



Truckload Services, Inc.

2011 ANNUAL REPORT AND PROXY STATEMENT

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2011

OR

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

For the transition period from

to .

Commission File Number: 0-51142

UNIVERSAL TRUCKLOAD SERVICES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Michigan
(State or Other Jurisdiction of
Incorporation or Organization)

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

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

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

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

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

Common Stock, no par value
(TITLE OF CLASS)

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

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

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

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

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

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

Large Accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

As of July 2, 2011, 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 1, 2011, as reported by The Nasdaq Stock Market, was approximately \$91.9 million (assuming, but not admitting for any purpose, that all directors and executive officers of the registrant are affiliates).

The number of shares of common stock, no par value, outstanding as of March 2, 2012, was 15,539,583.

DOCUMENTS INCORPORATED BY REFERENCE

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

Document	Incorporated by reference in:
Proxy Statement for 2012 Annual Meeting of Shareholders	Part III, Items 10 - 14

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2011 ANNUAL REPORT ON FORM 10-K
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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

PART I

ITEM 1: BUSINESS

Overview

We are primarily an asset-light provider of transportation services to shippers throughout the United States and in the Canadian provinces of Ontario and Quebec. Our over-the-road trucking services include both flatbed and dry van operations and we provide rail-truck and steamship-truck intermodal support services. We also offer truck brokerage services, which allow us to supplement our capacity and provide our customers with transportation of freight by using third party capacity, as well as full service international freight forwarding and customs house brokerage services.

We primarily operate through a contractor network of agents and owner-operators who provide us with approximately 3,100 tractors and approximately 3,000 trailers. At December 31, 2011, the Company had approximately 565 agents. Customer relationships are primarily managed by our agents who solicit freight business directly from shippers and also provide dispatch and other services to our owner-operators. Our owner-operators own, operate and maintain substantially all of the tractors and over 50% of the trailers used in our business. Some of our owner-operators also act as fleet contractors and provide us with multiple tractors and drivers. In return for their services, we pay our agents and owner-operators fixed commissions based on a percentage of the revenue they generate for us. This network of agents and owner-operators allows us to minimize our investment in tractors and trailers, manage our sales effort in a manner we believe is more efficient than employing a large sales staff, and maximize the variable portion of our cost structure. In addition, through our brokerage operations, we are able to expand our capacity by arranging for other carriers to transport shipments when we generate more freight shipments than our owner-operators can service.

We believe our commission schedule, prompt payment practices, industry reputation, financial stability, back office support and national freight network help us to attract agents and owner-operators. In addition, we acquired the operations of 23 transportation companies between October 2000 and December 2011. We are continually evaluating new acquisition opportunities.

We were incorporated in Michigan on December 11, 2001. Our common stock began trading on the NASDAQ Global Select Market under the symbol "UACL" on February 11, 2005, the date of our initial public offering. Our principal executive offices are located at 12755 E. Nine Mile Road, Warren, Michigan 48089. Our website address is www.goutsi.com. The information contained on, or accessible through, our website is not a part of this Form 10-K.

Industry

According to the American Trucking Association, or ATA, the revenue in the trucking industry in 2010 was estimated at approximately \$563.4 billion and accounted for approximately 81.2% of domestic spending on freight transportation. The trucking industry is highly competitive on the basis of service and price and is necessary in many industries operating in the United States. Customers generally choose truck transportation over other surface transportation modes due to the industry's higher levels of reliability, shipment integrity and speed.

The trucking industry includes both private fleets and for-hire carriers. Private fleets consist of trucks owned and operated by shippers that move their own goods and, according to the ATA, accounted for approximately \$267.8 billion of revenue in 2010. For-hire carriers include both truckload and less-than truckload operations. We primarily operate in the highly fragmented for-hire truckload segment of this market, which according to the ATA generated revenues of approximately \$295.6 billion in 2010. Truckload carriers dedicate an entire trailer to one customer from origin to destination and can be further classified by the trailing equipment they use to haul a customer's freight, such as dry van, temperature-controlled, tank or flatbed.

Our primary source of revenue results from hauling flatbed and dry van freight, which during the year ended December 31, 2011 accounted for \$588.1 million, or 84.1% of our revenues. Revenues from hauling flatbed freight accounted for 61.2%, while the remaining 22.9% was generated by hauling dry van freight. We believe the truckload market offers significant opportunities for expansion by for-hire carriers, such as ourselves, because shippers increasingly are focused on operating within and conserving capital for their core competencies, which often do not include freight transportation. In our intermodal support services, which during the year ended December 31, 2011 accounted for \$102.8 million or 14.7% of our revenues, we believe that third party logistics companies, railroads and ocean carriers are increasingly seeking efficiencies gained by using companies with greater service offerings, capacity and geographic coverage than the smaller private operators upon which they have historically relied.

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

Asset Light Strategy

We primarily employ an asset light business model. Substantially all tractors and over 50% of the trailers used in our business are provided by our owner-operators. In addition, our use of agents reduces our need for sizable

terminals. The primary physical assets we provide to our agents and owner-operators include a portion of our trailer fleet, our intermodal depot facilities, our headquarters facility and our management information systems. We believe that our business model offers the following advantages compared with primarily asset-based trucking companies that own significant tractor fleets and use an employee sales force:

- *Variable cost structure.* We pay our agents and owner-operators a percentage of the revenue they generate, which gives us flexibility to quickly adjust to increases or decreases in customer demand. Additionally, having a high proportion of variable costs reduces our risks of making fixed payments on under-utilized equipment and personnel and minimizes our exposure to fluctuating equipment values. In 2011, approximately 85.9% of our total operating expenses were variable in nature.
- *Reduced capital expenditures.* Limiting our investment in tractors and trailers reduces our capital needs and allows us to grow organically using relatively small amounts of cash. This allows us to conserve our financial resources to fund our expansion strategy, including acquisitions. Our operating revenues have grown from \$213.3 million in 2001 to \$699.8 million in 2011, reaching a maximum level of \$759.5 million in 2008, while we have spent an aggregate of \$125.8 million on capital expenditures over the same period of time, excluding property and equipment acquired in connection with the acquisitions of businesses. During 2011, the Company has expanded its domestic intermodal operations through the acquisition of 400 53' containers. We expect to have limited capital expenditure requirements relating to the maintenance of this equipment; however, we will continue to acquire additional containers to meet our business needs.
- *Higher financial returns.* Given similar operating performance, we believe that our low fixed costs and capital expenditure requirements will produce higher returns on our assets than many of our asset-based competitors. We manage our business with a view toward enhancing these returns. In 2011, we achieved a 6.9% return on average assets, excluding gains on the sales of marketable securities.
- *Entrepreneurial spirit.* Our agents and owner-operators are business owners who are compensated based on the revenue they produce. We believe this model gives our agents a strong incentive to seek new revenue opportunities. In addition, we believe that our owner-operators have a greater incentive to operate their equipment more reliably, efficiently and safely than would be the case with employee drivers using employer-provided equipment.

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

Growth Strategy

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

- *Grow our brokerage operations.* Our brokerage services have grown substantially, expanding to \$173.8 million in operating revenues in 2011 from \$25.7 million in 2001, a compound annual growth rate of 21.1%. In 2011, brokerage services accounted for 24.8% of our operating revenues. We encourage our agents to generate shipping contracts above the levels that can be accommodated by our owner-operators and provide the training and management information systems that enable our agents to

broker these contracts to third party carriers. We intend to continue to grow this business both organically and through investments in management information systems and strategic acquisitions.

- *Make strategic acquisitions.* Acquisitions have been an important part of our growth and we continually evaluate strategic acquisition opportunities. Our acquisition plan is to focus on targets that are primarily non-asset based, but we also will consider companies that derive a portion of their business from asset-based operations. Our predecessor began operations in 1981 when Universal Am-Can Ltd. was formed as an owner-operator and agent based carrier. Since then, we have successfully integrated 26 acquisitions, 23 of which we have consummated between October 2000 and December 2011. During each of the years ended December 31, 2011, 2010 and 2009 acquisition revenues totaled 1.4%, 10.3% and 4.2%, respectively, of our total revenue. Our current growth is highly dependent upon being able to continue to make strategic acquisitions. Our operational integration strategy is to centralize administrative functions of acquired businesses at our headquarters, while maintaining their localized operations and network of agents and owner-operators. We believe that allowing most of our acquired businesses to continue to operate under their pre-acquisition names, in their original regions and with the same agents and owner-operators enables us to maintain the loyalty of the agents and owner-operators and continue pre-existing customer relationships.
- *Expand our network of agents and owner-operators.* Increasing the number of agents and owner-operators has also been a driver of our historical growth. We intend to continue to recruit qualified agents and owner-operators in order to penetrate new markets and expand our operations in existing markets. Our agents typically focus on a small number of shippers in a particular market and are attuned to the specific transportation needs of that core group of shippers, while remaining alert to growth opportunities. With their detailed knowledge of local trucking markets, our agents serve as an excellent platform for recruiting additional owner-operators. In addition, we believe that the current environment of increasing costs and industry consolidation has created substantial uncertainty for agents, owner-operators and shippers. This uncertainty has led to a desire within these constituencies to associate themselves with a stable company that has an established market presence, and we have successfully converted small independent trucking companies into agents and owner-operators.
- *Expand our intermodal support services.* Our intermodal support services have grown from \$28.9 million in operating revenues in 2001 to \$102.8 million in 2011, a compound annual growth rate of 13.5%. We intend to continue the growth of this business by expanding our service offerings, acquiring or renting additional intermodal facilities and expanding our network of intermodal agents. We will evaluate future intermodal facility sites based on regional and international shipping volumes and market saturation. We currently operate eight full service container yards located in the mid-western and south-western United States and own over 745 chassis. Our facilities provide container and chassis inventory systems, full service repair facilities, and overhead lift capabilities. U.S. Customs has approved our Dearborn, Michigan facility as a container freight station. With the assistance of our container and chassis management services, we are able to offer steamship companies a neutral facility to store, repair, and track their equipment for future use. At our container freight station in Michigan, we can transfer bonded freight between overseas containers and other equipment for delivery to its final destination. We also continue to expand our domestic intermodal operations through the acquisition of 53' containers. During 2011, we added 400 53' containers to our fleet to provide for the expansion in this business line. We believe that providing container and chassis management as well as bonded customs services will allow us the opportunity to provide additional services for these customers.

Our Operations

We conduct our operations through our wholly owned operating subsidiaries under the brand names Universal Am-Can, Ltd., Mason & Dixon Lines, Inc., Louisiana Transportation Inc., Mason Dixon Intermodal, Inc., Economy Transport, Inc., Great American Lines, Inc., Universal Logistics Solutions, Inc., Universal Logistics Solutions International, Inc., and Cavalry Transportation, LLC.

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

- *Truckload.* Our truckload operations represented approximately \$423.2 million, or 60.5%, of our operating revenues in 2011. We transport a wide variety of general commodities, including machinery, building materials, paper, food, consumer goods, automotive parts, furniture, steel and other metals on behalf of customers in various industries.
- *Brokerage.* Our brokerage operations represented approximately \$173.8 million, or 24.8%, of our operating revenues in 2011. We primarily broker freight to third party transportation providers through our agent network at times when we generate more freight business than we can service with our available owner-operators. These transportation providers may include competing truckload carriers or, occasionally, shipper-owned and operated private motor carrier transport fleets with excess capacity. We also offer full service international freight forwarding and customs house brokerage services as well as third-party logistic services.
- *Intermodal support.* Our intermodal support services represented \$102.8 million, or 14.7%, of our operating revenues in 2011. 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.

Independent Contractor Network

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

Agents

Our agents provide the primary interaction with our shippers. Approximately 69.0% of the freight we hauled in 2011 was solicited and controlled by our agents, with the remaining 31.0% generated by company-managed terminals and full service freight forwarding and customs house brokerage offices. Of our approximately 565 agents, 384 generated more than \$100,000 of operating revenues and 135 generated more than \$1.0 million of operating revenues, in 2011. Our agents typically focus on three or four shippers within a particular market and solicit most of their freight business from this core group. By focusing on a relatively small number of shippers, each agent is attuned to the specific transportation needs of that core group of shippers, while remaining alert to growth opportunities.

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

We believe that our commission schedule, prompt payment practices, industry reputation, financial stability, back-office support and national freight network are attractive to agents and we have grown from 209 agents who generated more than \$100,000 of operating revenues in 2000 to 384 agents who generated more than \$100,000 of operating revenues in 2011. Our top 100 agents in 2011 generated 49.4% of our annual operating revenues. We

generally pay our full-service agents a commission of 8% of revenue generated, excluding fuel surcharges. While we have signed agreements with most of our newer agents, we rely on verbal agreements with most of our long-term agents. We believe that very few of our agents work exclusively with us. The loss of any large-volume agent or a significant decrease in volume from one of these agents could have a materially adverse effect on our results of operations.

Owner-Operators

Owner-operators are individuals who own, operate and maintain one or more tractors for which they either provide drivers, or drive themselves. Our owner-operators provide us with approximately 3,100 tractors, which represent substantially all of the tractors used in our business. Owner-operators also may own trailers that they provide to us in addition to their tractor and driving services. Our owner-operators provide approximately 3,000 trailers, which represent over 50% of the trailers we use in our business. Owner-operators are responsible for all expenses of owning and operating their equipment, including the wages and benefits paid to any drivers, fuel, physical damage insurance, maintenance, fuel taxes, highway use taxes and debt service.

We believe that our commission schedule, prompt payment practices, financial stability, back-office support and national freight network are attractive to owner-operators. The number of tractors provided by our owner-operators has grown from 2,266 at December 31, 2001 to 3,118 at December 31, 2011, a compound annual growth rate of 3.2%. We generally pay our owner-operators a commission of 75% of the revenue generated from the freight they haul, if both a tractor and trailer are supplied. We generally also pass on 100% of any fuel surcharges we receive and a portion of other accessorial charges (at the commission rate) to our owner-operators. Most owner-operators are recruited directly by our agents. All owner-operators enter into standard, short-term written contracts with one of our operating subsidiaries that can be terminated by either party on short notice.

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

Corporate Services

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

Customers

We provide our truckload, brokerage and intermodal support services throughout the United States and in the Canadian provinces of Ontario and Quebec to a wide variety of shippers, including a number of *Fortune 500* and

multi-national companies across a wide variety of industries. Our largest concentration of customers comes from the steel, automotive, alternative energy, and oil field industries geographically located throughout the United States. In addition, a significant portion of our revenue results from our providing capacity to other transportation companies who aggregate loads from a variety of shippers in these and other industries. No single customer has accounted for more than 5% of our operating revenues in 2009, 2010 or 2011, and the aggregate operating revenues generated by our top ten customers did not account for more than 18% of our operating revenues in any such year. We believe the diversity of our customers and their industries lessens the impact of business cycles affecting any one company or industry.

Revenue Equipment

We offer our customers a wide range of transportation services by utilizing a diverse fleet of trailing equipment provided by us and our owner-operators. At December 31, 2011, our owner-operators provided us with approximately 3,100 tractors and 3,000 trailers. At December 31, 2011, the Company owned approximately 140 tractors, 2,100 trailers, 745 chassis, and 400 containers.

Insurance

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

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

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

Our insurance and claims expense varies primarily based upon the frequency and severity of the Company's accident experience, the market for insurance, our coverage limits, and self-insured retention amounts.

Competitive Environment

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

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

Government Regulation

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

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

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

We are also preparing for an anticipated change in the manner in which commercial drivers will be required to document their HOS. In April 2010, the FMCSA published a regulation that would require interstate carriers, with documented patterns of HOS violations, to install electronic on-board recorders (EOBR) in their vehicles. EOBRs are devices attached to a vehicle that automatically record the number of hours a driver spends operating the vehicle. The current system is a manual log system. The ruling was challenged in Federal Court and was withdrawn by FMCSA, as the ruling did not protect drivers from possible harassment from the carrier. In January 2011, the FMCSA re-proposed this requirement expanding it to all motor carriers. Due to the complexity of the EOBR proposal, the FMCSA has begun a series of listening sessions to allow the collection of opinions, proposals and concerns on the program. This will delay the process for a rulemaking until 2013, with implementation now projected in 2014.

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

Environmental

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

Laws and regulations concerning the discharge of pollutants into the air and water, the handling and disposal of hazardous materials, the investigation and remediation of property contamination, and other aspects of

environmental protection are in effect wherever we operate. Our current operations do not involve material costs to comply with such laws and regulations, and they have not given rise to, and are not expected to give rise to, material liabilities under these laws and regulations for investigation or remediation of contamination.

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

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

Seasonality

Our results of operations are subject to seasonal trends common to the trucking industry. Our results of operations in the first fiscal quarter of each year are typically lower than the other quarters, principally because some shippers reduce their shipments and the productivity of our owner-operators generally decreases during the winter season because inclement weather impedes operations.

Employees

At December 31, 2011, we employed 675 individuals. None of our employees is represented by a collective bargaining unit. We believe that our employee relations are good.

Available Information

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

ITEM 1A: RISK FACTORS

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

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

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

- high fuel prices; and
- increases in insurance costs.

In recent years, these factors have caused many owner-operators to join company-owned fleets or to exit the industry entirely. As a result of the smaller available pool of qualified owner-operators, the already strong competition among carriers for their services has intensified. Due to the difficult operating environment and intense competition, turnover among owner-operators in the trucking industry is high. In 2011, turnover among our owner-operators was approximately 67%. Additionally, our agreements with our owner-operators are terminable by either party upon short notice and without penalty. Consequently, we regularly need to recruit qualified owner-operators to replace those who have left our fleet. In December 2010, the FMCSA implemented its Compliance Safety Accountability (CSA) motor carrier oversight program (formerly Comprehensive Safety Analysis 2010) to change the carrier review, safety measurement and enforcement standards. The CSA system changes the safety evaluation process for all motor carriers and includes a scope of enforcement to the driver level (in our case the owner-operator) to make driver safety performance history more transparent to law enforcement and motor carriers. If we are unable to retain our existing owner-operators or recruit new owner-operators, it could have a materially adverse effect on our business and results of operations.

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

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

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

We compete with other trucking companies that utilize agent networks both to recruit quality agents and for the business that they generate, which typically involves both competition with respect to the freight rates that we charge shippers and the compensation paid to the agents. There can be no assurance that we will be able to retain our agents or that our agents will continue to refer to us the amount of business that they have in the past. In 2011, 135 of our agents generated more than \$1.0 million in operating revenues each and our five largest revenue-producing agents generated an aggregate of approximately 8.2% of our operating revenues. If we were to lose the service of an agent or agents responsible for a significant portion of our operating revenues or if any such agent or agents were to significantly reduce the volume of business that they refer to us, it would have a materially adverse effect on our operating revenues and results of operations. Further, if we were required to

increase the compensation we pay to agents in order to retain or maintain business volumes with them, our operating results would be adversely affected to the extent that we could not pass these increased costs on to our customers.

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

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

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

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

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

Our business is dependent upon a number of general economic and business factors that may have a materially adverse effect on our results of operations. Many of these are beyond our control, including new equipment prices and used equipment values, interest rates, fuel taxes, tolls, and license and registration fees, all of which could increase the costs borne by our owner-operators, and capacity levels in the trucking industry, particularly in the market segments and geographic regions in which we operate.

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

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

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

- we compete with many other truckload carriers of varying sizes and, to a lesser extent, with less than truckload carriers and railroads, some of which have more equipment, a broader coverage network, a wider range of services and greater capital resources than we do;
- some of our competitors periodically reduce their freight rates to gain business, especially during times of reduced growth rates in the economy, which may limit our ability to maintain or increase freight rates, maintain our operating margins or maintain significant growth in our business;

- many customers reduce the number of carriers they use by selecting so-called “core carriers” as approved service providers, and in some instances we may not be selected;
- many customers periodically accept bids from multiple carriers for their shipping needs, and this process may depress freight rates or result in the loss of some of our business to competitors;
- the trend toward consolidation in the trucking industry may create other large carriers with greater financial resources and other competitive advantages relating to their size and with whom we may have difficulty competing;
- advances in technology require increased investments to remain competitive, and our customers may not be willing to accept higher freight rates to cover the cost of these investments;
- competition from Internet-based and other brokerage companies may adversely affect our relationships with our customers and freight rates; and
- economies of scale that may be passed on to smaller carriers by procurement aggregation providers may improve the ability of smaller carriers to compete with us.

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

Our owner-operators bear the costs of operating their tractors, including the cost of fuel and fuel taxes. The tractors operated by our owner-operators consume large amounts of diesel fuel. Diesel fuel prices fluctuate greatly due to economic, political and other factors beyond our control. For example, average weekly diesel fuel prices ranged from \$3.72 per gallon to \$4.01 per gallon in the fourth quarter 2011, compared with \$3.00 per gallon to \$3.29 per gallon in the fourth quarter of 2010. To address fluctuations in fuel prices, we seek to impose fuel surcharges on our customers and pass these surcharges on to our owner-operators. These arrangements will not fully protect our owner-operators from fuel price increases. If costs for fuel escalate significantly it could make it more difficult to attract additional qualified owner-operators and retain our current owner-operators. Our owner-operators also may seek higher compensation from us in the form of higher commissions, which could have a materially adverse effect on our results of operations. If we lose the services of a significant number of owner-operators or are unable to attract additional owner-operators, it could have a materially adverse effect on our business and results of operations.

