

**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, 2006

OR

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

For the transition period from _____ to _____.

Commission File Number: 0-120510

UNIVERSAL TRUCKLOAD SERVICES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Michigan
(State or Other Jurisdiction of
Incorporation or Organization)

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

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

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

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

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

Common Stock, no par value
(TITLE OF CLASS)

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

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

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

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

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

Large Accelerated filer Accelerated filer Non-accelerated filer

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

As of July 1, 2006, 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, 2006, as reported by The Nasdaq Stock Market, was approximately \$208.0 million (assuming, but not admitting for any purpose, that all directors and executive officers of the registrant are affiliates).

The number of shares of common stock, no par value, issued and outstanding as of March 6, 2007, was 16,117,500.

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
Proxy Statement for 2007 Annual Meeting of Shareholders

Incorporated by reference in:
Part III, Items 10 - 14

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

We primarily operate through a contractor network of agents and owner-operators who provide us with approximately 3,700 tractors and approximately 3,000 trailers. At December 31, 2006, the Company had approximately 750 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.

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We believe our commission schedule, prompt payment practices, industry reputation, financial stability, back office support and national freight network helps us to attract agents and owner-operators. In addition, we acquired the operations of thirteen transportation companies between October 2000 and December 2006. We are continually evaluating new acquisition opportunities.

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

Our predecessor began operations in 1981 when Universal Am-Can Ltd. was formed as an owner-operator and agent based truckload carrier hauling general commodities over irregular routes in North America. Prior to December 31, 2001, we conducted our operations through several independent operating subsidiaries, all of which were owned by CenTra, Inc., a Delaware corporation (or CenTra), which is a private company owned by Matthew T. Moroun and a trust controlled by Manuel J. Moroun. On December 31, 2001, CenTra completed a corporate reorganization pursuant to which all of our operating subsidiaries became wholly owned subsidiaries of Universal Truckload Services, Inc., a newly formed Michigan corporation and wholly owned subsidiary of CenTra. On December 31, 2004, CenTra distributed all of our shares held by it to its shareholders, Matthew T. Moroun and a trust controlled by Manuel J. Moroun. On February 10, 2005 and March 11, 2005, we issued and sold an aggregate of 6,095,000 shares of common stock in an initial public offering.

Industry

According to the American Trucking Association, or ATA, the trucking industry was estimated at approximately \$622.9 billion in revenue in 2005 and accounted for approximately 84.3% 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 \$280.1 billion of revenue in 2005. 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 \$298.3 billion in 2005. 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, 2006 accounted for \$505.1 million, or 78.7% of our revenues. We believe the private fleet market offers significant opportunities for expansion by for-hire carriers, such as ourselves, because shippers increasingly are focused on operating within and conserving capital for, their core competencies, which often do not include freight transportation. In our intermodal support services, which during the year ended December 31, 2006 accounted for \$136.5 million or 21.3% of our revenues, we believe that third party logistics companies, railroads and ocean carriers are increasingly seeking efficiencies gained by using companies with greater service offerings, capacity and geographic coverage than the smaller private operators upon which they have historically relied.

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

Non-Asset Based Strategy

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

- *Variable cost structure.* We pay our agents and owner-operators a percentage of the revenue they generate, which gives us flexibility to quickly adjust to increases or decreases in customer demand. Additionally, having a high proportion of variable costs reduces our risks of making fixed payments on under-utilized equipment and personnel and minimizes our exposure to fluctuating equipment values. In 2006, approximately 87.5% 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 \$641.6 million in 2006, while we have spent an aggregate of \$47.3 million on capital expenditures over the same period of time, excluding property and equipment acquired in connection with the acquisitions of businesses.
- *Higher financial returns.* Given similar operating performance, we believe that our low fixed costs and capital expenditure requirements will produce higher returns on our assets than many of our asset-based competitors. We manage our business with a view toward enhancing these returns. In 2006, we achieved a 12.0% return on average assets.
- *Entrepreneurial spirit.* Our agents and owner-operators are business owners who are compensated based on the revenue they produce. We believe this model gives our agents a strong incentive to seek new revenue opportunities. In addition, we believe that our owner-operators have a greater incentive to operate their equipment more reliably, efficiently and safely than would be the case with employee drivers using employer-provided equipment.

