 E. 9 Mile Road | Warren, Michigan 48089 | 586-920-0100