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

One component of our growth strategy is to pursue strategic acquisitions of truckload and other transportation companies that meet our acquisition criteria. During each of the years ended December 31, 2011, 2010, and 2009 acquisition revenues totaled 1.4%, 10.3% and 4.2%, respectively, of our total revenue. Our current growth is highly dependent upon being able to continue to make strategic acquisitions. However, suitable acquisition candidates may not be available on terms and conditions we find acceptable. In pursuing acquisitions, we compete with other companies, many of which may have greater resources than we do. If we are unable to secure sufficient funding for potential acquisitions, we may not be able to complete strategic acquisitions that we otherwise find desirable. Further, if we succeed in consummating strategic acquisitions, our business, financial condition and results of operations may be negatively affected because:

- some of the acquired businesses may not achieve anticipated revenues, earnings or cash flows;
- we may assume liabilities that were not disclosed to us or exceed our estimates;
- we may be unable to integrate acquired businesses successfully and realize anticipated economic, operational, and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical or financial problems;
- acquisitions could disrupt our ongoing business, distract our management and divert our resources;

- we may experience difficulties operating in markets in which we have had no or only limited direct experience;
- we may lose the customers, key employees, agents and owner-operators of the acquired company;
- we may finance future acquisitions by issuing common stock for some or all of the purchase price, which could dilute the ownership interests of our shareholders;
- we may incur additional debt related to future acquisitions; or
- we may acquire companies that derive a portion of their revenues from asset-based operations and experience unforeseen difficulties in integrating this unfamiliar business model.

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

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

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

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

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

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

We are also preparing for an anticipated change in the manner in which commercial drivers will be required to document their HOS. In April 2010, the FMCSA published a regulation that would require interstate carriers, with documented patterns of HOS violations, to install electronic on-board recorders (EOBR) in their vehicles.

EOBRs are devices attached to a vehicle that automatically record the number of hours a driver spends operating the vehicle. The current system is a manual log system. The ruling was challenged in Federal Court and was withdrawn by FMCSA. In January 2011, the FMCSA re-proposed this requirement expanding it to all motor carriers. Due to the complexity of the EOBR proposal, the FMCSA has begun a series of listening sessions to allow the collection of opinions, proposals and concerns on the program. This will delay the process for a rulemaking until 2013, with implementation now projected in 2014.

Advocacy groups may continue to challenge the final rulings of the FMCSA, and we are unable to predict how a court may rule on such challenges. We will continue to monitor the actions of the FMCSA.

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

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

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

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

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

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

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

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

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

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

Seasonality and the impact of weather can affect our operations.

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

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

As a public company, we have incurred and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, recent acts such as the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder, as well as anticipated rules subsequently implemented by the SEC and the NASDAQ National Market, have required changes in corporate governance practices of public companies. We expect new rules and regulations to continuously increase our legal and financial compliance costs and to make some activities more time-consuming and costly. We are continuously evaluating and monitoring developments with respect to these new laws, rules and regulations, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. The costs of compliance or our failure to comply with these laws, rules and regulations could adversely affect our reputation, financial condition, results of operation and the price of our common stock.

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

When we acquire a business, a portion of the purchase price is allocated to goodwill and other identifiable intangible assets. Goodwill represents the excess purchase price over the fair value of assets acquired in connection with our acquisitions. At December 31, 2011, our goodwill and other identifiable intangible assets were approximately \$27.2 million. Under current accounting standards, if we determine goodwill or intangible assets are impaired, we would be required to write down the value of these assets. We are required to test goodwill for impairment annually or more frequently, whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit with goodwill below its carrying amount. We annually test goodwill impairment as of the last day of our 2nd fiscal quarter. During the third quarter of 2011 we completed our impairment analysis and concluded that no impairment charge was necessary for the year ended December 31, 2011. We cannot provide assurance whether we will be required to take an impairment charge in the future. Any impairment charge would have a negative effect on our financial results.

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

As of December 31, 2011, we held equity securities with a fair value of \$16.1 million as short term investments. Holding equity securities subjects us to fluctuations in the market value of our investment portfolio based on

current market prices. Marketable securities are carried at fair value and are marked to market at the end of each quarter, with the unrealized gains and losses, net of tax, included as a component of accumulated other comprehensive income, unless the declines in value are judged to be other-than-temporary, in which case an impairment charge is included in the determination of net income. During 2009, the Company recorded pre-tax other-than-temporary impairment charges of \$1.3 million for marketable equity securities classified as available-for-sale. There have been no such charges since 2009. We may incur future impairment charges if declines in market values continue or worsen and impairments are no longer considered temporary.

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

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

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

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

ITEM 1B: UNRESOLVED SECURITIES & EXCHANGE COMMISSION STAFF COMMENTS

None.

ITEM 2: PROPERTIES

We are headquartered and maintain our corporate administrative offices in Warren, Michigan. We own our corporate administrative offices, as well as terminal yards in the following locations: Dearborn, Michigan; Columbus, Ohio; Reading, Ohio; Latty, Ohio; Cleveland, Ohio; Gary, Indiana; Dallas, Texas; South Kearny, New Jersey; Garden City, Georgia and Memphis, Tennessee; offices in Tampa, Florida; Houston, Texas and a condominium in Monroeville, Pennsylvania. As of December 31, 2011, our subsidiaries also leased 47 office, terminal and yard facilities in various cities and states. The leased facilities are generally leased on a month-to-month basis and 12 of these facilities are leased from affiliates of CenTra, an entity controlled by our majority shareholders. We believe that all of the properties we lease from affiliates of our majority shareholders are leased at market rates. We believe that all of the properties leased by us are suitable for their purposes and adequate to meet our needs.

ITEM 3: LEGAL PROCEEDINGS

The nature of our business routinely results in litigation incidental to the ordinary course of our business, primarily involving claims for personal injury and property damage incurred in the transportation of freight. Based on knowledge of the facts and, in certain cases, opinions of outside counsel, we believe all such litigation is adequately covered by insurance or otherwise reserved for and that adverse results in one or more of those cases would not have a materially adverse effect on our financial condition, operating results 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 Select Market under the symbol "UACL". Our common stock began trading on February 11, 2005, the date of our initial public offering. Prior to such date, there was no public market for our common stock. The following table shows the reported high and low sales prices of our common stock for the periods indicated

<u>Fiscal Period</u>	<u>2011</u>		<u>2010</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
First Quarter	\$17.42	\$14.67	\$18.85	\$15.39
Second Quarter	\$17.32	\$14.03	\$19.19	\$13.57
Third Quarter	\$17.05	\$11.75	\$15.66	\$13.25
Fourth Quarter	\$18.23	\$11.82	\$16.00	\$14.07

The reported last sale price per share of the Common Stock as quoted through the NASDAQ Global Select Market on March 2, 2012 was \$15.33 per share. The number of shareholders of record on March 2, 2012, was 4. However, we estimate that we have a significantly greater number of shareholders because a substantial number of our common shares are held at The Depository Trust & Clearing Corporation on behalf of our shareholders.

Dividends

Historically, we have not paid regular dividends and no dividends or distributions on our common stock were paid during 2007, 2008 or 2010. However, on February 25, 2009, the Board of Directors declared a special one-time cash dividend of \$1.00 per common share. Again on September 6, 2011, the Board of Directors declared another special one-time cash dividend of \$1.00 per common share payable to stockholders of record on September 26, 2011. As a result of the September 2011 special dividend, a total of approximately \$15.6 million was paid on our 15.6 million common shares outstanding. We currently intend to retain any future earnings to finance the growth, development and expansion of our business and do not anticipate paying cash dividends in the future. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements, any legal or contractual restrictions on the payment of dividends and other factors the Board of Directors deems relevant.

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

Equity Compensation Plan Information

We maintain one stock incentive plan, the 2004 Stock Incentive Plan. In December 2004, our Board of Directors approved, effective upon completion of our initial public offering, the issuance of 260,000 stock options to employees under such plan. These options were issued on February 11, 2005. Through December 31, 2011, 4,983 of these options were exercised and 67,517 were forfeited. For more information on the 2004 Stock Incentive Plan, see Note 14 to the Consolidated Financial Statements, included in Item 8 of this report. The following table presents information related to securities authorized for issuance under this plan at December 31, 2011:

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance</u>
Equity compensation plans approved by security holders	0	\$ 0	0
Equity compensation plans not approved by security holders	<u>187,500</u>	<u>\$22.50</u>	<u>240,000</u>
Total	<u><u>187,500</u></u>	<u><u>\$22.50</u></u>	<u><u>240,000</u></u>

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

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

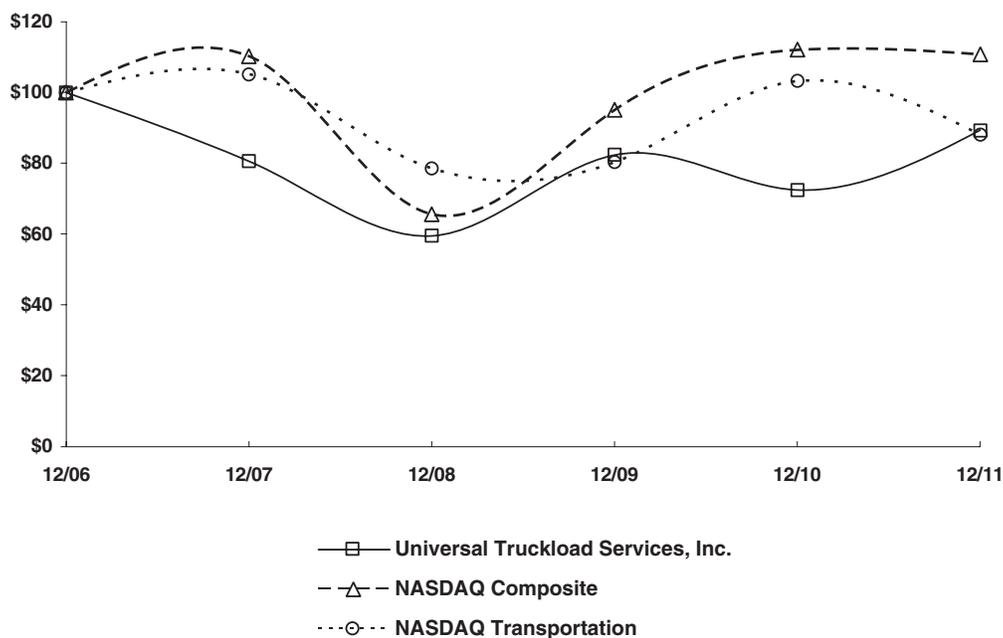
There were no purchases of our equity securities by or on behalf of us or any affiliated purchaser within the fourth quarter of 2011.

Performance Graph

The following graph compares shareholder's cumulative 5-year total return on Universal Truckload Services, Inc.'s common stock with the cumulative total returns of the NASDAQ Composite index and the NASDAQ Transportation index. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each of the indexes on 12/31/2006 and its relative performance is tracked through 12/31/2011.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

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



*\$100 invested on 12/31/06 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

	<u>12/06</u>	<u>12/07</u>	<u>12/08</u>	<u>12/09</u>	<u>12/10</u>	<u>12/11</u>
Universal Truckload Services, Inc.	100.00	80.67	59.62	82.48	72.54	89.35
NASDAQ Composite	100.00	110.26	65.65	95.19	112.10	110.81
NASDAQ Transportation	100.00	105.13	78.60	80.38	103.33	88.11

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

ITEM 6: SELECTED FINANCIAL DATA

The following table sets forth the selected historical financial and operating data as of and for the periods presented. The selected historical balance sheet data at December 31, 2011, 2010, 2009, 2008 and 2007 and the selected historical statement of income data for the years ended December 31, 2011, 2010, 2009, 2008 and 2007 have been derived from our audited consolidated financial statements. The selected historical financial and operating data presented below should be read in conjunction with the information included under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes included elsewhere in this Form 10-K. The following financial and operating data may not be indicative of our future performance.

	Year ended December 31,				
	2011	2010	2009	2008	2007
	(in thousands, except per share information, operating data and percentages)				
Statements of Income Data:					
Operating revenues	\$699,771	\$605,943	\$503,230	\$759,517	\$680,359
Operating expenses:					
Purchased transportation	538,313	461,041	378,008	592,982	520,064
Commissions expense	41,930	38,805	33,953	47,333	45,081
Other operating expense	14,178	13,276	10,316	9,510	9,429
Selling, general and administrative	52,367	49,253	44,232	52,036	48,418
Insurance and claims	16,956	17,205	17,348	21,388	21,178
Depreciation and amortization	11,636	10,996	10,354	9,638	8,163
Total operating expenses	<u>675,380</u>	<u>590,576</u>	<u>494,211</u>	<u>732,887</u>	<u>652,333</u>
Income from operations	24,391	15,367	9,019	26,630	28,026
Interest and other non-operating income (expense), net	1,836	6,089	(999)	(2,375)	944
Income before provision for income taxes	26,227	21,456	8,020	24,255	28,970
Provision for income taxes	10,414	8,712	3,120	9,369	11,134
Net income	<u>\$ 15,813</u>	<u>\$ 12,744</u>	<u>\$ 4,900</u>	<u>\$ 14,886</u>	<u>\$ 17,836</u>
Earnings per common share:					
Basic	\$ 1.01	\$ 0.80	\$ 0.31	\$ 0.93	\$ 1.11
Diluted	\$ 1.01	\$ 0.80	\$ 0.31	\$ 0.93	\$ 1.11
Weighted average number of common shares outstanding:					
Basic	15,594	15,917	15,982	16,073	16,115
Diluted	15,594	15,917	15,982	16,077	16,122
Cash dividends per common share	\$ 1.00	\$ —	\$ 1.00	\$ —	\$ —
Balance Sheet Data (end of year):					
Cash and cash equivalents	\$ 878	\$ 6,261	\$ 953	\$ 28,767	\$ 5,416
Total assets	228,944	212,048	201,611	211,547	207,188
Lines of credit and long-term debt, including current portion	—	90	730	820	910
Total shareholders’ equity	162,136	164,211	154,425	164,477	151,442
Other Financial Data (unaudited):					
Pretax margin	3.7%	3.6%	1.6%	3.2%	4.3%
EBITDA (1)	\$ 37,805	\$ 32,332	\$ 18,640	\$ 33,881	\$ 36,811
Capital expenditures (2)	\$ 21,044	\$ 10,256	\$ 22,262	\$ 10,108	\$ 14,774
Return on average assets (3)	7.2%	6.2%	2.4%	7.1%	9.0%
Operating Data (unaudited):					
Number of agents (4)	384	401	397	409	425
Average number of tractors provided by owner-operators	3,118	3,111	3,387	3,618	3,776
Number of employees	675	714	630	649	642
Operating revenues per loaded mile (5)	\$ 2.77	\$ 2.42	\$ 2.19	\$ 2.74	\$ 2.34
Operating revenues per load (5)	\$ 1,166	\$ 1,079	\$ 1,007	\$ 1,175	\$ 1,031
Average length of haul (in miles) (5)	421	445	460	429	439
Number of loads (5)	496,572	466,250	414,822	531,716	529,497

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

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

	Year ended December 31,				
	2011	2010	2009	2008	2007
	(in thousands)				
Net income	\$15,813	\$12,744	\$ 4,900	\$14,886	\$17,836
Add (subtract):					
Interest (income) expense, net	(58)	(120)	266	(12)	(322)
Provision for income taxes	10,414	8,712	3,120	9,369	11,134
Depreciation and amortization	11,636	10,996	10,354	9,638	8,163
EBITDA	<u>\$37,805</u>	<u>\$32,332</u>	<u>\$18,640</u>	<u>\$33,881</u>	<u>\$36,811</u>

- (2) Excludes property and equipment acquired in connection with the acquisition of businesses in each period as follows: \$0 in 2011, \$117 thousand in 2010, \$675 thousand in 2009, and \$1.2 million in 2008.
- (3) Net income divided by total average assets during the period. Average assets are the sum of our total assets at the end of the fiscal year and our total assets at the end of the prior fiscal year divided by two.
- (4) Includes only those agents who generated at least \$100,000 in operating revenues during the period indicated.
- (5) Includes fuel surcharges and excludes operating data from our intermodal support services and the operating results of Universal Logistics Solutions, Inc. and Universal Logistics Solutions International, Inc. in order to improve the relevance of the statistical data related to our truckload and brokerage services and improve the comparability to our peer companies.

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

Overview

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

Our owner-operators provided us with approximately 3,100 tractors and approximately 3,000 trailers, which represented substantially all of the tractors and over 50% of the trailers used in our business. Our use of agents and owner-operators reduces our need to provide terminals and tractor and trailer fleets. The primary physical assets we provide to our agents and owner-operators include a portion of our trailer fleet, our headquarters facility, our management information systems and our intermodal depot facilities. Our business model provides us with a highly variable cost structure, allows us to grow organically using relatively small amounts of cash, gives us a higher return on assets compared to many of our asset-based competitors and preserves an entrepreneurial spirit among our agents and owner-operators that we believe leads to improved operating performance. In 2011, approximately 85.9% of our total operating expenses were variable in nature. Our capital expenditures for 2011 were \$21.0 million and our return on average assets was 7.2%.

Over the past ten years, our operating revenues have increased to \$699.8 million in 2011, reaching a maximum level of \$759.5 million in 2008, from \$213.3 million in 2001, a compounded annual growth rate of 12.6%. We have achieved this growth through a mixture of organic growth and acquisitions. We expect to continue to make strategic acquisitions of companies that complement our asset light business model, as well as companies that derive a portion of their revenues from asset based operations. We believe that our willingness to expand our business to include a portion of asset based operations will expand the universe of potential acquisition targets, as most companies that we consider acquiring use a combination of asset based and non-asset based operations. We also intend to continue our organic growth, primarily by recruiting new agents and increasing the productivity of our existing agents. We believe that increasing our agent network is critical to our ability to penetrate new shipping markets and also to expand our network of owner-operators.

In July 2009, we acquired certain assets of the David Ohlrich Agency, or Ohlrich, for \$285,000 through a Limited Asset Purchase Agreement. Ohlrich is a regional provider of flatbed services throughout the Southwestern United States. Ohlrich operates as part of Louisiana Transportation, Inc.

In August 2009, we acquired certain assets utilized in the operations of Pacer Transport, Inc., or Pacer Transport, and two of its subsidiaries, S&H Transport, Inc. and S&H Leasing, Inc., based in Desoto, Texas through a Limited Asset Purchase Agreement for approximately \$2.0 million. Pacer Transport was a wholly-owned subsidiary of Pacer International, Inc. Pacer Transport is a provider of flatbed, van, and specialized heavy-haul equipment services throughout the United States. Pacer Transport operates as part of Universal Am-Can, Ltd.

In December 2009, we acquired D. Kratt International, Inc., or D. Kratt, through a Stock Purchase Agreement for approximately \$2.0 million. Included in the purchase price was approximately \$0.5 million of additional consideration estimated to be paid the former owner of D. Kratt based on a percentage of revenues generated through December 2012. D. Kratt is a full service international freight forwarding and customs house brokerage firm based in Chicago, IL. D. Kratt also provides extensive domestic and international logistics and warehousing functions, as well as comprehensive documentary and cargo insurance services. D. Kratt operates as Universal Logistics Solutions International, Inc.

In January 2010, we acquired Cavalry Transportation, LLC and Cavalry Logistics, LLC, or Cavalry, based in Nashville, Tennessee, through a Membership Interest Purchase Agreement for approximately \$2.7 million.

Cavalry offers fully integrated transportation resources designed to maximize value for its customers through logistic solutions in intermodal, truckload, and less-than-truckload transportation options. Cavalry operates as a wholly-owned subsidiary of Universal Truckload Services, Inc.

In January 2010, we acquired certain assets of TSD Transportation L.P., or TSD, based in Texarkana, Texas, through a Limited Asset Purchase Agreement for approximately \$0.7 million. Included in the purchase price was approximately \$0.4 million of additional consideration estimated to be paid to the former owners of TSD based on a percentage of revenues generated through December 31, 2011. TSD operates as part of Louisiana Transportation, Inc.

In March 2011, we acquired certain assets of Hart Transportation, Inc., or Hart, based in Jacksonville, Florida through a Limited Asset Purchase Agreement for approximately \$1.4 million. Hart is primarily a regional provider of van and flatbed services throughout the Southeastern United States. Included in the purchase price is approximately \$0.4 million of additional consideration estimated to be paid to the former owner of Hart based on a percentage of revenues generated through March 31, 2014. Hart operates as part of Universal Am-Can, Ltd.