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

Growth Strategy

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

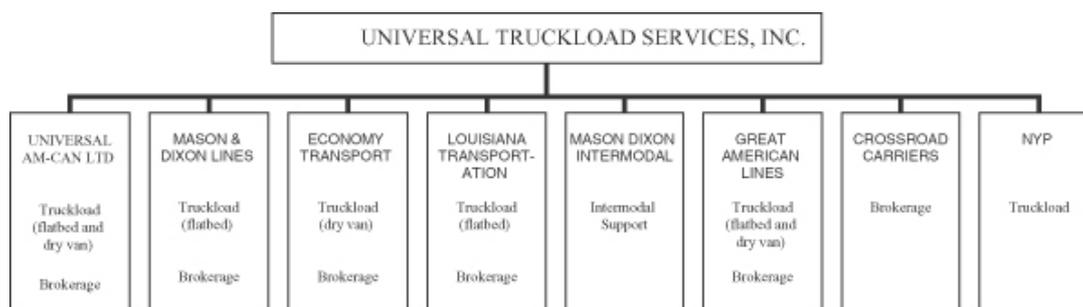
- *Grow our brokerage operations.* Our brokerage services have grown substantially, expanding to \$170.6 million in operating revenues in 2006 from \$25.7 million in 2001, a compound annual growth rate of 46.0%. In 2006, brokerage services accounted for 26.6% of our operating revenues. We encourage our agents to generate shipping contracts above the levels that can be accommodated by our owner-operators and provide the training and management information systems that enable our agents to broker these contracts to third party carriers. We intend to continue to grow this business because it requires little capital and gives our agents an opportunity to expand their revenues.

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- *Make strategic acquisitions.* Acquisitions have been an important part of our growth and we continually evaluate strategic acquisition opportunities. Our acquisition plan is to focus on targets that are primarily non-asset based, but we also will consider companies that derive a portion of their business from asset-based operations. Since our predecessor was founded in 1981, we have successfully integrated sixteen acquisitions, thirteen of which we have consummated between October 2000 and December 2006. Our operational integration strategy is to centralize administrative functions of acquired businesses at our headquarters, while maintaining the localized operations of the acquired businesses and maintaining the target's network of agents and owner-operators. We believe that allowing most of our acquired businesses to continue to operate under their pre-acquisition names, in their original regions and with the same agents and owner-operators enables us to maintain the loyalty of the agents and owner-operators and continue pre-existing customer relationships.
- *Expand our network of agents and owner-operators.* Increasing the number of agents and owner-operators has been a principal 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 also serve as an excellent platform for recruiting additional owner-operators. In addition, we believe that the current environment of increasing costs and industry consolidation has created substantial uncertainty for agents, owner-operators and shippers. This uncertainty has led to a desire within these constituencies to associate themselves with a stable company that has an established market presence, and we have successfully converted small independent trucking companies into agents and owner-operators.
- *Expand our intermodal support services.* Our intermodal support services have grown from \$28.9 million in operating revenues in 2001 to \$95.8 million in 2006. We intend to continue the growth of this business by expanding our service offerings, acquiring or renting additional intermodal facilities and also expanding our network of intermodal agents. We will evaluate future intermodal facility sites based on regional and international shipping volumes and market saturation. We currently operate eight full service container yards located in the mid-western and south-western United States. These facilities provide container and chassis inventory systems, full service repair facilities, and overhead lift capabilities. U.S. Customs has approved our Dearborn, Michigan facility as a container freight station. With the assistance of our container and chassis management services, we are able to offer steamship companies a neutral facility to store, repair, and track their equipment for future use. At our container freight station in Michigan, we can transfer bonded freight between overseas containers and other equipment for delivery to its final destination. We believe that providing container and chassis management as well as bonded customs services will allow us the opportunity to provide additional services for these customers.

Our Operations

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



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

- **Truckload.** Our truckload operations represented approximately \$375.2 million, or 58.5%, of our operating revenues in 2006. 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 \$170.6 million, or 26.6%, of our operating revenues in 2006. We 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.
- **Intermodal support services.** Our intermodal support services represented \$95.8 million or 14.9% of our operating revenues in 2006. Our intermodal support services are primarily short-to-medium distance delivery of rail and steamship containers between the railhead or port and the customer.