Revenues and Expenses

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

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

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

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

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

Insurance and claims. Insurance and claims expense represents our insurance premiums and the accruals we make for claims within our self-insured retention amounts. Our insurance premiums are generally calculated based on a percentage of line-haul revenue. Our accruals have primarily related to cargo and property damage

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

Depreciation and amortization. Depreciation and amortization expense relates primarily to the depreciation of trailers, management information services equipment, buildings and equipment as well as the amortization of the intangible assets recorded for our acquired 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.

Results of Operations

The following table sets forth items derived from our consolidated statements of income for the years ended December 31, 2011, 2010 and 2009, presented as a percentage of operating revenues:

	<u>Year Ended December 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues	100%	100%	100%
Operating expenses:			
Purchased transportation	76.9	76.1	75.1
Commissions expense	6.0	6.4	6.7
Other operating expenses	2.0	2.2	2.0
Selling, general and administrative	7.5	8.1	8.8
Insurance and claims	2.4	2.8	3.4
Depreciation and amortization	1.7	1.8	2.1
Total operating expenses	<u>96.5</u>	<u>97.5</u>	<u>98.2</u>
Income from operations	3.5	2.5	1.8
Interest and other non-operating income (expense), net	<u>0.3</u>	<u>1.0</u>	<u>(0.2)</u>
Income before provision for income taxes	3.7	3.5	1.6
Provision for income taxes	<u>1.5</u>	<u>1.4</u>	<u>0.6</u>
Net income	<u>2.3%</u>	<u>2.1%</u>	<u>1.0%</u>

2011 Compared to 2010

Operating revenues. Operating revenues increased by \$93.7 million, or 15.5%, to \$699.8 million for 2011 from \$605.9 for 2010. The increase in operating revenues is primarily attributable to an increase in the number of loads in our truckload, brokerage and intermodal operations, an increase in fuel surcharges, and increases in our operating revenues per loaded mile. The number of loads from our combined truckload, brokerage and intermodal operations was 798,000 for 2011 compared to 740,000 for 2010. Included in operating revenues are fuel surcharges of \$88.6 million for 2011 compared to \$54.2 million for 2010. For 2011, our operating revenue per loaded mile, excluding fuel surcharges, from our combined truckload and brokerage operations increased to \$2.43 from \$2.21 for 2010. Included in operating revenue is approximately \$10.1 million of revenues attributable to our acquisition made in the first quarter 2011, which consists of \$8.9 million in truckload operations and \$1.2 million in brokerage operations. Excluding the effect of this acquisition, revenue from our truckload operations

increased by \$44.1 million, or 11.9%, to \$414.2 million for 2011 from \$370.1 million for 2010. Excluding the effect of this acquisition, revenue from our brokerage operations increased by \$24.7 million, or 16.7%, to \$172.7 million for 2011 compared to \$148.0 million for 2010. Intermodal revenue increased by \$14.9 million, or 16.9%, to \$102.8 million for 2011 from \$87.9 million for 2010.

Purchased transportation. Purchased transportation expense for 2011 increased by \$77.3 million, or 16.8%, to \$538.3 million from \$461.0 million for 2010. As a percentage of operating revenues, purchased transportation expense increased to 76.9% for 2011 from 76.1% for 2010. The absolute increase was primarily due to the increase in our operating revenues. Purchased transportation expense generally increases or decreases in proportion to the revenues generated through owner-operators and other third party providers. The increase in purchased transportation as a percent of operating revenues is primarily due to an increase in fuel surcharges, which are passed through to owner-operators.

Commissions expense. Commissions expense for 2011 increased by \$3.1 million, or 8.1%, to \$41.9 million from \$38.8 million for 2010. As a percentage of operating revenues, commissions expense decreased to 6.0% for 2011 compared to 6.4% for 2010. The absolute increase was primarily due to the increase in our operating revenues. Commissions expense generally increases or decreases in proportion to the revenues. As a percentage of revenues, the decrease in commissions expense is due to an increase in fuel surcharges, which are passed through to our owner-operators, and as such, no commissions are paid, and an increase in revenues generated by our company managed locations.

Other operating expense. Other operating expense increased by \$0.9 million, or 6.8%, to \$14.2 million for 2011 from \$13.3 million for 2010. As a percentage of operating revenues, other operating expense decreased to 2.0% for 2011 from 2.2% for 2010. The absolute increase was primarily due to increases in repairs and maintenance cost of \$0.9 million and permit costs of \$0.3 million. These increases were partially offset by decreases in IRP plate expenses of \$0.1 million, highway use and fuel taxes of \$0.1 million, and property and other operating taxes of \$0.1 million.

Selling, general and administrative. Selling, general and administrative expense for 2011 increased by \$3.1 million, or 6.3%, to \$52.4 million from \$49.3 million for 2010. As a percentage of operating revenues, selling, general and administrative expense decreased to 7.5% for 2011 compared to 8.1% for 2010. The absolute increase was primarily the result of increases in salaries and wage expense of \$3.0 million, other selling, general, and administrative costs of \$1.0 million, and communications expense of \$0.2 million. These increases were partially offset by decreases in our provision for bad debts and uncollectible agent loans of \$0.2 million, building rents of \$0.5 million, and travel and entertainment costs of \$0.1 million, as well as a decrease in the losses on sales of equipment of \$0.3 million.

Insurance and claims. Insurance and claims expense for 2011 decreased by \$0.2 million, or 1.4%, to \$17.0 million from \$17.2 million for 2010. As a percentage of operating revenues, insurance and claims decreased to 2.4% for 2011 from 2.8% for 2010. The absolute decrease is the result of decreases in our auto liability insurance premiums and claims expense of \$0.4 million and other contractor insurance and safety costs of \$0.1 million. These decreases were partially offset by an increase in our cargo claims expense of \$0.3 million.

Depreciation and amortization. Depreciation and amortization for 2011 increased by \$0.6 million, or 5.8%, to \$11.6 million from \$11.0 million for 2010. As a percent of operating revenues, depreciation and amortization decreased to 1.7% for 2011 from 1.8% for 2010. The absolute increase is primarily the result of additional depreciation on our capital expenditures made throughout 2010 and 2011.

Interest expense, net. Net interest income remained consistent at \$0.1 million for both 2011 and 2010.

Other non-operating income (expense), net. Other non-operating income for 2011 was \$1.8 million compared to \$6.0 million for 2010. Included in other non-operating income in 2011 were \$1.1 million in pre-tax gains on the sales of marketable equity securities compared to \$5.4 million in 2010.

Provision for income taxes. Provision for income taxes for 2011 was \$10.4 million compared to \$8.7 million for 2010. The increase was primarily attributable to an increase in our taxable income, which was partially offset by a decrease in our effective income tax rate. The effective income tax rates for 2011 and 2010 were 39.7% and 40.6%, respectively, based upon our income before provision for income taxes. Included in our 2010 tax rate were prior period adjustments to our state income taxes thereby increasing our effective tax rate.

2010 Compared to 2009

Operating revenues. Operating revenues increased by \$102.7 million, or 20.4%, to \$605.9 million for 2010 from \$503.2 for 2009. The increase in operating revenues is primarily attributable to an increase in the number of loads in our truckload and intermodal operations, an increase in our brokerage operations attributable to our acquisitions made since the third quarter of 2009, an increase in our operating revenue per loaded mile, and an increase in fuel surcharges. The increase in the number of loads in our truckload operations is primarily attributable to our acquisitions made since the third quarter of 2009, and the increase in the number of loads in our intermodal operations is attributable to organic growth. The number of loads from our combined truckload and intermodal operations was 639,000 for 2010 compared to 569,000 for 2009. Included in operating revenues are fuel surcharges of \$54.2 million for 2010 compared to \$35.9 million for 2009. For 2010, our operating revenue per loaded mile, excluding fuel surcharges, from our combined truckload and brokerage operations increased to \$2.21 from \$2.04 for 2009. Included in operating revenue is approximately \$62.4 million of revenue attributable to acquisitions made since the third quarter of 2009, which consists of \$31.6 million in truckload operations and \$30.8 million in brokerage operations. Excluding the effects of acquisitions made since the third quarter of 2009, revenue from our truckload operations increased by \$24.9 million, or 7.9%, to \$338.5 million for 2010 from \$313.6 million for 2009. Excluding the effects of acquisitions made since the third quarter of 2009, revenue from our brokerage operations increased by \$4.2 million, or 3.7%, to \$117.1 million for 2010 compared to \$112.9 million for 2009. Revenue from our intermodal support services increased by \$11.2 million, or 14.5%, to \$87.9 million for 2010 from \$76.7 million for 2009.

Purchased transportation. Purchased transportation expense for 2010 increased by \$83.0 million, or 22.0%, to \$461.0 million from \$378.0 million for 2009. As a percentage of operating revenues, purchased transportation expense increased to 76.1% for 2010 from 75.1% for 2009. The absolute increase was primarily due to the increase in our operating revenues. Purchased transportation expense generally increases or decreases in proportion to the revenues generated through owner-operators and other third party providers. The increase in purchased transportation as a percent of operating revenues is primarily due to an increase in fuel surcharges, which are passed through to owner-operators, and a higher cost of transportation in our brokerage business.

Commissions expense. Commissions expense for 2010 increased by \$4.9 million, or 14.3%, to \$38.8 million from \$33.9 million for 2009. As a percentage of operating revenues, commissions expense decreased to 6.4% for 2010 compared to 6.7% for 2009. The absolute increase was primarily due to the increase in our operating revenues. Commissions expense generally increases or decreases in proportion to the revenues. As a percentage of revenues, the decrease in commissions expense is due to an increase in fuel surcharges, which are passed on through to our owner-operators, and as such, no commission is paid, and an increase in revenues generated by our company managed locations.

Other operating expense. Other operating expense increased by \$3.0 million, or 28.7%, to \$13.3 million for 2010 from \$10.3 million for 2009. As a percentage of operating revenues, other operating expense increased to 2.2% for 2010 from 2.0% for 2009. The absolute increase was primarily due to an increase in repairs and maintenance cost of \$2.6 million primarily on company owned equipment, an increase property tax and other operating expenses of \$0.7 million, and an increase licensing and permit costs of \$0.4 million, associated with an increase in operating revenues. These increases were partially offset by decreases in highway use and fuel tax, and IRP plate expenses of \$0.7 million.

Selling, general and administrative. Selling, general and administrative expense for 2010 increased by \$5.0 million, or 11.4%, to \$49.2 million from \$44.2 million for 2009. As a percentage of operating revenues, selling,

general and administrative expense decreased to 8.1% for 2010 compared to 8.8% for 2009. The absolute increase was primarily the result of increases in salaries and wage expense of \$4.4 million, travel and entertainment costs of \$0.6 million, legal and professional fees of \$0.4 million, our provision for uncollectible agent loans of \$0.3 million, and other selling, general, and administrative costs of \$0.6 million. These increases are primarily due to the additional costs incurred in connection with the acquisitions made since the third quarter of 2009. These increases were partially offset by decreases in our bad debt expense of \$0.9 million and facility related costs of \$0.4 million.

Insurance and claims. Insurance and claims expense for 2010 decreased by \$0.1 million, or 0.8%, to \$17.2 million from \$17.3 million for 2009. As a percentage of operating revenues, insurance and claims decreased to 2.8% for 2010 from 3.4% for 2009. The absolute decrease is the result of decreases in our cargo claims expense of \$1.5 million and other contractor insurance and safety costs of \$0.1 million. These decreases were partially offset by a \$1.5 million increase in our auto liability insurance premiums and claims expense.

Depreciation and amortization. Depreciation and amortization for 2010 increased by \$0.6 million, or 6.2%, to \$11.0 million from \$10.4 million for 2009. As a percent of operating revenues, depreciation and amortization decreased to 1.8% for 2010 from 2.1% for 2009. The absolute increase is primarily the result of additional depreciation on our capital expenditures made throughout 2010, and the additional amortization with respect to intangible assets resulting from the acquisitions made since the third quarter of 2009.

Interest expense, net. Net interest income for 2010 was \$0.1 million compared to net interest expense of \$0.3 million for 2009. The increase is primarily the result of 2009 including an assessment of interest expense in connection with the settlement of a fuel tax audit.

Other non-operating income (expense). Other non-operating income for 2010 was \$6.0 million compared to other non-operating expense of \$0.7 million for 2009. Included in other non-operating income in 2010 were \$5.4 million in pre-tax gains on the sale of marketable equity securities compared to \$1.3 million of pre-tax charges for other-than-temporary impairments of marketable equity securities classified as available-for-sale in other non-operating expense in 2009.

Provision for income taxes. Provision for income taxes for 2010 was \$8.7 million compared to \$3.1 million for 2009. The increase was primarily attributable to the increase in our taxable income and an increase in our effective income tax rate. The effective income tax rates for 2010 and 2009 were 40.6% and 38.9%, respectively, based upon our income before provision for income taxes. The increase in our effective tax rate is due to prior period adjustments to our state income taxes.

Liquidity and Capital Resources

Our primary sources of liquidity are funds generated by operations, our ability to borrow on margin against our marketable securities held at UBS, proceeds from the sales of marketable securities, and our revolving unsecured line of credit with KeyBank.

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

The Company continues to expand its domestic intermodal operations through the acquisition of 53' containers. During 2011, the Company added 400 53' containers to its fleet to provide for expansion in this business line. We expect to have limited capital expenditure requirements relating to the maintenance of this equipment; however, we will continue to acquire additional containers to meet our business needs.

In 2011, we have made capital expenditures totaling \$21.0 million. These expenditures primarily consisted of tractors, trailers, containers and computer, office, and miscellaneous equipment.

In 2012, exclusive of acquisitions, we expect to incur capital expenditures of \$1.0 million to \$1.6 million relating to real property acquisitions and improvements to our existing facilities and terminal yards. We also expect to incur capital expenditures of \$16.7 million to \$17.7 million for tractors, trailers, containers, chassis, and other equipment.

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

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

We currently intend to retain our future earnings to finance our growth and do not anticipate paying cash dividends in the foreseeable future.

Unsecured Line of Credit

On October 24, 2011, the Company and KeyBank National Association, or KeyBank, entered into a Change in Terms Agreement to the Amended and Restated Loan Agreement and Promissory Note dated October 25, 2010, collectively referred to as the Agreement, whereby the maturity date of the existing Amended and Restated Loan Agreement and Promissory Note was extended to October 23, 2012. Under the Agreement, the Company's maximum permitted borrowings and letters of credit in the aggregate may not exceed \$20 million. The line of credit is unsecured, and bears interest at a rate equal to the lesser of the Prime Rate minus 0.50% or LIBOR plus 1.00% (effective rate of 1.28% at December 31, 2011). The Agreement contains various financial and restrictive covenants to be maintained by the Company including requirements to maintain a tangible net worth of at least \$85 million, a debt to tangible net worth ratio not to exceed 1 to 1, and quarterly net profits of at least one dollar. For purposes of this Agreement, tangible net worth is defined as total assets, excluding all intangible assets, less total debt. The Agreement also may, in certain circumstances, limit our ability to pay dividends or distributions utilizing our line of credit. The Agreement also contains customary representations and warranties, affirmative and negative covenants and events of default. At December 31, 2011, the Company was in compliance with its debt covenants. The Company did not have any amounts outstanding under its line of credit as of December 31, 2011, and there were \$140,000 letters of credit issued against the line.

Secured Line of Credit

The Company maintains a secured borrowing facility at UBS Financial Services, Inc., or UBS, using its marketable securities as collateral for the short-term line of credit. The line of credit bears an interest rate equal to LIBOR plus 0.84% (effective rate of 1.12% at December 31, 2011), and interest is adjusted and billed monthly. No principal payments are due on the borrowing; however, the line of credit is callable at any time. The amount available under the line of credit is based on a percentage of the market value of the underlying securities. If the equity value in the account falls below the minimum requirement, the Company must restore the equity value, or UBS may call the line of credit. As of December 31, 2011 the outstanding balance under the line of credit was \$0, and the maximum available borrowings against the line of credit were \$8.4 million.

Discussion of Cash Flows

At December 31, 2011, we had cash and cash equivalents of \$0.9 million compared to \$6.3 million at December 31, 2010. The decrease in cash and cash equivalents of \$5.4 million in 2011 resulted from \$22.1 million in cash used in investing activities and \$17.4 million of in cash used in financing activities. This was partially offset by \$34.1 million in cash provided by operating activities.

The \$22.1 million in net cash used in investing activities in 2011 consisted of \$21.0 million of capital expenditures, \$3.4 million in purchases of marketable securities, and \$1.1 million for the acquisition of businesses, offset by \$2.4 million in proceeds from the sales of marketable securities and \$1.0 million in proceeds from the sale of property and equipment.

The \$17.4 million in cash used in financing activities in 2011 consisted of a \$15.6 million special cash dividend, \$1.7 million in the purchases of treasury stock and \$0.1 million for the payments of earnout obligations.

The \$34.1 million in net cash provided by operations was primarily attributed to \$15.8 million of net income adjusted for \$11.6 million of non-cash charges for depreciation and amortization, a \$1.1 million gain on the sales of marketable securities, \$4.7 million in changes in deferred income taxes, \$1.6 million of non-cash charges for provisions for doubtful accounts, and a decrease in the working capital position of the Company of \$1.7 million. The decrease in the working capital position is primarily the result of increases in accounts payable and other current liabilities primarily resulting from higher contractor payables due to increased revenues and book overdrafts, and an increase in other long-term liabilities. These increases are partially offset by an increase in accounts receivable due to increased revenue, and an increase in prepaid expenses and other assets due to a higher prepaid income tax position.

Contractual Obligations

The following summarizes our contractual obligations at December 31, 2011, and the effect such obligations are expected to have on our liquidity and cash flow in future periods (in thousands):

<u>Contractual Obligations</u>	<u>Total</u>	<u>Payments due by period</u>			
		<u>Less Than 1 Year</u>	<u>1 – 3 Years</u>	<u>3 – 5 Years</u>	<u>More Than 5 Years</u>
Operating lease obligations	\$1,539	\$1,030	\$509	\$—	\$—
Total	<u>\$1,539</u>	<u>\$1,030</u>	<u>\$509</u>	<u>\$—</u>	<u>\$—</u>

As of December 31, 2011, the total amount of gross unrecognized tax benefits was \$687 thousand. This amount is not included in the above table as the Company cannot reasonably estimate the timing of cash settlements, if any, with taxing authorities.

Off-Balance Sheet Arrangements

None.

Legal Matters

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

Critical Accounting Policies

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

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

Allowance for Uncollectible Receivables

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

Insurance and Claim Costs

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

As of December 31, 2011, we did not have any reserves for workers' compensation or general liability claims. We do establish reserves for anticipated losses and expenses related to cargo and equipment damage claims and auto liability claims. The reserves consist of specific reserves for all known claims and an estimate for claims incurred but not reported, and losses arising from known claims ultimately settling in excess of insurance coverage using loss development factors based upon industry data and past experience. In determining the reserves, we specifically review all known claims and record a liability based upon our best estimate of the amount to be paid. In making our estimate, we consider the amount and validity of the claim, as well as our past experience with similar claims. In establishing the reserve for claims incurred but not reported, we consider our past claims history, including the length of time it takes for claims to be reported to us. Based on our past experience, the time between when a claim occurs and when it is reported to us is short. As a result, we believe that the number of incurred but not reported claims at any given point in time is small. These reserves are periodically reviewed and adjusted to reflect our experience and updated information relating to specific claims. If we experience claims that are not covered by our insurance or that exceed our estimated claim reserve, it could increase the volatility of our earnings and have a materially adverse effect on our financial condition, results of operations or cash flows.

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

We are required to test goodwill for impairment annually or more frequently, whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit with goodwill below its carrying amount. We annually test goodwill impairment as of the last day of our 2nd fiscal quarter. Goodwill represents the excess purchase price over the fair value of assets acquired in connection with our acquisitions. We continually assess whether any indicators of impairment exist, which requires a significant amount of judgment. Such indicators may include a sustained significant decline in our share price and market capitalization; a decline in our expected future cash flows; a significant adverse change in legal factors or in the business climate; unanticipated competition; overall weaknesses in our industry; and slower growth rates. Adverse changes in these factors could have a significant impact on the recoverability of goodwill and could have a material impact on our consolidated financial statements. The Company has the option to first assess qualitative factors to determine whether or not it is necessary to perform a two-step quantitative goodwill impairment test. If the Company chooses that option, it would not be required to perform Step 1 of the test unless we determine that, based on a qualitative assessment, it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the Company determines that it is more likely than not, or if the Company chooses not to perform a qualitative assessment, then it may then proceed with Step 1 of the two-step impairment test. Under the first step, we compare the fair value of each of the Company's reporting units with goodwill to their related carrying values. If the fair value of a reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and we must perform step two of the impairment test. Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. Determining the fair value of a reporting unit requires the use of significant estimates and assumptions. The Company estimates the fair value of its reporting units utilizing the income approach through the application of a discounted cash flow analysis. Key assumptions used to determine the fair value of each reporting unit are: (a) future expected cash flows; (b) estimated residual growth rates; and (c) discount rates, which were based on the Company's best estimates of the after-tax weighted-average cost of capital. Additionally, the Company considers its market capitalization in comparison to the fair value of its reporting units. During the third quarter of 2011, we completed our goodwill impairment testing and determined that the fair value of each reporting unit with goodwill exceeded the carrying value of its net assets. Accordingly, no impairment loss was recognized.

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

Other-than-temporary Impairments

Periodically, we review all available-for-sale securities for other-than-temporary impairment. An impairment that is an other-than-temporary impairment is a decline in the fair value of a security below its cost basis attributable to factors that indicate the cost basis in the security may not be recoverable in the near term. The determination of an other-than-temporary impairment is a subjective process, and requires judgment and assumptions that could affect the timing of loss realization. We consider several factors including the severity and duration of the decline, the financial condition and near-term prospects of the specific issuers and the industries in which they operate, and our intent and ability to hold these securities for a sufficient period of time to allow for a recovery. If, in our judgment, the impairment is determined to be other-than-temporary, the cost basis of the security is written down to the then-current market value, and the unrealized loss is transferred from accumulated other

comprehensive loss as an immediate reduction of current earnings. Gross unrealized holding losses of \$0.7 million as of December 31, 2011 have not been recognized in earnings as these impairments in value were judged to be temporary. We may incur future impairment charges if declines in market values continue or worsen and impairments are no longer considered temporary.

Recently Issued Accounting Pronouncements Not Currently Effective

See Item 8: Note 1(u) to the Consolidated Financial Statements for discussion of new accounting pronouncements.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our market risk is affected by changes in interest rates. Our unsecured line of credit with Key Bank bears interest at a floating rate equal to the lesser of the Prime Rate minus 0.50% or LIBOR plus 1.00% and our secured line of credit with UBS bears interest at a floating rate equal to LIBOR plus 0.84%. Accordingly, changes in the Prime Rate or LIBOR would affect the interest rate on and therefore our cost under the line of credit. We currently do not have outstanding balances under our unsecured line of credit with KeyBank or our secured line of credit with UBS.

Included in cash and cash equivalents is \$79 thousand in short-term investment grade instruments. The interest rates on these instruments are adjusted to market rates at least monthly. In addition, we have the ability to put these instruments back to the issuer at any time. Accordingly, any future interest rate risk on these short-term investments would not be material.

Commodity Price Risk

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

Short Term Investments

The Company from time to time invests cash in excess of its current needs in marketable securities, much of which is held in equity securities, which are actively traded on public exchanges. It is the philosophy of the Company to minimize the risk of capital loss without foregoing the potential for capital appreciation through investing in value-and-income oriented investments. However, holding equity securities subjects the Company to fluctuations in the market value of its investment portfolio based on current market prices. A drop in market prices or other unstable market conditions could cause a loss in the value of the Company's marketable securities classified as available-for-sale.

Marketable securities are carried at fair value and are marked to market at the end of each quarter, with the unrealized gains and losses, net of tax, included as a component of accumulated other comprehensive income, unless the declines in value are judged to be other-than-temporary, in which case an impairment charge would be

included in the determination of net income. Gross unrealized holding losses of \$0.7 million as of December 31, 2011 have not been recognized in earnings as these impairments in value were judged to be temporary. We may incur future impairment charges if declines in market values continue or worsen and impairments are no longer considered temporary. See Item 8, Note 1(e) to the Consolidated Financial Statements.

As of December 31, 2011, the fair value of equity securities was \$16.1 million compared to \$15.0 million at December 31, 2010. The increase during 2011 represents purchases of securities of \$3.4 million partially offset by sales of securities with \$2.3 million in proceeds and a related \$1.1 million in realized gains, and net unrealized holding losses of \$1.1 million. A 10% decrease in the market price of our marketable equity securities would cause a corresponding 10% decrease in the carrying amounts of these securities, or approximately \$1.6 million.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of Universal Truckload Services, Inc. and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Universal Truckload Services, Inc. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Universal Truckload Services, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 15, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Detroit, Michigan
March 15, 2012

UNIVERSAL TRUCKLOAD SERVICES, INC.

Consolidated Balance Sheets

December 31, 2011 and 2010
(In thousands, except share data)

	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 878	\$ 6,261
Marketable securities	16,059	15,041
Accounts receivable—net of allowance for doubtful accounts of \$3,535 and \$4,540, respectively	74,876	68,833
Due from CenTra and affiliates	340	80
Prepaid income taxes	6,279	1,821
Prepaid expenses and other	7,749	6,488
Deferred income taxes	3,159	2,973
Total current assets	109,340	101,497
Property and equipment	132,961	116,461
Less accumulated depreciation	(42,976)	(38,255)
Property and equipment—net	89,985	78,206
Goodwill	17,722	17,231
Intangible assets—net of accumulated amortization of \$19,206 and \$15,803, respectively	9,490	11,977
Other assets	2,407	3,137
Total assets	\$228,944	\$212,048
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 33,783	\$ 23,773
Accrued expenses and other current liabilities	21,867	18,521
Total current liabilities	55,650	42,294
Long-term liabilities:		
Deferred income taxes	9,853	5,425
Other long-term liabilities	1,305	118
Total long-term liabilities	11,158	5,543
Shareholders' equity:		
Common stock, no par value. Authorized 40,000,000 shares; 16,122,483 shares issued; 15,555,183 and 15,667,483 shares outstanding, respectively	16,122	16,122
Paid-in capital	79,914	79,914
Treasury stock, at cost; 567,300 and 455,000 shares, respectively	(8,325)	(6,625)
Retained earnings	72,817	72,559
Accumulated other comprehensive income—unrealized holding gain on available-for-sale securities, net of income taxes of \$(1,054) and \$(1,524), respectively	1,608	2,241
Total shareholders' equity	162,136	164,211
Total liabilities and shareholders' equity	\$228,944	\$212,048

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.

Consolidated Statements of Income

Years ended December 31, 2011, 2010 and 2009

(In thousands, except per share data)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues:			
Truckload, including related party amounts of \$901, \$130 and \$2, respectively	\$423,182	\$370,096	\$313,573
Brokerage	173,820	147,970	112,914
Intermodal	102,769	87,877	76,743
Total operating revenues	<u>699,771</u>	<u>605,943</u>	<u>503,230</u>
Operating expenses:			
Purchased transportation, including related party amounts of \$0, \$0 and \$2, respectively	538,313	461,041	378,008
Commissions expense	41,930	38,805	33,953
Other operating expense, including related party amounts of \$172, \$213 and \$52, respectively	14,178	13,276	10,316
Selling, general, and administrative, including related party amounts of \$4,987, \$5,266 and \$4,923, respectively	52,367	49,253	44,232
Insurance and claims, including related party amounts of \$14,460, \$13,884 and \$11,959, respectively	16,956	17,205	17,348
Depreciation and amortization	11,636	10,996	10,354
Total operating expenses	<u>675,380</u>	<u>590,576</u>	<u>494,211</u>
Income from operations	24,391	15,367	9,019
Interest income	80	136	90
Interest expense	(22)	(16)	(356)
Other non-operating income (expense), net	1,778	5,969	(733)
Income before provision for income taxes	26,227	21,456	8,020
Provision for income taxes	10,414	8,712	3,120
Net income	<u>\$ 15,813</u>	<u>\$ 12,744</u>	<u>\$ 4,900</u>
Earnings per common share:			
Basic	\$ 1.01	\$ 0.80	\$ 0.31
Diluted	\$ 1.01	\$ 0.80	\$ 0.31
Weighted average number of common shares outstanding:			
Basic	15,594	15,917	15,982
Diluted	15,594	15,917	15,982
Dividends paid per common share	<u>\$ 1.00</u>	<u>\$ —</u>	<u>\$ 1.00</u>
Other-than-temporary impairment losses:			
Total other-than-temporary impairment losses	\$ —	\$ —	\$ 1,258
Portion of loss recognized in other comprehensive income	—	—	—
Net impairment loss recognized in earnings	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,258</u>

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.

Consolidated Statements of Shareholders' Equity and Comprehensive Income

Years ended December 31, 2011, 2010 and 2009

(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, 2008	\$16,122	\$79,914	\$(1,703)	\$ 70,898	\$ (754)	\$164,477
Comprehensive income						
Net income	—	—	—	4,900	—	4,900
Unrealized gain on available for sale investments, net of income taxes of \$(874)	—	—	—	—	1,386	1,386
Total comprehensive income						6,286
Dividends paid (\$1.00 per share)	—	—	—	(15,983)	—	(15,983)
Purchases of treasury stock	—	—	(355)	—	—	(355)
Balances—December 31, 2009	\$16,122	\$79,914	\$(2,058)	\$ 59,815	\$ 632	\$154,425
Comprehensive income						
Net income	—	—	—	12,744	—	12,744
Unrealized gain on available of income taxes of \$(1,125)	—	—	—	—	1,609	1,609
Total comprehensive income						14,353
Purchases of treasury stock	—	—	(4,567)	—	—	(4,567)
Balances—December 31, 2010	\$16,122	\$79,914	\$(6,625)	\$ 72,559	\$2,241	\$164,211
Comprehensive income						
Net income	—	—	—	15,813	—	15,813
Unrealized loss on available for sale investments, net of income taxes of \$470	—	—	—	—	(633)	(633)
Total comprehensive income						15,180
Dividends paid (\$1.00 per share)	—	—	—	(15,555)	—	(15,555)
Purchases of treasury stock	—	—	(1,700)	—	—	(1,700)
Balances—December 31, 2011	<u>\$16,122</u>	<u>\$79,914</u>	<u>\$(8,325)</u>	<u>\$ 72,817</u>	<u>\$1,608</u>	<u>\$162,136</u>

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2011, 2010 and 2009

(In thousands)

	2011	2010	2009
Cash flows from operating activities:			
Net income	\$ 15,813	\$ 12,744	\$ 4,900
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	11,636	10,996	10,354
Other-than-temporary impairment of marketable securities	—	—	1,258
Gain on sale of marketable equity securities	(1,136)	(5,370)	—
(Gain) loss on disposal of property and equipment	(36)	300	266
Change in the fair value of acquisition related contingent consideration	(137)	(145)	—
Provision for doubtful accounts	1,589	1,248	2,136
Deferred income taxes	4,712	(740)	1,603
Change in assets and liabilities:			
Accounts receivable	(7,632)	(7,706)	7,023
Prepaid income taxes, prepaid expenses and other assets	(4,989)	1,375	(3,107)
Accounts payable, accrued expenses and other current liabilities	13,416	263	(1,127)
Due from CenTra and affiliates	(260)	(257)	142
Other long-term liabilities	1,187	(210)	(531)
Net cash provided by operating activities	34,163	12,498	22,917
Cash flows from investing activities:			
Capital expenditures	(21,044)	(10,256)	(22,262)
Proceeds from the sale of property and equipment	977	438	442
Purchases of marketable securities	(3,383)	(2,582)	(6,004)
Proceeds from sale of marketable securities	2,398	11,364	93
Payment of earnout obligations related to acquisitions	—	(232)	(505)
Advance for acquisition of business	—	—	(2,658)
Acquisitions of businesses	(1,050)	(441)	(3,499)
Net cash used in investing activities	(22,102)	(1,709)	(34,393)
Cash flows from financing activities:			
Dividends paid	(15,555)	—	(15,983)
Repayment of long-term debt	—	(550)	—
Payment of earnout obligations related to acquisitions	(189)	(364)	—
Purchases of treasury stock	(1,700)	(4,567)	(355)
Net cash used in financing activities	(17,444)	(5,481)	(16,338)
Net increase (decrease) in cash	(5,383)	5,308	(27,814)
Cash and cash equivalents—January 1	6,261	953	28,767
Cash and cash equivalents—December 31	\$ 878	\$ 6,261	\$ 953
Supplemental cash flow information:			
Cash paid for interest	\$ 22	\$ 20	\$ 356
Cash paid for income taxes	\$ 9,448	\$ 8,978	\$ 4,367
Acquisition of businesses:			
Fair value of assets acquired, including goodwill	\$ 1,406	\$ 5,825	\$ 5,058
Liabilities assumed	—	(2,453)	(803)
Advances made for acquisitions of businesses in 2009	—	(2,647)	—
Payment of acquisitions obligations	—	150	—
Acquisition obligations	(356)	(434)	(756)
Net cash paid for acquisition of businesses	\$ 1,050	\$ 441	\$ 3,499

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.

Consolidated Statements of Cash Flows—Continued

Years ended December 31, 2011, 2010 and 2009

(In thousands)

Non-cash financing transactions (Note 9):

During each of the years ended December 31, 2011, 2010 and 2009, the Company recorded the forgiveness of the loan from the County of Cuyahoga of \$90,000 as a reduction of the loan and as a reduction of the underlying land improvements.

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.**Notes to Consolidated Financial Statements****December 31, 2011, 2010 and 2009****(1) Summary of Significant Accounting Policies****(a) Business**

Universal Truckload Services, Inc., referred to herein as UTSI or the Company, through its subsidiaries, operates as an owner-operator and agency based truckload motor carrier in the United States and in the Canadian provinces of Ontario and Quebec. Our over-the-road trucking services include both flatbed and dry van operations and we provide rail-truck and steamship-truck intermodal support services. We also offer truck brokerage services, which allow us to supplement our capacity and provide our customers with transportation of freight by using third party capacity, as well as full service international freight forwarding and customs house brokerage services.

(b) Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Universal Am-Can Ltd., or UACL, The Mason & Dixon Lines, Inc., or MADL, Mason Dixon Intermodal, Inc., or MDII, Economy Transport, Inc., or ECON, Louisiana Transportation, Inc., or LTI, Great American Lines, Inc., or GAML, Universal Logistics Solutions, Inc., or ULSI, Universal Logistics Solutions International, Inc., or ULSII, and Cavalry Transportation, LLC, or Cavalry. In 2011, the Company completed one acquisition. The activities of the acquired company are included from the date of acquisition through December 31, 2011 (see Note 2). All significant intercompany accounts and transactions have been eliminated.

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

The Company's fiscal year consists of four quarters, each with thirteen weeks.

(c) Use of Estimates

The preparation of the consolidated financial statements requires management of the Company to make a number of estimates and assumptions related to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount 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.

UNIVERSAL TRUCKLOAD SERVICES, INC.
Notes to Consolidated Financial Statements—(Continued)
December 31, 2011, 2010 and 2009

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

(d) **Cash and Cash Equivalents**

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

It is the policy of the Company to record checks issued in excess of funds on deposit as accounts payable for balance sheet presentation, and include the changes in these positions as cash flows from operating activities in the statements of cash flows. At December 31, 2011, accounts payable included reclassification of checks issued in excess of funds on deposit in the amount of \$8.8 million. At December 31, 2010 funds on deposit were in excess of checks issued and no reclassification was necessary. The change in the amount of checks issued in excess of funds on deposit of \$8.8 million, \$(2.4) million, and \$2.4 million for 2011, 2010, and 2009, respectively, is included in cash flows from operating activities in the statements of cash flows as a change in accounts payable, accrued expenses and other current liabilities.

(e) **Marketable Securities**

At December 31, 2011 and 2010, marketable securities, all of which are available-for-sale, consist of common and preferred stocks. Marketable securities are carried at fair value, with unrealized gains and losses, net of related income taxes, reported as accumulated other comprehensive income, except for losses from impairments which are determined to be other-than-temporary. Realized gains and losses, and declines in value judged to be other-than-temporary on available-for-sale securities are included in the determination of net income and are included in other non-operating income (expense), at which time the average cost basis of these securities are adjusted to fair value. Fair values are based on quoted market prices at the reporting date. Interest and dividends on available-for-sale securities are included in other non-operating income (expense). During the years ended December 31, 2011, 2010 and 2009, the Company received proceeds of \$2.4 million, \$11.4 million, and \$0.1 million from the sale of marketable securities with a combined cost of \$1.2 million, \$6.0 million, and \$0.1 million resulting in a realized gain of \$1.1 million, \$5.4 million, and \$0, respectively.

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

	<u>Cost</u>	<u>Gross unrealized holding gains</u>	<u>Gross unrealized holding (losses)</u>	<u>Fair Value</u>
At December 31, 2011				
Equity Securities	<u>\$13,396</u>	<u>\$3,347</u>	<u>\$(684)</u>	<u>\$16,059</u>
At December 31, 2010				
Equity Securities	<u>\$11,276</u>	<u>\$3,993</u>	<u>\$(228)</u>	<u>\$15,041</u>

Included in equity securities at December 31, 2011 were securities with a book basis of \$4.1 million and a cumulative loss position of \$0.7 million, the impairment of which the Company considers to be temporary. The Company considers several factors in its determination as to whether declines in value are judged to be temporary or other-than-temporary, including the severity and duration of the decline, the financial condition and near-term prospects of the specific issuers and the industries in which they operate, and the Company's intent and ability to hold these securities. The Company may incur future impairment charges if declines in market values continue and/or worsen and impairments are no longer considered temporary.

UNIVERSAL TRUCKLOAD SERVICES, INC.

Notes to Consolidated Financial Statements—(Continued)

December 31, 2011, 2010 and 2009

(1) Summary of Significant Accounting Policies—continued

(e) Marketable Securities—continued

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

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
At December 31, 2011						
Equity securities	<u>\$2,387</u>	<u>\$492</u>	<u>\$988</u>	<u>\$192</u>	<u>\$3,375</u>	<u>\$684</u>
At December 31, 2010						
Equity securities	<u>\$2,073</u>	<u>\$190</u>	<u>\$ 95</u>	<u>\$ 38</u>	<u>\$2,168</u>	<u>\$228</u>

The Company's portfolio of equity securities in a continuous loss position, the impairment of which the Company considers to be temporary, consists primarily of common stocks in the banking, oil and gas, and transportation industries. The fair value and unrealized losses are distributed in 22 publicly traded companies, with no single industry or company representing a material or concentrated unrealized loss. The Company has evaluated the near-term prospects of the various industries, as well as the specific issuers within its portfolio, in relation to the severity and duration of the impairments, and based on that evaluation, and the Company's ability and intent to hold these investments for a reasonable period of time to allow for a recovery of fair value, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2011.

During the year ended December 31, 2009, the Company recorded other-than-temporary impairment charges of \$1.3 million, for marketable equity securities classified as available-for-sale. These charges resulted from the Company's equity holdings in various industries including the automotive, transportation, energy, tobacco and banking and finance, all of which had experienced severe declines in their respective stock prices. As such, the average cost basis of these securities were adjusted to fair value as of the reporting date, and the losses have been reclassified from accumulated other comprehensive income and included in other non-operating income (expense) in the consolidated statement of income for the years then ended. There were no such charges during the years ended December 31, 2011 or 2010.

The Company from time to time invests cash in excess of its current needs in marketable securities, much of which is held in equity securities, which are actively traded on public exchanges. It is the philosophy of the Company to minimize the risk of capital loss without foregoing the potential for capital appreciation through investing in value-and-income oriented investments. However, holding equity securities subjects the Company to fluctuations in the market value of its investment portfolio based on current market prices, and a decline in market prices or other unstable market conditions could cause a loss in the value of the Company's marketable securities classified as available-for-sale.

(f) Accounts Receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical

UNIVERSAL TRUCKLOAD SERVICES, INC.
Notes to Consolidated Financial Statements—(Continued)
December 31, 2011, 2010 and 2009

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

(f) **Accounts Receivable—continued**

write-off experience and the aging of its 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. The Company does not have any off-balance-sheet credit exposure related to its customers.

(g) **Property and Equipment**

Property and equipment are stated at cost and depreciated on the straight-line basis over estimated useful lives of seven years for trailers and tractors, fifteen years for containers, five years for computers, office equipment and miscellaneous equipment, and the remaining lease term for leasehold improvements. Annually, the Company evaluates the salvage value and useful life of trailers based on the current market environment and its recent experience with disposition values. The amounts recorded for depreciation expense were \$8,233,000, \$7,586,000, and \$7,221,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

(h) **Intangible Assets**

Intangible assets consist of the cost of customer and agent relationships that have been acquired in business combinations. The gross amount recorded for the agent contracts and customer relationships is \$28,696,000 and \$27,780,000 at December 31, 2011 and 2010, respectively. The agent contracts and customer relationships are being amortized over periods ranging from seven to fifteen years which represents the expected average life of the agent and customer relationships. As of December 31, 2011, the weighted average amortization period for customer and agent relationships was approximately 9 years. Accumulated amortization is \$19,206,000 and \$15,803,000 as of December 31, 2011 and 2010, respectively. The amounts recorded for amortization expense were \$3,403,000, \$3,410,000, and \$3,133,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

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

2012	\$2,969
2013	2,014
2014	1,484
2015	884
2016	859
Thereafter	<u>1,280</u>
Total	<u>\$9,490</u>

(i) **Goodwill**

Goodwill represents the excess purchase price over the fair value of assets acquired in connection with the Company's acquisitions. Under FASB Accounting Standards Codification, or ASC, Topic 805 "Business Combinations", the Company is required to test goodwill for impairment annually (on the last day of the Company's second fiscal quarter) or more frequently, whenever events occur or

UNIVERSAL TRUCKLOAD SERVICES, INC.