Independent Contractor Network

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

Agents

Our agents provide the primary interaction with our shippers. Approximately 71.9% of the freight we hauled in 2006 was solicited and controlled by our agents, with the remaining 28.1% generated by company-managed terminals and our CrossRoad Carriers subsidiary. Of our approximately 750 agents, 395 generated more than \$100,000 of operating revenues and 132 generated more than \$1.0 million of operating revenues, in 2006. 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.

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

We believe that our commission schedule, prompt payment practices, industry reputation, financial stability, back-office support and national freight network are attractive to agents and we have grown from 209 agents who generated more than \$100,000 of operating revenues in 2000 to 395 who generated more than \$100,000 of operating revenues in 2006. Our top 100 agents in 2006 generated 48.2% of our annual operating revenues. We generally pay our full-service agents a commission of 8% of revenue generated, excluding fuel surcharges. While we have signed agreements with most of our newer agents, we rely on verbal agreements with most of our long-term agents. We believe that very few of our agents work exclusively with us. The loss of any large-volume agent or a significant decrease in volume from one of these agents could have a materially adverse effect on our results of operations.

Owner-Operators

Owner-operators are individuals who own, operate and maintain one or more tractors that they either provide drivers for, or drive themselves. Our owner-operators provide us with approximately 3,700 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 3,670 at December 31, 2006, a compound annual growth rate of 10.1%. We generally pay our owner-operators a commission of 75% of the revenue generated from the freight they haul, if both a tractor and trailer are supplied. We also pass on 100% of any fuel surcharges we receive and a portion of other accessorial charges (at the commission rate) to our owner-operators. Most owner-operators are recruited directly by our agents. All owner-operators enter into standard, short-term written contracts with one of our operating subsidiaries that can be terminated by either party on short notice.

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

Corporate Services

We oversee certain administrative functions at our headquarters, while all operations and sales efforts are performed by our operating subsidiaries. These administrative functions are primarily focused on providing support to our agents, which includes billing and collections, contractor settlements, management information systems, purchasing, safety, and risk management. In addition, we conduct our accounting, strategic planning and

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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 automotive and steel industries. 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 6% of our operating revenues in 2004, 2005 or 2006, 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, 2006, our owner-operators provided us with approximately 3,700 tractors and 3,000 trailers. At December 31, 2006, the Company owned 1,373 trailers and 103 tractors.

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 including an estimate of incurred but not reported claims based on historical experience and for claims expected to exceed the our policy limits. We may also make accruals for personal injury and property damage to third parties, and workers' compensation claims if a claim exceeds our insurance coverage.

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,

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intermodal transportation, logistics providers and, in some aspects of our business, with less-than-truckload carriers and railroads. We also compete with other motor carriers for owner-operators and agents.

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

Government Regulation

Our operations are regulated and licensed by various federal and state agencies. Interstate motor carrier operations are subject to safety and insurance requirements prescribed by the Federal Motor Carrier Safety Administration, or FMCSA. Such matters as weight and equipment dimensions also are subject to federal and state regulation. We operate in the United States throughout the 48 contiguous states pursuant to operating authority granted by the 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.

The FMCSA adopted revised hours-of-service regulations on April 28, 2003. The regulations became effective January 4, 2004. There were several hours of service changes that may have a positive or negative effect on driver hours (and miles). The new rules allow drivers to drive up to 11 hours instead of the 10 hours permitted by the prior regulations, subject to the new 14-hour on-duty maximum described below. The rules require a driver's off-duty period to be 10 hours, compared to 8 hours under the prior regulations. In general, drivers may drive their 11 hours within 14 hours of on duty time in a 24-hour period, compared to 15 hours in a 24-hour period under the prior regulations. During the new 14-hour consecutive on-duty period, the only way to extend the on-duty period is by the use of a sleeper berth period of at least two hours that is later coupled with a second sleeper berth break to equal 10 hours. Under the prior rules, during the 15-hour on-duty period, drivers were allowed to take multiple breaks of varying lengths of time, which could be either off-duty time or sleeper berth time that did not count against the 15-hour period. There was no change to the rule that limits drivers to a maximum of 70 on-duty hours in 8 consecutive days. However, under the new rules, drivers can "restart" their 8-day clock at zero hours by taking at least 34 consecutive hours off duty.