Notes to Consolidated Financial Statements—(Continued)

December 31, 2011, 2010 and 2009

(1) Summary of Significant Accounting Policies—continued

(i) Goodwill—continued

circumstances change that would more likely than not reduce the fair value of a reporting unit with goodwill below its carrying amount. The Company has the option to first assess qualitative factors to determine whether or not it is necessary to perform a two-step quantitative goodwill impairment test. If the Company chooses that option, it would not be required to perform Step 1 of the test unless it determines that, based on a qualitative assessment, it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the Company determines that it is more likely than not, or if the Company chooses not to perform a qualitative assessment, then it may then proceed with Step 1 of the two-step impairment test. Determining the fair value of a reporting unit requires the use of significant estimates and assumptions. The Company estimates the fair value of its reporting units utilizing the income approach through the application of a discounted cash flow analysis. Key assumptions used to determine the fair value of each reporting unit as of the Company's annual testing date were: (a) future expected cash flows; (b) estimated residual growth rates and (c) discount rates, which were based on the Company's best estimates of the after-tax weighted-average cost of capital. Additionally, the Company considers its market capitalization in comparison to the fair value of its reporting units. During the third quarter of 2011, the Company completed its goodwill impairment testing and determined that the fair value of each reporting unit with goodwill exceeded its respective carrying value of the net assets. Accordingly, no impairment loss was recognized.

The changes in the carrying amount of goodwill for the years ended December 31, 2011 and 2010 are as follows (in thousands):

Balance as of January 1, 2010	\$14,226
Business Acquisitions	2,773
Additional contingent consideration paid for:	
Glenn National	232
Total	232
Balance as of December 31, 2010	17,231
Business Acquisitions	491
Balance as of December 31, 2011	<u>\$17,722</u>

(j) Long-Lived Assets

Long-lived assets, other than goodwill, such as property and equipment and purchased intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Company first compares the undiscounted cash flows expected to be generated by a long-lived asset to its carrying value. If the carrying value of the long-lived asset is deemed 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.

UNIVERSAL TRUCKLOAD SERVICES, INC.
Notes to Consolidated Financial Statements—(Continued)
December 31, 2011, 2010 and 2009

(1) Summary of Significant Accounting Policies—continued

(k) Contingent Consideration

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

(l) 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.

The Company is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2009. In addition, the Company files income tax returns in various state and local jurisdictions. Historically, the Company has been responsible for filing separate state and local income tax returns for itself and its subsidiaries. The Company is no longer subject to state income tax examinations for years before 2004.

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

(m) Freight Revenue and Related Expenses

The Company is the primary obligor when rendering its truckload, brokerage and intermodal services and assumes the corresponding credit risk with customers. As such, revenue and the related purchased transportation and commissions are recognized on a gross basis when persuasive evidence of an arrangement exists, delivery has occurred at the receiver's location or for service arrangements after the related services have been rendered, the revenue and related expenses are fixed or determinable and collectability is reasonably assured. Fuel surcharges of \$88,603,000, \$54,223,000 and \$35,935,000 for the years ended December 31, 2011, 2010 and 2009, respectively, are included in operating revenues and purchased transportation.

(n) Insurance & Claims

Insurance and claims expense represents charges for premiums and the accruals made for claims within the Company's self-insured retention amounts. The accruals are primarily related to auto liability, cargo and equipment damage claims. A liability is recognized for the estimated cost of all self-insured claims including an estimate of incurred but not reported claims based on historical experience and for claims expected to exceed the Company's policy limits. The Company may also make accruals for

UNIVERSAL TRUCKLOAD SERVICES, INC.**Notes to Consolidated Financial Statements—(Continued)****December 31, 2011, 2010 and 2009****(1) Summary of Significant Accounting Policies—continued****(n) Insurance & Claims—continued**

personal injury and property damage to third parties, and workers' compensation claims if a claim exceeds the Company's insurance coverage. Such accruals are based upon individual cases and estimates of ultimate losses, incurred but not reported losses, and losses arising from known claims ultimately settling in excess of insurance coverage using loss development factors based upon industry data and past experience. Since the reported accrual is an estimate, the ultimate liability may be different from the amount recorded. If adjustments to previously established accruals are required, such amounts are included in operating expenses in the current period. The Company maintains insurance with licensed insurance carriers. 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, the Company's exposure to liability associated with accidents incurred by other third-party carriers, who haul freight on the Company's behalf, is reduced by various factors including the extent to which the third party providers maintain their own insurance coverage.

The Company's insurance expense varies primarily based upon the frequency and severity of the Company's accident experience, insurance rates, the Company's coverage limits, and self-insured retention amounts.

(o) Repairs and Maintenance

Repairs and maintenance costs are expensed as incurred.

(p) Tires

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

(q) Segment Information

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

(r) Concentrations of Credit Risk

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

UNIVERSAL TRUCKLOAD SERVICES, INC.
Notes to Consolidated Financial Statements—(Continued)
December 31, 2011, 2010 and 2009

(1) Summary of Significant Accounting Policies—continued

(s) Fair Value of Financial Instruments

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

(t) Share based Payments

The Company records compensation expense for stock or stock options granted on or after January 1, 2006, if any. No options were granted in 2011, 2010 or 2009, and as such, no compensation expense was recorded.

(u) New Accounting Standards

In June 2011, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2011-05, *Presentation of Comprehensive Income*, which eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity and also requires presentation of reclassification adjustments from other comprehensive income to net income on the face of the financial statements. ASU 2011-05 is effective for fiscal years and interim periods beginning after December 15, 2011, and is not expected to have a material effect on the Company's financial condition or results of operations, though it will change the presentation of comprehensive income in the Company's consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08, *Intangibles—Goodwill and Other*, which allows an entity the option to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under this amendment, if the Company chooses that option, the Company would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. This amendment includes a number of events and circumstances for an entity to consider in conducting the qualitative assessment. ASU 2011-08 is effective for impairment tests performed during entities' fiscal years that begin after December 15, 2011, which for the Company will be the impairment test performed as of the last day of our 2nd fiscal quarter in 2012. The Company believes once applied, the adoption of the ASU will not have a significant impact on the Company's financial position, results of operations, or cash flows.

(2) Acquisitions

In March 2011, the Company acquired certain assets of Hart Transportation, Inc., or Hart, based in Jacksonville, Florida through a Limited Asset Purchase Agreement for approximately \$1,406,000. Hart is primarily a regional provider of van and flatbed services throughout the Southeastern United States. Included in the purchase price is approximately \$356,000 of additional consideration estimated to be paid to the former owner of Hart based on a percentage of revenues generated during the period from

UNIVERSAL TRUCKLOAD SERVICES, INC.

Notes to Consolidated Financial Statements—(Continued)

December 31, 2011, 2010 and 2009

(2) Acquisitions—continued

April 1, 2011 to March 31, 2014. As of December 31, 2011, the total amount of additional cash consideration paid to the former owners of Hart was approximately \$92,000 and was recorded as a reduction of the earnout liability. As of December 31, 2011, the fair value of the earnout liability was \$264,000. The Company used cash and cash equivalents to finance the acquisition. Pursuant to the acquisition, Hart operates as part of Universal Am-Can, Ltd.

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

Intangible assets	\$ 915
Goodwill (tax deductible)	491
	<u>\$1,406</u>

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

Goodwill represents the expected synergies to be achieved through the integration of the acquired companies into UTSI, and intangible assets that do not qualify for separate accounting recognition under generally accepted accounting principles.

The operating results of the acquired company have been included in the consolidated statements of income since its acquisition date; however, it has not been separately disclosed as it is deemed immaterial.

In 2010, UTSI acquired the following companies for a total cost of \$3,372,000:

- Effective January 1, 2010, the Company acquired Cavalry Transportation, LLC and Cavalry Logistics, LLC, or Cavalry, based in Nashville, Tennessee, for \$2,688,000. Cavalry offers fully integrated transportation resources designed to maximize value for its customers through logistic solutions in intermodal, truckload, and less-than-truckload transportation options. The Company used cash and cash equivalents to finance the acquisition. Pursuant to the acquisition, Cavalry operates as a wholly-owned subsidiary of Universal Truckload Services, Inc.
- Effective January 1, 2010, the Company acquired certain assets of TSD Transportation L.P., or TSD, based in Texarkana, Texas, for \$684,000. Included in the purchase price is approximately \$434,000 of additional consideration to be paid to the former owners of TSD based on a percentage of revenues generated through December 31, 2011. As of December 31, 2011, the total amount of additional cash consideration paid to the former owners of TSD was approximately \$247,000 and was recorded as a reduction of the earnout liability. At each reporting period, the earnout liability was remeasured at fair value and changes in fair value are included in earnings until the contingent consideration is fully resolved. As a result of these remeasurements, the Company recorded decreases in the fair value of the earnout liability of \$35,000 and \$145,000 based on changes in management's estimates and other factors during the years ended December 31, 2011 and 2010, respectively, and included the amounts as reductions to selling, general, and administrative expenses in the consolidated statements of income for those years then ended. As of December 31, 2011, the fair value of the earnout liability was \$7,000. TSD provides a wide variety of for hire freight services including van, flatbed, step

UNIVERSAL TRUCKLOAD SERVICES, INC.
Notes to Consolidated Financial Statements—(Continued)
December 31, 2011, 2010 and 2009

(2) Acquisitions—continued

deck, heavy haul, hot shots, and intermodal services throughout the United States. The Company used cash and cash equivalents to finance the acquisition. Pursuant to the acquisition, TSD operates as part of Louisiana Transportation, Inc., a wholly-owned subsidiary of Universal Truckload Services, Inc.

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

Current assets	\$ 1,707
Equipment	117
Intangible assets	1,228
Goodwill (tax deductible)	2,773
Accrued liabilities	<u>(2,453)</u>
	<u>\$ 3,372</u>

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

Goodwill represents the expected synergies to be achieved through the integration of the acquired companies into UTSI, and intangible assets that do not qualify for separate accounting recognition under generally accepted accounting principles.

The operating results of the acquired companies have been included in the consolidated statements of income since their respective acquisition dates; however, they have not been separately disclosed as they are deemed immaterial.

In 2009, UTSI acquired the following companies for a total cost of \$4,255,000.

- On July 27, 2009, the Company acquired certain assets of the David Ohlrich Agency, or Ohlrich, for \$285,000 through a Limited Asset Purchase Agreement. Ohlrich is a regional provider of flatbed services throughout the Southwestern United States. The Company used cash and cash equivalents to finance the acquisition. Pursuant to the acquisition, Ohlrich operates as part of Louisiana Transportation, Inc., a wholly owned subsidiary of the Company.
- On August 17, 2009, the Company acquired certain assets utilized in the operations of Pacer Transport, Inc., or Pacer Transport, and two of its subsidiaries, S&H Transport, Inc. and S&H Leasing, Inc., based in Desoto, Texas through a Limited Asset Purchase Agreement for approximately \$2.0 million. Pacer Transport was a wholly-owned subsidiary of Pacer International, Inc. Pacer Transport is a provider of flatbed, van, and specialized heavy-haul equipment services throughout the United States. The Company used cash and cash equivalents to finance the acquisition. Pursuant to the acquisition, Pacer Transport operates as part of Universal Am-Can, Ltd., or UACL, a wholly owned subsidiary of the Company.
- On December 11, 2009, the Company acquired D. Kratt International, Inc., or D. Kratt, for approximately \$2.0 million. Included in the purchase price is approximately \$546,000 of additional consideration to be paid to the former owner of D. Kratt based on a percentage of revenues generated during the period from January 1, 2010 to December 31, 2012. As of December 31, 2011, the total amount of additional cash consideration paid to the former owners of D. Kratt was approximately \$139,000 and was recorded as a reduction of the earnout liability.

UNIVERSAL TRUCKLOAD SERVICES, INC.

Notes to Consolidated Financial Statements—(Continued)

December 31, 2011, 2010 and 2009

(2) Acquisitions—continued

At each reporting period, the earnout liability is remeasured at fair value and any changes in fair value are included in earnings until the contingent consideration is fully resolved. As a result of these remeasurements, the Company recorded a decrease in the fair value of the earnout liability of \$102,000 based on changes in management's estimates and other factors during the year ended December 31, 2011, and included the amounts as reductions to selling, general, and administrative expenses in the consolidated statements of income for the year ending December 31, 2011. As of December 31, 2011, the fair value of the earnout liability was \$205,000. D. Kratt is a full service international freight forwarding and customs house brokerage firm based in Chicago, IL. D. Kratt International also provides extensive domestic and international logistics and warehousing functions, as well as comprehensive documentary and cargo insurance services. The Company used cash and cash equivalents to finance the acquisition. Pursuant to the acquisition, D. Kratt, a wholly-owned subsidiary of the Company, operates as Universal Logistics Solutions International, Inc.

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

Accounts receivable and other assets	\$1,235
Equipment	675
Intangible assets	1,014
Goodwill (tax deductible)	2,134
Accrued liabilities	<u>(803)</u>
	<u>\$4,255</u>

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

Goodwill represents the expected synergies to be achieved through the integration of the acquired companies into UTSI, and intangible assets that do not qualify for separate accounting recognition under generally accepted accounting principles.

The operating results of the acquired companies have been included in the consolidated statements of income since their respective acquisition dates; however, they have not been separately disclosed as they are deemed immaterial.

(3) Transactions with CenTra and Affiliates

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

UNIVERSAL TRUCKLOAD SERVICES, INC.
Notes to Consolidated Financial Statements—(Continued)
December 31, 2011, 2010 and 2009

(3) Transactions with CenTra and Affiliates—continued

In addition to the management services described above, UTSI purchases other services from CenTra and affiliates. Following is a schedule of cost incurred for services provided by CenTra and affiliates for the years ended December 31 (in thousands):

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Management services	\$ 977	\$ 1,067	\$ 991
Building and terminal rents	568	540	581
Maintenance services	172	213	52
Personal liability and property damage insurance	14,460	13,884	11,959
Health and other insurances	3,442	3,659	3,351
Total	<u>\$19,619</u>	<u>\$19,363</u>	<u>\$16,934</u>

Operating revenues from freight services provided to CenTra for the years ended December 31, 2011, 2010 and 2009 were \$901,000, \$130,000 and \$2,000, respectively.

Included in purchased transportation for the year ended December 31, 2009 were \$2,000 of transportation services provided by CenTra to CrossRoad Carriers. There were no such services provided by CenTra during the years ended December 31, 2011 or 2010.

Additionally, the Company charged CenTra approximately \$276,000 and \$207,000 for vehicle maintenance services performed during the year ended December 31, 2011 and 2010, respectively. There were no such charges for vehicle maintenance services during the year ended December 31, 2009.

At December 31, 2011 and 2010, amounts due from CenTra and affiliates were \$340,000 and \$80,000, respectively.

The Company also retained the law firm of Sullivan Hincks & Conway to provide legal services during 2010. Daniel C. Sullivan, a member of our Board, is a partner at Sullivan Hincks & Conway. Amounts paid for legal services during 2011 and 2010 were \$340,000 and \$341,000, respectively.

During 2011, the Company purchased five tractors from an affiliate of CenTra for \$175,000.

(4) Retirement Plans

The Company maintains a 401(k) plan for its employees. Employees may make 401(k) contributions subject to Internal Revenue Code limitations. The plan matches contributions up to \$600 for employees who are not considered highly compensated. The expense for the Company match in 2011, 2010 and 2009 was \$56,000, \$51,000 and \$54,000, respectively.

Great American Lines, Inc., a wholly owned subsidiary of the Company, maintained a Simplified Employee Pension Plan, which is a defined contribution plan and covers all full-time employees. Eligibility requirements include completion of one year of service and attaining the age of 21. Contributions to the plan are at management's discretion. No contributions were made under this plan for the years ended December 31, 2011, 2010 or 2009.

UNIVERSAL TRUCKLOAD SERVICES, INC.
Notes to Consolidated Financial Statements—(Continued)
December 31, 2011, 2010 and 2009

(5) Accounts Receivable

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Balance at beginning of year	\$ 4,540	\$ 5,464	\$ 4,486
Provision for doubtful accounts	1,589	1,248	2,136
Acquisition of businesses	—	43	—
Uncollectible accounts written off	<u>(2,594)</u>	<u>(2,215)</u>	<u>(1,158)</u>
Balance at end of year	<u>\$ 3,535</u>	<u>\$ 4,540</u>	<u>\$ 5,464</u>

(6) Property and Equipment

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

	<u>2011</u>	<u>2010</u>
Land and buildings	\$ 61,480	\$ 59,600
Trailers	41,659	34,733
Tractors	11,536	9,139
Containers	6,076	—
Office and miscellaneous equipment	6,999	6,673
Computer equipment and software	3,396	3,029
Construction in process	<u>1,815</u>	<u>3,287</u>
	132,961	116,461
Less accumulated depreciation	<u>(42,976)</u>	<u>(38,255)</u>
Total	<u>\$ 89,985</u>	<u>\$ 78,206</u>

(7) Income Taxes

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current:			
U.S. Federal	\$ 3,455	\$ 7,139	\$ 1,286
State	2,247	2,315	231
Deferred:			
U.S. Federal	5,262	(343)	1,354
State	<u>(550)</u>	<u>(399)</u>	<u>249</u>
Total	<u>\$10,414</u>	<u>\$8,712</u>	<u>\$3,120</u>

The Company also recorded income taxes directly to accumulated other comprehensive income relating to unrealized gains (losses) on available-for-sale investments in the amount of \$(470,000), \$1,125,000, and \$874,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

UNIVERSAL TRUCKLOAD SERVICES, INC.
Notes to Consolidated Financial Statements—(Continued)
December 31, 2011, 2010 and 2009

(7) **Income Taxes—continued**

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

	<u>2011</u>		<u>2010</u>	
	<u>Current</u>	<u>Long-term</u>	<u>Current</u>	<u>Long-term</u>
Deferred tax assets:				
Allowance for doubtful accounts	\$ 826	\$ —	\$ 802	\$ —
Marketable securities	—	—	—	—
Other assets	—	1,751	—	1,457
Accrued expenses	4,309	—	3,645	—
Total	<u>5,135</u>	<u>1,751</u>	<u>4,447</u>	<u>1,457</u>
Deferred tax liabilities:				
Prepaid expenses	(1,363)	—	(1,281)	—
Marketable securities	(613)	—	(193)	—
Property and equipment	—	(11,604)	—	(6,882)
Total	<u>(1,976)</u>	<u>(11,604)</u>	<u>(1,474)</u>	<u>(6,882)</u>
Net deferred tax asset (liability) . . .	<u>\$ 3,159</u>	<u>\$ (9,853)</u>	<u>\$ 2,973</u>	<u>\$(5,425)</u>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income (both ordinary income and taxable capital gains) during the periods in which those temporary differences reverse. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Valuation allowances are established when necessary to reduce deferred tax assets when it is more likely than not that a portion or all of the deferred tax assets will not be realized. Based upon the level of historical taxable income, reversal of existing taxable temporary differences, projections for future taxable income over the periods in which the deferred tax assets are expected to reverse, and the Company's ability to generate future capital gains, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. Thus, no valuation allowance has been established. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income are reduced or capital gains contemplated under tax planning strategies are not realized.

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Federal statutory rate	35%	35%	35%
State—net of federal benefit	<u>5</u>	<u>6</u>	<u>4</u>
Effective tax rate	<u>40%</u>	<u>41%</u>	<u>39%</u>

As of December 31, 2011, the total amount of unrecognized tax benefit representing uncertainty in certain tax positions was \$687,000. These uncertain tax positions are based on recognition thresholds and measurement attributes for the financial statement recognition and measurements of a tax position

UNIVERSAL TRUCKLOAD SERVICES, INC.

Notes to Consolidated Financial Statements—(Continued)

December 31, 2011, 2010 and 2009

(7) Income Taxes—continued

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, 2011, 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, 2011, the amount of accrued interest and penalties was \$76,000 and \$96,000, respectively.