After nine months of operation under the new regulations, citizens' advocacy groups successfully challenged the new regulations in court, and on October 1, 2005, the FMCSA again revised the hours of service regulations to address the concerns noted by the federal court. The only significant change effecting our operations is the new requirement that at least one of the two periods of a recognized sleeper berth break be at least 8 consecutive hours. Previously, a driver could accumulate the required 10-hour sleeper berth break in two separate periods as long as each period was at least 2 hours and the two periods combined equaled 10 hours. Requiring a minimum 8 consecutive hour sleeper break will possibly result in a decline in miles per truck because, under the new rule, issues that reduce the amount of time that our owner-operators spend driving, such as multiple-stop shipments, loading and unloading delays, waiting time and equipment maintenance, are expected to result in a reduction in driver miles.

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.

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

Seasonality

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

Employees

At December 31, 2006, we employed 644 individuals. None of our employees is represented by a collective bargaining unit. We believe that our employee relations are good.

Available Information

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

ITEM 1A: RISK FACTORS

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

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

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

In recent years, these factors have caused many owner-operators to join company-owned fleets or to exit the industry entirely. As a result of the smaller available pool of qualified owner-operators, the already strong competition among carriers for their services has intensified. Due to the difficult operating environment and intense competition, turnover among owner-operators in the trucking industry is high. In 2006, turnover among our owner-operators was approximately 76%. Additionally, our agreements with our owner-operators are terminable by either party upon short notice and without penalty. Consequently, we regularly need to recruit qualified owner-operators to replace those who have left our fleet. If we are unable to retain our existing owner-operators or recruit new owner-operators, it could have a materially adverse effect on our business and results of operations.

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

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.

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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 2006, 132 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 7.7% 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, approximately 0.2% 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.

The levels of our insurance coverage are greater than we have historically maintained. Accordingly, as a result of increased premiums, we expect our insurance and claims expense to increase over historical levels, even if we do not experience an increase in the number of insurance claims. Insurance carriers recently 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 \$2.50 per gallon to \$2.62 per gallon in the fourth quarter 2006, compared with \$2.43 per gallon to \$3.16 per gallon in the fourth quarter of 2005. To address fluctuations in fuel prices, we seek to impose fuel surcharges on our customers and pass these surcharges on to our owner-operators. These arrangements will not fully protect our owner-operators from fuel price increases. If costs for fuel escalate significantly it could make it more difficult to attract additional qualified owner-operators and retain our current owner-operators. Our owner-operators also may seek higher compensation from us in the form of higher commissions, which could have a materially adverse effect on our results of operations. If we lose the services of a significant number of owner-operators or are unable to attract additional owner-operators, it could have a materially adverse effect on our business and results of operations.

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

One component of our growth strategy is to pursue strategic acquisitions of truckload and other transportation companies that meet our acquisition criteria. However, suitable acquisition candidates may not be available on terms and conditions we find acceptable. In pursuing acquisitions, we compete with other companies, many of which may have greater resources than we do. If we are unable to secure sufficient funding for potential

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acquisitions, we may not be able to complete strategic acquisitions that we otherwise find desirable. Further, if we succeed in consummating strategic acquisitions, our business, financial condition and results of operations may be negatively affected because:

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

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

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

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

The U.S. Federal Motor Carrier Safety Administration, or FMCSA, and various state and local agencies exercise broad powers over our business, generally governing such activities as authorization to engage in motor carrier operations, safety and insurance requirements. Our owner-operators must comply with the safety and fitness regulations promulgated by the FMCSA, including those relating to drug and alcohol testing and hours-of-service. There also are regulations specifically relating to the trucking industry, including testing and specifications of equipment and product handling requirements. These measures could disrupt or impede the timing of our deliveries and we may fail to meet the needs of our customers. The cost of complying with these regulatory measures, or any future measures, could have a materially adverse effect on our business or results of operations. On January 4, 2004, new FMCSA hours-of-service regulations took effect. However, after nine months of operation under the new regulations, citizens' advocacy groups successfully challenged the new regulations in court, alleging that they were developed without properly considering issues of driver health. Subsequently, on October 1, 2005, the FMCSA again revised the hours of service regulations to address the concerns noted by the federal court. The only significant change effecting our operations is the new requirement that at least one of the two periods of a recognized sleeper berth break be at least 8 consecutive hours. Previously, a driver could accumulate the required 10-hour sleeper berth break in two separate periods as long as each period was at least 2 hours and the two periods combined equaled 10 hours. Requiring a minimum