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

	<u>2011</u>	<u>2010</u>
Unrecognized tax benefit—beginning of year	\$ 632	\$546
Increases related to prior year tax positions	120	38
Increases related to current year tax positions	55	48
Decreases related to prior year tax positions	(120)	—
Settlements with taxing authorities	—	—
Lapse of statutes of limitations	—	—
Unrecognized tax benefit—end of year	<u>\$ 687</u>	<u>\$632</u>

(8) Accrued Expenses

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

	<u>2011</u>	<u>2010</u>
Auto liability claims	\$ 8,836	\$ 7,350
Driver escrow liabilities	5,199	4,694
Payroll related items	1,791	1,702
Commissions	1,029	959
Cargo claims	1,126	931
Taxes, interest, and insurance	1,549	731
Other	2,337	2,154
Total	<u>\$21,867</u>	<u>\$18,521</u>

(9) Debt

On October 24, 2011, the Company and KeyBank, entered into a Change in Terms Agreement to the Amended and Restated Loan Agreement and Promissory Note dated October 25, 2010, collectively referred to as the Agreement, whereby the maturity date of the existing Amended and Restated Loan Agreement and Promissory Note was extended to October 23, 2012. Under the Agreement, the Company's maximum permitted borrowings and letters of credit in the aggregate may not exceed \$20 million. The line of credit is unsecured, and bears interest at a rate equal to the lesser of the Prime Rate minus 0.50% or LIBOR plus 1.00% (effective rate of 1.28% at December 31, 2011). The Agreement contains various financial and restrictive covenants to be maintained by the Company including

UNIVERSAL TRUCKLOAD SERVICES, INC.
Notes to Consolidated Financial Statements—(Continued)
December 31, 2011, 2010 and 2009

(9) Debt—continued

requirements to maintain a tangible net worth of at least \$85 million, a debt to tangible net worth ratio not to exceed 1 to 1, and quarterly net profits of at least one dollar. For purposes of this Agreement, tangible net worth is defined as total assets, excluding all intangible assets, less total debt. The Agreement also may, in certain circumstances, limit our ability to pay dividends or distributions utilizing our line of credit. The Agreement also contains customary representations and warranties, affirmative and negative covenants and events of default. As of December 31, 2011, the Company was in compliance with its debt covenants. The Company did not have any amounts outstanding under its line of credit at December 31, 2011, and there were \$50,000 letters of credit issued against the line.

The previous loan agreement with KeyBank was unsecured and permitted borrowings and letters of credit in the aggregate not exceed \$20 million. The line of credit was unsecured, and bore interest at a rate equal to the lesser of the Prime Rate minus 0.50% or LIBOR plus 1.00% (effective rate of 1.26% at December 31, 2010). The agreement contained various financial and restrictive covenants to be maintained by us including requirements to maintain a tangible net worth of at least \$85 million, a debt to tangible net worth ratio not to exceed 1 to 1, and quarterly net profits of at least one dollar. For purposes of this agreement, tangible net worth was defined as total assets, excluding all intangible assets, less total debt. In certain circumstances the agreement may have limited our ability to pay dividends or distributions utilizing our line of credit. The agreement also contained customary representations and warranties, affirmative and negative covenants and events of default. The Company did not have any amounts outstanding under its line of credit at December 31, 2010, and there were \$1,300,000 letters of credit issued against the line.

The Company also maintains a secured borrowing facility at UBS Financial Services, Inc., or UBS, using its marketable securities as collateral for the short-term line of credit. The line of credit bears an interest rate equal to LIBOR plus 0.84% (effective rate of 1.12% at December 31, 2011), and interest is adjusted and billed monthly. No principal payments are due on the borrowing; however, the line of credit is callable at any time. The amount available under the line of credit is based on a percentage of the market value of the underlying securities. If the equity value in the account falls below the minimum requirement, the Company must restore the equity value, or UBS may call the line of credit. As of December 31, 2011 and 2010, there were no outstanding balances under the line of credit. At December 31, 2011, the maximum available borrowings under the line of credit were \$8,369,000.

On May 1, 2006, UTS Realty, LLC, or Realty, a wholly owned subsidiary of the Company, received a \$1,000,000 loan from the County of Cuyahoga, Ohio, or the County, to be used for improvements to its Cleveland, Ohio container storage facility. The loan agreement requires quarterly interest payments at an annual rate of 5.0%. Through January 31, 2011, subject to certain conditions, the County forgave \$450,000 of the principal amount owed. On January 31, 2007, the Company began recording the forgiveness as a reduction of the loan and as a reduction in the cost of the underlying improvements at a rate of \$90,000 per annum. The remaining principal was due at maturity on January 31, 2011; however, in June 2010, the Company repaid \$550,000 of the remaining principal balance. As of December 31, 2011 and 2010, the outstanding balance under the loan was \$0 and \$90,000 (presented under other current liabilities), respectively.

(10) Operating Leases

The Company leases office space, terminal yards and equipment under non-cancelable operating leases. Total rent expense amounted to approximately \$1,730,000, \$2,122,000, and \$2,432,000 for

UNIVERSAL TRUCKLOAD SERVICES, INC.
Notes to Consolidated Financial Statements—(Continued)
December 31, 2011, 2010 and 2009

(10) Operating Leases—continued

2011, 2010 and 2009, respectively. It is expected that in the ordinary course of business that leases will be renewed or replaced as they expire. Future minimum rental payments under non-cancelable operating leases having initial or remaining terms in excess of one year are as follows (in thousands):

2012	\$1,030
2013	367
2014	131
2015	11
2016	—
Thereafter	—
Total	<u>\$1,539</u>

(11) Comprehensive Income

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net income	\$15,813	\$12,744	\$4,900
Other comprehensive income (loss):			
Unrealized holding gains on available-for-sale investments arising during the year, net of income tax of \$20, \$(3,298) and \$(387), respectively	53	4,805	615
(Gains) losses on available-for-sale investments reclassified into income:			
Other-than-temporary impairment losses, net of tax of \$0, \$0 and (\$487), respectively	—	—	771
Realized gains, net of tax of \$450, \$2,173 and \$0, respectively	<u>(686)</u>	<u>(3,196)</u>	<u>—</u>
Net gain (loss) recognized in other comprehensive income (loss)	<u>(633)</u>	<u>1,609</u>	<u>1,386</u>
Total comprehensive income	<u>\$15,180</u>	<u>\$14,353</u>	<u>\$6,286</u>

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

(12) Fair Value Measurements and Disclosures

FASB ASC Topic 820, “*Fair Value Measurements and Disclosures*”, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date and expanded disclosures with respect to fair value measurements.

UNIVERSAL TRUCKLOAD SERVICES, INC.
Notes to Consolidated Financial Statements—(Continued)
December 31, 2011, 2010 and 2009

(12) Fair Value Measurements and Disclosures—continued

FASB ASC Topic 820 also establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

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

The Company has segregated all financial assets that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the tables below (in thousands):

	December 31, 2011			
	Level 1	Level 2	Level 3	Fair Value Measurement
Assets				
Cash equivalents	\$ 79	\$—	\$—	\$ 79
Marketable securities	16,059	—	—	16,059
Total Assets	\$16,138	\$—	\$—	\$16,138
December 31, 2010				
	Level 1	Level 2	Level 3	Fair Value Measurement
Assets				
Cash equivalents	\$ 59	\$—	\$—	\$ 59
Marketable securities	15,041	—	—	15,041
Total Assets	\$15,100	\$—	\$—	\$15,100

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.

The carrying amount for the line of credit approximates fair value because the interest rate on the line of credit is adjusted frequently.

UNIVERSAL TRUCKLOAD SERVICES, INC.

Notes to Consolidated Financial Statements—(Continued)

December 31, 2011, 2010 and 2009

(13) Contingencies

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

(14) Stock Based Compensation

In December 2004, UTSI's Board of Directors adopted the 2004 Stock Incentive Plan, or the Plan, which became effective upon completion of the Company's initial public offering. The Plan allows for the issuance of a total of 500,000 shares. The grants may be made in the form of restricted stock bonuses, restricted stock purchase rights, stock options, phantom stock units, restricted stock units, performance share bonuses, performance share units or stock appreciation rights. On February 11, 2005, UTSI granted 260,000 options to certain of its employees. The stock options granted vested immediately, have a life of seven years and have an exercise price of \$22.50 per share. The total intrinsic value of all outstanding options as of December 31, 2011 and 2010 was \$0.

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

	<u>Options</u>	<u>Weighted Average Exercise Price</u>
Balance at January 1, 2010	190,000	\$22.50
Granted	—	—
Exercised	—	—
Expired	—	—
Forfeited	<u>2,500</u>	<u>22.50</u>
Balance at December 31, 2010	187,500	\$22.50
Granted	—	—
Exercised	—	—
Expired	—	—
Forfeited	—	—
Balance at December 31, 2011	<u>187,500</u>	<u>\$22.50</u>
Exercisable at December 31, 2011	<u>187,500</u>	<u>\$22.50</u>

(15) Earnings Per Share

Basic earnings per common share amounts are based on the weighted average number of common shares outstanding, and diluted earnings per share amounts are based on the weighted average number of common shares outstanding plus the incremental shares that would have been outstanding upon the assumed exercise of all dilutive stock options. As of December 31, 2011, 2010 and 2009, there were no dilutive stock options included in the denominator for the calculation of diluted earnings per share.

For the years ended December 31, 2011, 2010 and 2009, 187,500 options, 187,500 options, and 190,000 options to purchase shares of common stock, respectively, were excluded from the calculation of diluted earnings per share because such options were anti-dilutive.

UNIVERSAL TRUCKLOAD SERVICES, INC.
Notes to Consolidated Financial Statements—(Continued)
December 31, 2011, 2010 and 2009

(16) Quarterly Financial Data (unaudited)

	2011			
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
	(in thousands, except per share information)			
Operating revenue	\$157,630	\$179,961	\$187,546	\$174,634
Operating income	3,830	6,111	8,422	6,028
Income before income taxes	4,837	6,306	8,659	6,425
Provision for income taxes	1,938	2,371	3,224	2,881
Net income	<u>\$ 2,899</u>	<u>\$ 3,935</u>	<u>\$ 5,435</u>	<u>\$ 3,544</u>
Earnings per common share:				
Basic	\$ 0.19	\$ 0.25	\$ 0.35	\$ 0.23
Diluted	\$ 0.19	\$ 0.25	\$ 0.35	\$ 0.23
Weighted average number of common shares outstanding:				
Basic	15,632	15,614	15,574	15,555
Diluted	15,632	15,614	15,574	15,555
	2010			
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
	(in thousands, except per share information)			
Operating revenue	\$139,044	\$154,304	\$156,462	\$156,133
Operating income	1,470	4,068	4,655	5,174
Income before income taxes	3,390	7,793	4,911	5,362
Provision for income taxes	1,325	3,220	1,979	2,188
Net income	<u>\$ 2,065</u>	<u>\$ 4,573</u>	<u>\$ 2,932</u>	<u>\$ 3,174</u>
Earnings per common share:				
Basic	\$ 0.13	\$ 0.29	\$ 0.18	\$ 0.20
Diluted	\$ 0.13	\$ 0.29	\$ 0.18	\$ 0.20
Weighted average number of common shares outstanding:				
Basic	15,980	15,980	15,925	15,780
Diluted	15,980	15,980	15,925	15,780

(17) Subsequent Events

The Company evaluated subsequent events through the time of filing this Annual Report on Form 10-K. We are not aware of any significant events that occurred subsequent to the balance sheet date but prior to the filing of this report that would have a material impact on the Consolidated Financial Statements.

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

There were no changes in or disagreements with accountants on accounting and financial disclosure during the fiscal years 2011 or 2010.

ITEM 9A: CONTROLS AND PROCEDURES**Disclosure Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2011, our disclosure controls and procedures were effective in causing the material information required to be disclosed in the reports that it files or submits under the Exchange Act to be recorded, processed, summarized and reported, to the extent applicable, within the time periods required for us to meet the SEC filing deadlines for these reports specified in the SEC's rules and forms.

Changes in Internal Controls

There have been no changes in our internal controls over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the quarter ended December 31, 2011 identified in connection with our evaluation that has materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Universal Truckload Services, Inc., or the Company, is responsible for establishing and maintaining effective internal controls over financial reporting, as such term is defined in Rules 13a-15(f) under the Securities Exchange Act of 1934, as amended.

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

Management, with the participation of the Company's principal executive and principal financial officers, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2011. This assessment was performed using the criteria established under *the Internal Control-Integrated Framework established by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO*.

Based on the assessment performed using the criteria established by COSO, management has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2011.

KPMG LLP, the independent registered public accounting firm that audited the financial statements included in this Annual Report on Form 10-K for the fiscal year ended December 31, 2011, has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2011. Such report appears immediately below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited Universal Truckload Services, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Universal Truckload Services Inc. and subsidiaries' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Universal Truckload Services, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Universal Truckload Services, Inc. and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2011, and our report dated March 15, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Detroit, Michigan
March 15, 2012

ITEM 9B: OTHER INFORMATION

Not applicable.

PART III

ITEM 10: DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this Item concerning the Directors and Executive Officers of the Company is set forth under the captions “Election of Directors,” “Directors of the Company,” “Information Regarding Board of Directors and Committees,” and “Executive Officers of the Company” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Company’s definitive Proxy Statement for its annual meeting of shareholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2011, and is incorporated herein by reference. The information required by this Item concerning Director Independence, the Company’s Audit Committee and the Audit Committee’s Financial Expert is set forth under the caption “Information Regarding Board of Directors and Committees” and “Report of the Audit Committee” in the Company’s definitive Proxy Statement for its annual meeting of shareholders filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

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

ITEM 11: EXECUTIVE COMPENSATION

The information required by this Item is set forth under the captions “Compensation of Directors,” “Compensation of Executive Officers,” “Compensation and Stock Option Committee Report on Executive Compensation,” “Compensation Committee Interlocks and Insider Participation” and “Key Executive Employment Protection Agreements” in the Company’s definitive Proxy Statement for its annual meeting of shareholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2011, and is incorporated herein by reference.

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

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

The information required by this Item pursuant to Item 403 of Regulation S-K is set forth under the captions “Security Ownership by Management and Others” and “Equity Compensation Plan Information,” in the Company’s definitive Proxy Statement for its annual meeting of shareholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2011, and is incorporated herein by reference.

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

The information required by this item is set forth under the captions “Transactions With Management and Others” and “Transactions With Management and Others and Certain Business Relationships” and “Compensation Committee Interlocks and Insider Participation,” in the Company’s definitive Proxy Statement for its annual meeting of shareholders filed with the Securities and Exchange Commission within 120 days of December 31, 2011, and is incorporated herein by reference.

ITEM 14: PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is set forth under the captions “Report of the Audit Committee” and “Ratification of Appointment of Independent Registered Public Accounting Firm” in the Company’s definitive Proxy Statement for its annual meeting of shareholders filed with the Securities and Exchange Commission within 120 days of December 31, 2011, and is incorporated herein by reference.

PART IV

ITEM 15: EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(1) Financial Statements

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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 (Commission File No. 000-51142))
3.2	Amended and Restated Bylaws, as amended effective April 22, 2009 (Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on April 24, 2009 (Commission File No. 000-51142))
4.1	Registration Rights Agreement, dated as of December 31, 2004, among the Registrant, Matthew T. Moroun and The Manuel J. Moroun Trust (Incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 filed on January 7, 2005 (Commission File No. 000-51142))
4.2	Specimen Common Share Certificate (Incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 000-51142))
10.1	Change in Terms Agreement between Universal Truckload Services, Inc. and KeyBank National Association dated October 24, 2011 ((Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 27, 2011 (Commission File No. 000-51142))
21.1*	Subsidiaries of Universal Truckload Services, Inc.
23.1*	Consent of KPMG 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**	XBRL Instance Document

Exhibit No.	Description
101.SCH**	XBRL Schema Document
101.CAL**	XBRL Calculation Linkbase Document
101.LAB**	XBRL Labels Linkbase Document
101.PRE**	XBRL Presentation Linkbase Document

* Filed herewith.
** Furnished herewith

SIGNATURES

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

Universal Truckload Services, Inc.
(Registrant)

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

Date: March 15, 2012

POWER OF ATTORNEY

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

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

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ DONALD B. COCHRAN</u> Donald B. Cochran	President, Chief Executive Officer and Director (Principal Executive Officer)	March 15, 2012
<u>/s/ ROBERT E. SIGLER</u> Robert E. Sigler	Vice President, Chief Financial Officer, Secretary and Treasurer (Principal Financial and Accounting Officer)	March 15, 2012
<u>/s/ MATTHEW T. MOROUN</u> Matthew T. Moroun	Chairman of the Board	March 15, 2012
<u>/s/ MANUEL J. MOROUN</u> Manuel J. Moroun	Director	March 15, 2012
<u>/s/ FREDERICK P. CALDERONE</u> Frederick P. Calderone	Director	March 15, 2012
<u>/s/ JOSEPH J. CASAROLL</u> Joseph J. Casaroll	Director	March 15, 2012
<u>/s/ DANIEL J. DEANE</u> Daniel J. Deane	Director	March 15, 2012
<u>/s/ DANIEL C. SULLIVAN</u> Daniel C. Sullivan	Director	March 15, 2012
<u>/s/ RICHARD P. URBAN</u> Richard P. Urban	Director	March 15, 2012
<u>/s/ TED B. WAHBY</u> Ted B. Wahby	Director	March 15, 2012

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

April 27, 2012

To all Our Shareholders:

The Board of Directors joins us in inviting you to attend our Annual Meeting of Shareholders. The meeting will be held at 12755 E. Nine Mile Road, Warren, Michigan, 48089, on June 8, 2012. The meeting will begin at 10:00 a.m. (local time).

In addition to the matters described in the attached Proxy Statement, we will report on our business and progress during 2011 and the first quarter of 2012. Our performance for the year ended December 31, 2011 is discussed in the enclosed 2011 Annual Report to Shareholders.

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

Sincerely,

/s/ Donald B. Cochran

Donald B. Cochran

President and Chief Executive Officer

Proxy Statement

**Important Notice Regarding the Internet Availability of Proxy Materials for
the Annual Shareholders' Meeting to Be Held on June 8, 2012**

Universal Truckload Services, Inc. is providing access to its proxy materials both by sending you this full set of materials and by notifying you of the availability of its proxy materials on the Internet. You may access the 2011 Annual Report and Proxy Statement as of the date the proxy materials are first sent to our shareholders at <http://www.proxyvote.com>.

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

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on June 8, 2012

TO THE SHAREHOLDERS OF UNIVERSAL TRUCKLOAD SERVICES, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Universal Truckload Services, Inc., a Michigan corporation, will be held at 12755 E. Nine Mile Road, Warren, Michigan, 48089, on June 8, 2012. The meeting will begin at 10:00 a.m. (local time), for the following purposes:

1. To elect nine Directors for the coming year.
2. To ratify the appointment of KPMG LLP to serve as our independent registered public accountants for our year ending December 31, 2012.
3. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

Only holders of record of the Company's common stock at the close of business on April 13, 2012 are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement of the Annual Meeting. If there is an insufficient number of votes for a quorum or to approve or ratify any of the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned or postponed to allow further solicitation of proxies by the Company. Your attention is directed to the Proxy Statement accompanying this Notice for a more complete description of the matters to be acted upon at the Annual Meeting.

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

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Robert E. Sigler

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

Warren, Michigan
April 27, 2012

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

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

**PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JUNE 8, 2012**

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

This Proxy Statement is first being sent to the Shareholders of Universal Truckload Services, Inc. on or about April 27, 2012, in connection with the solicitation of proxies by our Board of Directors to be voted at our Annual Meeting of Shareholders, or the Annual Meeting, which is scheduled to be held at 12755 E. Nine Mile Road, Warren, Michigan, 48089, on June 8, 2012. The meeting will begin at 10:00 a.m. (local time) as set forth in the attached notice. A proxy card is enclosed.

Cost of Solicitation

The expense of the solicitation of proxies for the Annual Meeting, including the cost of mailing, has been or will be paid by us. In addition to solicitation by mail, directors and officers may solicit proxies by telephone, facsimile or personal interview, and we will reimburse directors and officers for their reasonable out-of-pocket expenses in connection with such solicitation. We have retained Broadridge Financial Solutions, Inc. to aid in the solicitation of proxies, for which the estimated cost is \$9,000 plus reasonable out-of-pocket expenses. We will arrange with brokerage houses and other custodian nominees and fiduciaries to send proxies and proxy materials to their principals, and will reimburse them for their expenses in so doing.

Record Date

The record date for our Annual Meeting is the close of business on April 13, 2012, which we will refer to as the Record Date. Only holders of record of our Common Stock on the Record Date are entitled to notice of the Annual Meeting and to vote at the Annual Meeting. On the Record Date, there were 15,498,754 shares of Common Stock outstanding, all of which are entitled to one vote at the Annual Meeting.

Voting

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

If a choice is specified in the proxy, the shares represented thereby will be voted in accordance with such specification. If no specification is made, the proxy will be voted FOR approval of the proposals: (a) to elect nine Directors to serve until the next Annual Meeting in 2011 and until their successors are elected and qualified or until their earlier resignation, removal from office or death and (b) to ratify the appointment of KPMG LLP, or KPMG, to serve as our independent registered public accountants for the year ending December 31, 2012.

How do I revoke my proxy?

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

What constitutes a quorum?

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

What are my voting rights?

Holders of the Common Stock have one vote for each share on any matter that may be presented for consideration and action by the shareholders at the Annual Meeting. Shareholders are not entitled to cumulative voting in the election of directors. In the election of directors, a plurality of shares voted, either in person or by proxy, is required. This means that the nominees for election as directors who receive the highest number of votes at the Annual Meeting will be elected as directors. The ratification of the appointment of KPMG as independent registered public accountants will require the affirmative vote of the holders of a majority of the shares of the Common Stock present or represented by proxy at the Annual Meeting. Abstentions and broker non-votes will not be counted in determining whether a proposal has been approved.