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8 consecutive hour sleeper break will possibly result in a decline in miles per truck because, under the new rule, drivers will no longer have the flexibility to take a shorter sleeper berth break of less than 8 hours while waiting to load or unload at a customer facility.

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

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more control over service standards. Such policies could prevent us from pursuing certain business opportunities, which could adversely affect our growth and results of operations.

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

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

Seasonality and the impact of weather can affect our operations.

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

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

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

We currently use CenTra's administrative infrastructure, and our ability to operate our business may suffer if we choose to develop our own infrastructure.

Prior to December 31, 2004, we were a wholly-owned subsidiary of CenTra. As such, we relied on CenTra to provide certain tax, human resources and legal services, and audit the driver logs of our subsidiaries. At the time of our separation from CenTra, we entered into a transition services agreement with CenTra pursuant to which CenTra agreed to continue to provide these services to us and our subsidiaries. This transition services agreement had an initial term of 2 years and has since been extended through December 31, 2007. After the transition services agreement with CenTra expires, we may not be able to replace these services at all or at prices and on terms as favorable as we currently enjoy. In addition, any failure or downtime in our financial or administrative systems or in CenTra's financial or administrative systems during the transitional period could result in unexpected costs and have a materially adverse effect on our business and results of operations.

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

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

- labor, tax, employee benefit, indemnification and other matters arising from our separation from CenTra;
- employee retention and recruiting;

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- 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 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; Gary, Indiana; Millwood, West Virginia and Cleveland, Ohio; offices in Hammond, Indiana and Tampa, Florida and a condominium in Monroeville, Pennsylvania. As of December 31, 2006, our subsidiaries also leased 51 office, terminal and yard facilities in various cities and states. The leased facilities are generally leased on a month-to-month basis and 15 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.

In September 2006, we acquired 18 acres and a 41,000 square foot furnished office building in Warren, Michigan, for \$4.7 million. This building serves as our new corporate headquarters. We moved into this facility during the first quarter of 2007.

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. We believe all such litigation is adequately covered by insurance or otherwise reserved for and that adverse results in one or more of those cases would not have a materially adverse effect on our financial condition, operating results and cash flows. We are not currently involved in any material legal proceedings or litigation.

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

No matters were voted on by security holders during the fourth quarter of 2006.

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 Stock Market's National 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

Fiscal Period	2006		2005	
	High	Low	High	Low
First Quarter	\$ 26.87	\$ 21.18	\$ 23.50	\$ 19.75
Second Quarter	\$ 35.50	\$ 23.44	\$ 21.00	\$ 12.35
Third Quarter	\$ 37.57	\$ 24.70	\$ 19.23	\$ 16.13
Fourth Quarter	\$ 27.61	\$ 21.31	\$ 25.75	\$ 17.79

The reported last sale price per share of the Common Stock as quoted through the NASDAQ National Market System on March 6, 2007 was \$23.31 per share. The number of shareholders of record on March 6, 2007, was 4. However, we estimate that we have a significantly greater number of shareholders because a substantial number of our common shares are held by brokers or dealers for their customers.

Dividends

In 2005 we paid, from the proceeds of our initial public offering, a \$50.0 million cash dividend to CenTra. No other dividends or distributions on our common stock were paid during 2005 or 2006. 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 Lines 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 2006, none of these options were exercised and 10,000 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, 2006:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance (c)
Equity compensation plans approved by security holders	0	\$ 0	0
Equity compensation plans not approved by security holders	250,000	\$ 22.50	250,000
Total	250,000	\$ 22.50	250,000

Use of Proceeds from Sales of Registered Securities

We issued and sold 5,300,000 shares of our common stock in our initial public offering. The shares sold in our initial public offering were registered pursuant to our Registration Statement on Form S-1, as amended (File No. 333-120510), which became effective on February 10, 2005. On February 10, 2005, we priced these shares of common stock at \$20.00 per share. The sale of these shares closed on February 15, 2005.