Proposals of Shareholders

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, which we may refer to as Exchange Act, any shareholder wishing to have a proposal considered for inclusion in our proxy solicitation material for the Annual Meeting of Shareholders to be held in 2013 must set forth such proposal in writing and file it with our Secretary no later than December 31, 2012, the date that is 120 days before May 1, 2013. Further, pursuant to Rule 14a-4, if a shareholder fails to notify us of a proposal before March 16, 2013, the date that is 45 days before May 1, 2013, such notice will be considered untimely, and management proxies may use their discretionary voting authority to vote on any such proposal.

Executive Office

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

Financial Information Available

A copy of our Annual Report on Form 10-K for the year ended December 31, 2011, including the consolidated financial statements, may be obtained without charge by writing to our Secretary at the above address. The Annual Report is also available on our website at www.goutsi.com under “Investors.”

PROPOSAL 1—ELECTION OF DIRECTORS

The Board of Directors, which we may refer to as the Board, is currently composed of the following nine directors: Donald B. Cochran, Matthew T. Moroun, Manuel J. Moroun, Frederick P. Calderone, Joseph J. Casaroll, Daniel J. Deane, Daniel C. Sullivan, Richard P. Urban and Ted B. Wahby. The Directors’ terms will expire upon the election and qualification of directors at the Annual Meeting to be held on June 8, 2012. At each annual meeting of shareholders, directors will be elected for a full term until the next annual meeting of shareholders, to succeed those directors whose terms are expiring.

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

The Board has nominated Donald B. Cochran, Matthew T. Moroun, Manuel J. Moroun, Frederick P. Calderone, Joseph J. Casaroll, Daniel J. Deane, Daniel C. Sullivan, Richard P. Urban and Ted B. Wahby as directors, each to serve until the 2013 annual meeting of shareholders. THE BOARD OF DIRECTORS RECOMMENDS THAT MESSRS. COCHRAN, MATTHEW T. MOROUN, MANUEL J. MOROUN, CALDERONE, CASAROLL, DEANE, SULLIVAN, URBAN AND WAHBY BE ELECTED AT THE ANNUAL MEETING AS DIRECTORS.

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

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

MANAGEMENT—DIRECTORS AND EXECUTIVE OFFICERS

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

<u>Name</u>	<u>Age</u>	<u>Position</u>
Donald B. Cochran	61	President, Chief Executive Officer and Director (1)(4)
Robert E. Sigler	67	Vice President, Chief Financial Officer, Secretary and Treasurer
Matthew T. Moroun	38	Chairman of the Board of Directors (1)(3)(4)
Manuel J. Moroun	84	Director (1)(3)
Frederick P. Calderone	61	Director (1)
Joseph J. Casaroll	75	Director (1)(2)
Daniel J. Deane	56	Director (1)
Daniel C. Sullivan	71	Director (1)
Richard P. Urban	70	Director (1)(2)
Ted B. Wahby	81	Director (1)(2)(3)(4)(5)

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

Directors of the Company

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

Donald B. Cochran, age 61. Mr. Cochran has been our President and Chief Executive Officer and a director since our formation in December 2001 and is currently a member of our Executive Committee. In addition, Mr. Cochran served as the President of Universal Am-Can, Ltd., one of our subsidiaries, from October 1995 through March 2006. Mr. Cochran has had responsibility for the managerial oversight of the operating companies that now make up Universal Truckload Services, Inc. since October 1995. Mr. Cochran also serves on the board of the Detroit International Bridge Company. Mr. Cochran is also a member of the Board of Directors of the Truckload Carriers Association and has held several committee assignments with that organization. Mr. Cochran's significant expertise with the asset-light transportation model, coupled with his personal leadership and experience in the Company's management, provide him with valuable insight into our business risks and opportunities.

Matthew T. Moroun, age 38. Mr. Moroun has served as a director and as the Chairman of our Board of Directors since 2004 and is a member of our Executive Committee and Compensation and Stock Option Committee. Mr. Moroun is a principal shareholder and has served as Vice Chairman and as a director of CenTra, Inc., a holding company based in Warren, Michigan, since 1993. Mr. Moroun is the principal shareholder and has served as Chairman of Oakland Financial Corporation, an insurance and real estate holding company based in Sterling Heights, Michigan, and its subsidiaries, since 1996. Mr. Moroun is a principal shareholder in other family owned businesses engaged in providing logistics and transportation services. Mr. Moroun has served on the Board of P.A.M. Transportation Services, Inc. (NASDAQ: PTSI) since 1992 and as Chairman of that Board since 2007. Matthew T. Moroun is the son of Manuel J. Moroun. Mr. Moroun's vast leadership experience at both public and private companies provides him with a unique background to understanding our industry and to providing us strategic oversight while serving as a member and as the Chairman of our Board of Directors.

Manuel J. Moroun, age 84. Mr. Moroun has served as a member of our Board of Directors since 2004 and is a member of our Compensation and Stock Option Committee. Mr. Moroun is a principal shareholder and has served as Chief Executive Officer of CenTra, Inc., a holding company based in Warren, Michigan, since 1970. Mr. Moroun has been a principal shareholder and officer of CenTra, Inc. and its predecessor companies since 1954. Mr. Moroun is a principal shareholder in other family owned businesses engaged in providing logistics and transportation services. Mr. Moroun has served as a director of P.A.M. Transportation Services, Inc. (NASDAQ: PTSI) since 2002. Manuel J. Moroun is the father of Matthew T. Moroun. With over 50 years experience in transportation focused business strategy, Mr. Moroun offers an important perspective and valuable insight to our corporate business strategy.

Frederick P. Calderone, age 61, Mr. Calderone was appointed to our Board of Directors in December 2009. For the past 20 years, Mr. Calderone has served as a Vice President of CenTra, Inc., a transportation holding company headquartered in Warren, Michigan. Prior to joining CenTra, Mr. Calderone was a partner with Deloitte, Haskins, & Sells, Certified Public Accountants (now Deloitte & Touche LLP). Mr. Calderone has also served as a director of P.A.M. Transportation Services, Inc. (NASDAQ: PTSI) since May 1998. Mr. Calderone is a certified public accountant and an attorney. With his thorough understanding of financial reporting, generally accepted accounting principles, financial analytics, taxation and budgeting, Mr. Calderone brings to the Board expertise in accounting and finance.

Joseph J. Casaroll, age 75. Mr. Casaroll has served as a director on our Board of Directors since November 2004 and is currently a member of our Audit Committee. Mr. Casaroll served as Vice President and General Manager of F.C.S., Inc., a multi-level railcar loading and unloading, automotive yard management and railcar-maintenance company, from October 2000 to May 2002. Previously, Mr. Casaroll held various positions at

General Motors from 1959 through 1998. Mr. Casaroll has also served as a director of P.A.M. Transportation Services, Inc. (NASDAQ: PTSI) from June 1998 to September 2000. Mr. Casaroll's significant experience in various senior-level positions provides him with a unique perspective from which to evaluate both our financial and operational risks and opportunities.

Daniel J. Deane, age 56. Mr. Deane was appointed to our Board of Directors in July 2009. Mr. Deane has been the President of Nicholson Terminal & Dock Company since June 1990, and previously served as its Vice President and General Manager since 1980. He also serves as the President of Shamrock Chartering Company, and has been a Member of the Society of Naval Architects and Marine Engineers since 1985. Mr. Deane is also a Member of the International Stevedoring Council. Previously Mr. Deane served on the Board of Southern Wayne County Regional Chamber and was a past President of the Port of Detroit Operators Association. Mr. Deane's background in the transportation industry gives him an in-depth understanding of our business and offers a valuable resource to the Board.

Daniel C. Sullivan, age 71. Mr. Sullivan has served as a director on our Board of Directors since November 2004. Mr. Sullivan has been a practicing attorney, specializing in transportation law for more than 40 years, and has been a partner with the law firm of Sullivan Hincks & Conway since 1970. Mr. Sullivan has also served on the board of P.A.M. Transportation Services, Inc. (NASDAQ: PTSI) since 1986. Mr. Sullivan's background as an attorney and his knowledge of transportation law makes him well prepared to offer valuable insight into our business risks and opportunities.

Richard P. Urban, age 70. Mr. Urban has served as a director on our Board of Directors since November 2004. He had been a consultant with Urban Logistics, a consulting firm, since November 2000. Prior to 2000, Mr. Urban was an executive in various supply and logistics capacities at DaimlerChrysler AG and several of its predecessor companies. He is a member of our Audit Committee. Mr. Urban brings to the Board a comprehensive understanding of the challenges and opportunities of the transportation industry. His management experience and oversight of operations in excess of \$1.0 billion provide him with valuable insight into our financial affairs.

Ted B. Wahby, age 81. Mr. Wahby has served as a director on our Board of Directors since December 2004 and is currently the Chairman of our Audit Committee and a member of our Executive and Compensation and Stock Option Committees. Mr. Wahby has been the Treasurer of Macomb County, Michigan, since January 1995. Previously, Mr. Wahby was the Mayor of the City of St. Clair Shores, Michigan from 1983 to 1995, and held various positions at Comerica Bank from 1952 through 1983, including serving as Vice President. Mr. Wahby also serves as the Chairman of the Board of McLaren Medical Center—Macomb and previously served on the Finance and Audit Committees of the Board of Trustees of Ferris State University. Mr. Wahby's diverse experience in corporate, educational, and political fields provides him with a unique perspective from which to evaluate both our financial and operational business risks and opportunities.

Executive Officers of the Company

Donald B. Cochran, age 61. Mr. Cochran has been our President and Chief Executive Officer and a director since our formation in December 2001 and is currently a member of our Executive Committee. In addition, Mr. Cochran served as the President of Universal Am-Can, Ltd., one of our subsidiaries, from October 1995 through March 2006. Mr. Cochran has had responsibility for the managerial oversight of the operating companies that now make up Universal Truckload Services, Inc. since October 1995.

Robert E. Sigler, age 67. Mr. Sigler has been our Vice President and Chief Financial Officer since our formation in December 2001. Mr. Sigler has been the Chief Financial Officer of Universal Am-Can, Ltd. since November 1995. Previously, Mr. Sigler served as the Vice President of Finance for one of our subsidiaries, Economy Transport, Inc., from October 1988 until January 1995. Mr. Sigler previously served as Controller for Universal Am-Can, Ltd. from June 1981 until October 1988.

Key Relationships

Matthew T. Moroun, the Chairman of our Board of Directors, is the son of Manuel J. Moroun, also one of our directors. Matthew T. Moroun and a trust controlled by Manuel J. Moroun together own 10,022,500 shares, or 64.67% of the shares of our Common Stock, and hold these shares as one block of shares for voting purposes.

Information Regarding Board of Directors and Committees

Our business and property are managed under the direction of our Board of Directors. The Board held six formal meetings during 2011. Five were regular meetings and one was a special meeting. During 2011, all of the members of our Board of Directors attended over 75% of the aggregate of the formal meetings of the Board and the committee meetings on which they sit.

Our Board currently consists of nine directors. Our Board has determined that each of Messrs. Casaroll, Deane, Urban and Wahby is “independent,” as defined under and required by the federal securities laws and the rules of The Nasdaq Global Select Market. All of our directors stand for election at each annual meeting of our shareholders.

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

The Board encourages all members to attend our annual shareholders’ meeting. Failure to attend annual meetings without good reason is a factor considered in determining whether to renominate a current Board member. All Board members attended our annual shareholders’ meeting for 2011 held on June 10, 2011.

Board Leadership Structure and Role in Risk Oversight

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

Like many companies, we face a variety of risks, including credit risks, liquidity risks, operational risks, and other events beyond our reasonable control, many of which are further described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011. It is the responsibility of management to develop and implement strategies to manage these risks and the Board, as a whole, has oversight responsibility for the Company’s overall strategic and operational risks. To assist in addressing the oversight of certain risks, the Board has also established an Audit Committee and a Compensation and Stock Option Committee.

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

Shareholder Communications

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

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

Executive Committee

Our Executive Committee for the current term is composed of Messrs. Cochran, Matthew Moroun and Wahby. The Executive Committee held no meetings in 2011.

Audit Committee

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

Our Audit Committee for the current term is composed of Messrs. Casaroll, Urban and Wahby, with Mr. Wahby serving as Chairman. Our Board has determined that Messrs. Casaroll, Urban and Wahby are “independent” as defined under and required by the federal securities laws and the rules of The Nasdaq Global Select Market, including Rule 10A-3(b)(i) under the Exchange Act. That is, the Board has determined that none of them has a relationship with us that may interfere with their independence from us and our management. During 2011, the Audit Committee met four times.

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

- to review and discuss with management the annual and quarterly financial statements, internal control reports, and other relevant reports submitted by the independent registered public accountants;
- to review with management and the independent registered public accountants each Quarterly Report on Form 10-Q and recommend to the Board whether the financial statements should be included in the Annual Report on Form 10-K;
- to review earnings press releases with management;
- to select, evaluate, oversee, compensate, annually review the performance of and, when appropriate, replace the independent registered public accountants;
- to review any problems or difficulties that the independent registered public accountants bring to its attention and management’s response thereto;
- to review the independent registered public accountants’ audit report and management’s report on internal controls over financial reporting;
- to discuss with the independent registered public accountants all critical accounting policies and practices, all alternative treatments of financial information, material written communication between the independent registered public accountants and management and the quality of our accounting principles;
- to obtain and review, at least annually, an independent registered public accountants’ report describing the independent registered public accountants’ internal quality-control procedures, any material issues raised by the most recent internal quality-control review of the independent registered public accountants or any inquiry by governmental authorities, and all relationships between us and the independent registered public accountants;

- to review and pre-approve both audit and nonaudit services to be provided by the independent registered public accountants, and to engage in dialogue with the independent registered public accountants regarding any services or relationships which might impact the independent registered public accountants' objectivity;
- to review and approve related party transactions;
- to establish and maintain procedures to receive, retain and process complaints regarding accounting, internal accounting controls, or auditing matters;
- to review the activities and qualifications of the internal audit function; and
- to report periodically to our full Board with respect to any issues raised by the foregoing.

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

REPORT OF THE AUDIT COMMITTEE¹

The Audit Committee assists the Board in overseeing the Company's financial reporting process. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal control over financial reporting and disclosure controls and procedures. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 with management, including a discussion of the adequacy and quality of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee is responsible for reviewing, approving and managing the engagement of the Company's independent registered public accounting firm, KPMG LLP, or KPMG, including the scope, extent and procedures of the annual audit and compensation to be paid therefore, and all other matters the Audit Committee deems appropriate, including KPMG's accountability to the Board and the Audit Committee. The Audit Committee discussed with KPMG, which is responsible for expressing an opinion on the conformity of audited financial statements with U.S. generally accepted accounting principles, its judgment as to the acceptability and quality of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under Statement on Auditing Standards, as amended (AICPA, *Professional Standards*, Vol. 1 AU Section 380), as adopted by the Public Company Accounting Oversight Board, or the PCAOB, in Rule 3200T, and discussed and reviewed the results of KPMG's examination of the financial statements. In addition, the Audit Committee has received from KPMG the written disclosures and the letter required by applicable requirements of the PCAOB regarding KPMG's communications with the Audit Committee concerning independence and discussed with KPMG its own independence from management and the Company. The Audit Committee also considered whether the provision of non-audit services was compatible with maintaining KPMG's independence.

The Audit Committee discussed with KPMG the overall scope and plans for its audits. The Audit Committee meets with KPMG with and without management present, to discuss the results of its examinations, its evaluations of the Company's internal control over financial reporting, and the overall quality of the Company's financial reporting. The Audit Committee held four meetings during the fiscal year ended December 31, 2011.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the SEC. The Audit Committee has also retained, subject to shareholder ratification described in Proposal 2, KPMG as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012.

Audit Committee:

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

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

Compensation and Stock Option Committee

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

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

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

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

The Compensation and Stock Option Committee met one time during 2011, at which the Committee approved the Compensation and Stock Option Committee Report on Executive Compensation to be included in the 2011 Proxy Statement.

Director Nomination Process

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

Shareholder Recommendations for Director Nominees

It is generally the policy of the Board to consider the shareholder recommendations of proposed director nominees, if such recommendations are serious and timely received. To be considered "timely received," recommendations must be received in writing at our principal executive offices, 12755 E. Nine Mile Road, Warren, Michigan, 48089, no later than December 31, 2012, the date that is 120 days before May 1, 2013. In addition, any shareholder director nominee recommendation must include the following information:

- the proposed nominee's name and qualifications and the reason for such recommendation;
- the name and record address of the shareholder proposing such nominee; and

- a description of any financial or other relationship between the shareholder and such nominee or between the nominee and us or our subsidiaries.

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

The nominees for director for this 2012 annual meeting were all recommended by the Board.

Code of Business Conduct and Ethics

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

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own beneficially more than ten percent (10%) of the shares of our Common Stock, to file reports of ownership and changes of ownership with the SEC. Copies of all filed reports are required to be furnished to us pursuant to Section 16(a). Based solely on the reports received by us and on written representations from reporting persons, we believe that the current directors and executive officers complied with all applicable filing requirements during the fiscal year ended December 31, 2011.

SECURITY OWNERSHIP BY MANAGEMENT AND OTHERS

We had outstanding 15,498,754 shares of common stock, no par value, or the Common Stock, on April 13, 2012. The Common Stock constitutes the only class of our outstanding voting securities.

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

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

Beneficial ownership is determined in accordance with the federal securities rules that generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws. In computing the number of shares beneficially owned by a person or group and the percentage ownership of that person or group, shares subject to options or warrants held by that person or

member of that group that are or will become exercisable within 60 days are deemed outstanding, although the shares are not deemed outstanding for purposes of computing percentage ownership of any other person.

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Number	Percentage
Greater than 5% owners:		
Matthew T. Moroun (1)(2)(4)(5)	5,045,038	32.55%
Manuel J. Moroun (1)(2)(3)(4)	4,977,462	32.12%
Royce & Associates LLC (6)(7)	1,430,580	9.20%
FMR LLC (6)(8)	1,153,841	7.42%
T. Rowe Price Associates, Inc. (6)(9)	888,370	5.70%
Directors:		
Frederick P. Calderone (1)	—	—
Joseph J. Casaroll (1)(5)	500	*
Daniel J. Deane (1)	—	—
Daniel C. Sullivan (1)(5)	1,000	*
Richard P. Urban (1)	5,000	*
Ted B. Wahby (1)	—	—
Executive Officers		
Donald B. Cochran (1)(4)(10)	1,600	*
Robert E. Sigler (1)(11)	—	—
All directors and executive officers as a group (10 persons)	10,030,600	64.72%

- (1) The address for this person is c/o Universal Truckload Services, Inc., 12755 E. Nine Mile Road, Warren, Michigan 48089.
- (2) Matthew T. Moroun is the son of Manuel J. Moroun. The Morouns have agreed to vote their shares as a group. The table above reflects the actual number of shares that each of them owns. Each of Matthew T. Moroun and Manuel J. Moroun disclaims beneficial ownership of the shares owned by the other.
- (3) All shares are held by the Manuel J. Moroun Revocable Trust U/A/D 3/27/77, as amended and restated on December 22, 2004. Voting and investment power over this trust is exercised by Manuel J. Moroun, as trustee.
- (4) This person is also a member of the Board of Directors of the Company
- (5) This person owns the listed shares directly and not by virtue of any right to acquire the shares.
- (6) In accordance with the rules of the Securities and Exchange Commission, the information set forth is based on the most recent Schedule 13G (and amendments thereto) filed by this entity.
- (7) According to an amendment to its Schedule 13G filed on January 24, 2012, Royce & Associates LLC, or Royce, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is deemed to be the beneficial owner of 1,430,580 shares of Common Stock. Royce has the sole power to vote or to direct the vote and the sole power to dispose of its 1,430,580 shares of Common Stock. The business address of Royce is 745 Fifth Avenue, New York, NY 10151.
- (8) According to an amendment to its Schedule 13G filed jointly by FMR LLC and Edward C. Johnson 3rd (Chairman of FMR LLC) on February 14, 2012, Fidelity Management & Research Company, or Fidelity, a wholly-owned subsidiary of FMR LLC and an investment adviser under Section 203 of the Investment Advisers Act of 1940, is deemed to be the beneficial owner of 1,153,518 shares of Common Stock, as a result of acting as investment adviser to various investment companies, or the Funds, registered under Section 8 of the Investment Company Act of 1940. The Schedule 13G also discloses that neither FMR LLC nor Mr. Johnson has the sole voting power with respect to any of the shares of Common Stock, but they do have sole power, through their control of Fidelity, to dispose of the 1,153,518 shares of Common Stock. The Schedule 13G also states that Pyramis Global Advisors Trust Company, or Pyramis, an indirect wholly-owned subsidiary of FMR LLC and a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, is the beneficial owner of 323 shares of Common Stock and each of FMR LLC and Mr. Johnson, through its or his control of Pyramis, has the sole power to vote or to direct the vote and the

sole power to dispose of its 323 shares of Common Stock. The Schedule 13G further states that Mr. Johnson and various family members, through their ownership of FMR LLC voting stock and the execution of a shareholders' voting agreement, may be deemed to form a controlling group with respect to FMR LLC. The business address of Fidelity, FRM LLC, and Mr. Johnson is 82 Devonshire Street, Boston, Massachusetts 02109. The business address of Pyramis is 900 Salem Street, Smithfield, Rhode Island 02917.

- (9) According to its Schedule 13G filed on February 10, 2012, T. Rowe Price Associates, Inc., or T. Rowe Price, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is deemed to be the beneficial owner of 888,370 shares of Common Stock. T. Rowe Price has the sole power to vote or to direct the vote of 247,970 shares of Common Stock and the sole power to dispose of its 888,370 shares of Common Stock. The business address of T. Rowe Price is 100 E. Pratt Street, Baltimore, Maryland 21202.
- (10) Mr. Cochran owns 1,500 shares directly and 100 shares are owned by his spouse.
- (*) Less than 1%

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS
COMPENSATION OF EXECUTIVE OFFICERS

COMPENSATION DISCUSSION AND ANALYSIS

The following is a discussion of the material elements of our compensation program as it relates to our chief executive officer and chief financial officer, which we refer to as “named executive officers.” This discussion is intended to provide perspective to the tables and other narrative disclosures that follow it.

Overview of Compensation Program

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

Compensation Objectives and Philosophy

The Committee’s philosophy is intended to assist us in attracting, retaining and motivating executives with superior leadership and management abilities. Consistent with this philosophy, the Committee determines a total compensation structure for each officer, consisting primarily of salary, bonus and stock options. The proportions of the various elements of compensation vary among the officers depending upon their levels of responsibility, with an ultimate goal of rewarding the achievement of annual, long-term and strategic goals by us, which is intended to align the interests of our executives with the interests of our shareholders by rewarding performance based on the overall performance of the Company, as well as the achievement of specific personal goals, which the Committee believes will ultimately maximize shareholder value.

Role of Executive Officers in Compensation Decisions

Currently, the Committee, subject to any employment agreements in effect with its executive officers, reviews, and after discussions with executive officers, establishes and recommends to the Board for approval the salaries, bonuses and long-term incentives of our named executive officers, all at a level intended to be competitive with the average salaries of executive officers in comparable companies with adjustments made to reflect our financial health. In addition, the Committee recommends to the Board the granting of stock options under our Stock Option Plan to named executive officers and other selected employees, directors and consultants, and otherwise administers our Stock Option Plan.

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

Annual Cash Compensation

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

Base Salary. Each of our named executive officers receives a base salary to compensate him or her for services performed during the year. When determining the base salary for each of our named executive officers, the Committee considers, among other factors, the market levels of similar positions at similar companies, the performance of the executive officer, the experience level, tenure and potential of the executive officer in his or her position. The base salaries of our named executive officers are established by the terms of their employment agreements. The base salaries paid to our named executive officers are set forth below in the “Summary Compensation Table.”

Annual Non-Equity Compensation. It is the Committee’s practice to award a portion to each of the named executive officer’s annual compensation in the form of an annual cash bonus. Bonuses are intended to provide executives with an opportunity to receive additional cash compensation, and are based on individual performance and our performance. This practice is consistent with the Committee’s philosophy of supporting a performance-based environment and aligning the interests of management with the interests of the shareholders. The bonuses, if any, earned by our named executive officers in 2011 are set forth below in the “Summary Compensation Table.”

In December 2004, our Board of Directors approved an incentive compensation plan applicable to executive officers, pursuant to which our executive officers are eligible to earn annual cash bonuses based upon our consolidated financial results (as reported in our consolidated financial statements). In October 2011, the Board of Directors authorized the extension of the plan, without change, for an additional three-year term. The bonuses are contingent upon our achievement of a consolidated operating ratio (total operating expenses divided by total operating revenues) of less than 97% for the applicable bonus year. As further described in the plan, an executive officer’s bonus for the applicable bonus year is calculated as the sum of:

(a) an amount equal to 70% of the executive officer’s annual salary multiplied by a percentage ranging from 0%, if the annual consolidated operating ratio exceeds 96.9%; to 200%, if the consolidated operating ratio is less than or equal to 88.9%; and

(b) an amount equal to 30% of the executive officer’s annual salary multiplied by a percentage ranging from 0%, if the annual increase in consolidated operating revenues is less than 5.1%; to 200%, if the annual increase in consolidated operating revenues equals or exceeds 25.1%.

The calculation of the annual consolidated operating ratio and the annual increase in consolidated operating revenues are subject to adjustment as determined by the Board of Directors, in accordance with the terms of the plan to reflect extraordinary events such as the acquisition or disposition of a line of business.

Any bonus awarded to an executive officer under the plan is generally payable over a five-year period beginning with 40% on or before March 15th in the year following the year in which the bonus is earned and in equal installments of 15% over the remaining four years, subject to the executive officer’s continued employment on each payment date. The incentive compensation plan for executive officers is not intended to satisfy the requirements under Section 162(m) of the Internal Revenue Code of 1986 (and the rules and regulations promulgated thereunder) regarding the disqualification of payments made from deductibility under federal income tax law.

Other Compensation

Long-Term Incentive Compensation. Long-term incentive grants are awarded to our named executive officers as part of our overall compensation package, and are provided through stock options granted under our Stock Option Plan. The stock options are consistent with our philosophy and represent an additional vehicle for aligning management’s interests with the interests of our shareholders. When determining the amount of long-term incentive grants to be awarded to our named executive officers, the Committee considers, among other factors, the business performance of the Company, the responsibilities and performance of the executive, and the performance of our stock price. In 2011, the Committee did not grant any awards of long-term incentives to our named executive officers.

Perquisites and Other Personal Benefits. We provide our named executive officers with perquisites and other personal benefits that we and the Committee believe are reasonable and consistent with our overall compensation program and philosophy, to help us to attract and retain superior employees for key positions. The primary perquisites we provide to our named executive officers are the provision of a car allowance and payment of life insurance premiums.

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

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

2011 Say-on-Pay Vote

A majority of the Company’s shareholders (97% of votes cast) approved its 2010 Executive Compensation at the 2011 Annual Meeting in the first say-on-pay vote and approved the option of every three years as the preferred frequency for future advisory votes on the approval of Executive Compensation. As a result, the next scheduled say-on-pay vote will be presented in the proxy statement for our 2014 Annual Meeting.

Tax and Accounting Implications

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

Accounting for Stock-Based Compensation. The Company records compensation expense for stock or stock options granted on or after January 1, 2006, if any. No options were granted in 2011, 2010, or 2009, and as such, no compensation expense was recorded.

Summary Compensation Table

The following table sets forth information for the fiscal years ended December 31, 2011, 2010, and 2009 concerning the compensation of our chief executive officer and chief financial officer (we do not currently have any other executive officers), which we refer to as “named executive officers”:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(2)	Total (\$)
Donald B. Cochran	2011	\$ 380,667	\$ —	\$ —	\$ —	\$60,180	\$ —	\$ 13,087	\$ 453,934
President and Chief Executive Officer	2010	\$ 354,207	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,191	\$ 367,398
	2009	\$ 346,492	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,191	\$ 359,683
Robert E. Sigler	2011	\$ 329,864	\$ —	\$ —	\$ —	\$52,149	\$ —	\$ 1,527	\$ 383,540
Vice President, Chief Financial Officer, Secretary and Treasurer	2010	\$ 306,939	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,527	\$ 308,466
	2009	\$ 300,253	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,527	\$ 301,780

- (1) Included in Non-Equity Incentive Plan Compensation in 2011 is \$60,180 earned in 2011, and payable in installments over the next five years beginning in 2012, under the Universal Truckload Services, Inc. Incentive Compensation Plan for Calendar Year 2011 for Mr. Cochran; and \$52,149 earned in 2011, and payable in installments over the next five years beginning in 2012, under the Universal Truckload Services, Inc. Incentive Compensation Plan for Calendar Year 2011 for Mr. Sigler. In 2010 and 2009, the Company did not achieve the targeted operating ratio requirement under the incentive compensation plan, thus no bonus was awarded for Mr. Cochran or Mr. Sigler.
- (2) Included in All Other Compensation in 2011 is \$13,000 in car allowance and \$87 in term life insurance premiums for Mr. Cochran; and \$1,440 in car allowance and \$87 in term life insurance premiums for Mr. Sigler. Included in All Other Compensation in 2010 is \$13,104 in car allowance and \$87 in term life insurance premiums for Mr. Cochran; and \$1,440 in car allowance and \$87 in term life insurance premiums for Mr. Sigler. Included in All Other Compensation in 2009 is \$13,104 in car allowance and \$87 in term life insurance premiums for Mr. Cochran; and \$1,440 in car allowance and \$87 in term life insurance premiums for Mr. Sigler.

Employment Agreements

On September 13, 2008, we entered into employment agreements individually with Donald B. Cochran, our President, Chief Executive Officer and a member of our Board, and Robert E. Sigler, our Vice President, Chief Financial Officer, Treasurer and Secretary. Each of these employment agreements is for a four-year term, subject to termination upon notice. Under each agreement, we have the option of extending the term for another two years. Pursuant to such agreements, Messrs. Cochran and Sigler are entitled to receive:

- an initial base salary of \$364,728 for Mr. Cochran and \$316,025 for Mr. Sigler. Mr. Cochran will receive a five percent increase in each subsequent year thereafter, and Mr. Sigler will be reviewed annually for changes in base compensation (see the Summary Compensation Table for the December 31, 2011 Salary for each named executive officer). In 2009, both Messrs. Cochran and Sigler voluntarily took a temporary pay decrease as part of a Company-wide cost saving initiative. Regular compensation levels were reinstated during the first half of 2010;
- fringe benefits provided by us to all of our employees in the normal course of business, including insurance coverage; and
- reimbursement for all reasonable and necessary business expenses.

Key Executive Employment Protection Agreements

If we terminate either Mr. Cochran or Mr. Sigler without cause as defined in his respective employment agreement, he will continue to receive his then-current contract salary for the greater of 12 months or the remaining term of his employment agreement up to a maximum of 24 months. If we terminate either of these executives due to a medical disability which renders him unable to perform the essential functions of his employment, his then-current contract salary shall be continued for 12 months from the date of his disability. If such termination or disability had occurred as of the end of the fiscal year 2011, then in the case of Mr. Cochran, the amount that would be paid out by the Company under this provision would be \$402,168 paid over 12 months, or twice that amount paid over 24 months, and the amount received by Mr. Sigler would be \$348,504 paid over 12 months, or twice that amount over 24 months. Each of these executives has agreed not to compete with us for a one-year period following the end of his employment with us.

EQUITY COMPENSATION PLAN INFORMATION

Grants of Plan-Based Awards

There were no grants of plan-based awards made for the one-year period ending December 31, 2011.

Outstanding Equity Awards Table

The following table sets forth information concerning the outstanding equity awards previously awarded to the named executive officers as of December 31, 2011:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END, AS OF DECEMBER 31, 2011

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Donald B. Cochran	55,000	—	—	\$22.50	2/11/2012	—	\$—	—	\$—
Robert E. Sigler	55,000	—	—	\$22.50	2/11/2012	—	\$—	—	\$—

Options Exercised and Stock Vested

No options were exercised and no stock vested for the one-year period ending December 31, 2011.

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 ending December 31, 2011.

COMPENSATION OF DIRECTORS

Director Compensation Table

The following table sets forth the compensation information for the one year period ending December 31, 2011, for each member of our Board of Directors:

DIRECTOR COMPENSATION FOR THE YEAR ENDED DECEMBER 31, 2011

Name (1)	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$) (2)	Total (\$)
Matthew T. Moroun	\$103,000	\$—	\$—	\$—	\$—	\$ —	\$103,000
Manuel J. Moroun	\$ 13,000	\$—	\$—	\$—	\$—	\$100,000	\$113,000
Frederick P. Calderone	\$ 13,500	\$—	\$—	\$—	\$—	\$ —	\$ 13,500
Joseph J. Casaroll	\$ 15,500	\$—	\$—	\$—	\$—	\$ —	\$ 15,500
Daniel J. Deane	\$ 13,000	\$—	\$—	\$—	\$—	\$ —	\$ 13,000
Daniel C. Sullivan	\$ 13,000	\$—	\$—	\$—	\$—	\$ 2,537	\$ 15,537
Richard P. Urban	\$ 14,500	\$—	\$—	\$—	\$—	\$ 174	\$ 14,674
Ted B. Wahby	\$ 17,000	\$—	\$—	\$—	\$—	\$ —	\$ 17,000

- (1) Donald B. Cochran, the Company's President and Chief Executive Officer, is not included in this table as he is an employee of the Company and receives no compensation for his services. The compensation received by Mr. Cochran as an employee is shown in the Summary Compensation table.
- (2) Included in All Other Compensation is \$100,000 in consulting service fees for Mr. Manuel Moroun; and \$2,537 of other out-of-pocket reimbursements for Mr. Sullivan; and \$174 of other out-of-pocket reimbursements for Mr. Urban.

Additional Disclosures Regarding Director Compensation

Our Board of Directors has adopted a director compensation policy pursuant to which each non-employee director, excluding the chairman of the Board of Directors, will receive an annual cash retainer of \$10,000, payable in quarterly installments. Our directors also will receive an additional payment of \$500 per meeting of the Board or Board committee attended, up to a maximum of \$1,000 per day. The Chairman of the Board of Directors will receive an annual cash retainer of \$100,000 payable in quarterly installments. The chairman of our audit committee will receive an additional annual cash retainer of \$2,000 payable in quarterly installments. We also reimburse our non-employee directors for all out-of-pocket expenses incurred in the performance of their duties as directors. Our employee directors do not receive any fees for attendance at meetings or for their service on our Board of Directors.

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

Compensation Committee Interlocks and Insider Participation

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

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

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

COMPENSATION AND STOCK OPTION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation and Stock Option Committee of the Board of Directors has reviewed and discussed the above section entitled “Compensation Discussion and Analysis” with management and, based on such review and discussion, recommended to the Board of Directors that this section be included in this Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2011.

Compensation and Stock Option Committee:

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

TRANSACTIONS WITH MANAGEMENT AND OTHERS

Policies and Procedures for Approving Related Person Transactions

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

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

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

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

Transactions with Management and Others and Certain Business Relationships

Registration Rights Agreement

Pursuant to a registration rights agreement we entered into with Matthew T. Moroun and a trust controlled by Manuel J. Moroun on December 31, 2004, or the Registration Rights Agreement, we granted piggyback registration rights to a trust controlled by Manuel J. Moroun, Matthew T. Moroun, and their transferees.

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

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

Management Services

CenTra, Inc., or CenTra, is controlled by two of our directors, Matthew T. Moroun and Manuel J. Moroun, who also hold a controlling interest in the Company. Manuel J. Moroun serves as the President and CEO of CenTra. Matthew T. Moroun serves as Vice Chairman of CenTra’s board of directors. Frederick P. Calderone serves as Vice President and CFO of CenTra. CenTra provides management services to us, including legal, human resources, and tax services. The cost of these services is based on the estimated utilization of the specific services and is allocated to the Company. These costs totaled \$977,000 for 2011.

Arrangements with CenTra and its Affiliates that We Expect to Continue

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

In the past we have carried freight for CenTra and its affiliates and we expect to continue to do so in the ordinary course of our business. We have charged, and intend to continue charging, CenTra for these services at market rates. Revenue for these services for 2011 totaled \$901,000.

We currently lease twelve office, terminal and yard facilities from CenTra and its affiliates, ten of which are leased on a month-to-month basis. We paid an aggregate of \$568,000 in rent to CenTra and its affiliates for the year ended December 31, 2011. We believe that the rent we currently pay for these properties is at market rates.

In the past we have also performed maintenance services for CenTra and we expect to continue to do so in the ordinary course of our business. Charges for such services totaled \$276,000 in 2011. Affiliates of CenTra have also performed maintenance on our leased and owned transportation equipment, which totaled \$172,000 for 2011. We believe that the rates we paid and received for these maintenance services reflect market rates.

We purchase our auto liability and property damage insurance at market rates from an affiliate of CenTra. We paid this affiliate \$14,460,000 for 2011.

We purchase our employee health and other insurances at market rates from an affiliate of CenTra. We paid this affiliate \$3,442,000 for 2011.

Other Related Person Transactions

During 2011, the Company purchased five tractors from an affiliate of CenTra for \$175,000.

We also retained the law firm of Sullivan Hincks & Conway to provide legal services during 2011. Daniel C. Sullivan, a member of our Board, is a partner at Sullivan Hincks & Conway. Amounts paid for legal services during 2011 were \$340,000.

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The firm of KPMG LLP, or KPMG, served as independent registered public accountants for the Company for the year ended December 31, 2011. Our Audit Committee selected KPMG to continue in that capacity for fiscal year 2012 and our Board has approved this appointment. The aggregate fees billed for professional services by KPMG in 2011 and 2010 for services consisted of the following:

Audit Fees

Fees for the audit of our annual financial statements and quarterly reviews were \$254,670 for 2011 and \$231,650 for 2010.

Audit-Related Fees

No audit-related fees were paid to KPMG in 2011 or 2010.

Tax Fees

No fees were paid to KPMG in 2011 or 2010 for tax compliance, tax advice and/or tax planning.

All Other Fees

No other fees were paid to KPMG in 2011 or 2010.

Audit Committee Approval Policies

Our Audit Committee Charter includes procedures for the approval by the Audit Committee of all services provided by KPMG. Our Audit Committee has the authority and responsibility to pre-approve (other than with respect to *de minimis* exceptions permitted by the Sarbanes-Oxley Act of 2002) both audit and non-audit services to be provided by KPMG. 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.

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PROPOSAL 2—RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The firm of KPMG LLP served as independent registered public accountants for the year ended December 31, 2011 and has been selected by our Audit Committee to serve as our independent registered public accountants for the year ending December 31, 2012. 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 2013 because of the difficulty and expense of making such a substitution. A representative of KPMG 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.

The audit reports of KPMG on our consolidated financial statements for the fiscal years ended December 31, 2011, 2010 and 2009 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to audit scope or accounting principles.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP TO SERVE AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FOR THE YEAR ENDING DECEMBER 31, 2012, AS SELECTED BY OUR AUDIT COMMITTEE.

OTHER MATTERS

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

SHAREHOLDERS’ PROPOSALS FOR NEXT ANNUAL MEETING

Pursuant to Rule 14a-8 under the Exchange Act, any shareholder wishing to have a proposal considered for inclusion in our proxy solicitation material for the Annual Meeting of Shareholders to be held in 2013 must set forth such proposal in writing and file it with the Secretary of the Company no later than December 31, 2012, the date that is 120 days before May 1, 2013. Further, pursuant to Rule 14a-4, if a shareholder fails to notify us of a proposal before March 16, 2013, the date that is 45 days before May 1, 2013, such notice will be considered untimely, and management proxies may use their discretionary voting authority to vote on any such proposal.

BY THE ORDER OF THE BOARD OF DIRECTORS

/s/ Robert E. Sigler

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

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UNIVERSAL TRUCKLOAD SERVICES, INC.

Universal Truckload Services, Inc. is primarily an asset-light provider of transportation services to shippers throughout the United States and in the Canadian provinces of Ontario and Quebec. Our over-the-road trucking services include both flatbed and dry van operations and we provide rail-truck and steamship-truck intermodal support services. We also offer truck brokerage services, which allow us to supplement our capacity and provide our customers with transportation of freight by using third party capacity, as well as full service international freight forwarding and customs house brokerage services.

CORPORATE INFORMATION

Board of Directors

Matthew T. Moroun
Chairman of the Board,
Vice Chairman
CenTra, Inc.

Manuel J. Moroun
President and Chief Executive
Officer
CenTra, Inc.

Donald B. Cochran
President and Chief Executive
Officer
Universal Truckload Services, Inc.

Frederick P. Calderone
Vice President
CenTra, Inc.

Joseph J. Casaroll
Former Vice President and General
Manager
F.C.S., Inc.

Daniel J. Deane
President
Nicholson Terminal & Dock
Company

Daniel C. Sullivan
Partner
Sullivan Hincks & Conway

Richard P. Urban
Former Consultant
Urban Logistics, Inc.

Ted B. Wahby
Treasurer
Macomb County, Michigan

Executive Officers

Donald B. Cochran
President and Chief Executive
Officer

Robert E. Sigler
Vice President and Chief Financial
Officer

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

Independent Registered Public Accounting Firm
KPMG LLP
Detroit, MI

Legal Counsel
Clark Hill, PLC
Detroit, MI

The Company’s annual reports on Form 10-K and quarterly reports on Form 10-Q filed with the SEC are available without charge upon request by accessing the Company’s website at www.goutsi.com or by contacting:

Investor Relations
Universal Truckload Services, Inc.
12755 E. Nine Mile Road
Warren, Michigan 48089
(586) 920-0100