The aggregate offering price of the shares of common stock issued and sold by us was \$106.0 million. We paid an aggregate of \$7.4 million in underwriting discounts and commissions, resulting in proceeds to us of \$98.6 million. In addition, we incurred an aggregate of approximately \$2.5 million in other expenses related to our initial public offering. As a result, we received net proceeds from our initial public offering, after underwriting discounts and commissions and other expenses, of approximately \$96.1 million.

The offering was made through an underwriting syndicate led by Stephens Inc., BB&T Capital Markets, a division of Scott & Stringfellow, Inc. and Legg Mason Wood Walker, Incorporated, as managing underwriters.

On March 11, 2005, the underwriters exercised their over-allotment option to purchase an additional 795,000 shares of our common stock. The aggregate offering price of the shares of common stock issued and sold by us in connection with the over-allotment option was \$15.9 million. We paid an additional \$1.1 million in underwriting discounts and commissions, resulting in additional proceeds to us of \$14.8 million.

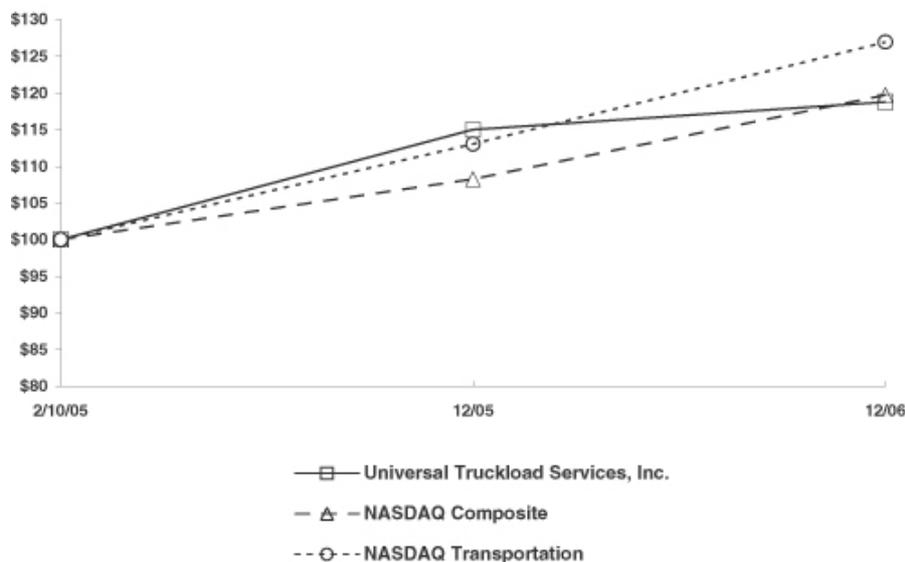
Purchases of Equity Securities by the Issuer and Affiliated Purchasers

There were no purchases of our equity securities by or on behalf of us or any affiliate purchaser.

Performance Graph

The graph below compares the cumulative 22-month total return of holders of Universal Truckload Services, Inc.'s common stock with the cumulative total returns of the NASDAQ Composite index and the NASDAQ Transportation index. The graph tracks the performance of a \$100 investment in our common stock and in each of the *indexes (with the reinvestment of all dividends) from 2/10/2005 to 12/31/2006.

COMPARISON OF 22 MONTH CUMULATIVE TOTAL RETURN*
 Among Universal Truckload Services, Inc., The NASDAQ Composite Index
 And The NASDAQ Transportation Index



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

	2/10/05	12/05	12/06
Universal Truckload Services, Inc.	100.00	115.00	118.75
NASDAQ Composite	100.00	108.26	119.71
NASDAQ Transportation	100.00	113.05	126.96

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

ITEM 6: SELECTED FINANCIAL DATA

We incorporated on December 11, 2001 for the purpose of holding all of the shares of our operating subsidiaries. Prior to December 31, 2001, we conducted our operations through several independent operating subsidiaries, all of which were owned directly by CenTra, Inc., or CenTra, a private company owned by Matthew T. Moroun and a trust controlled by Manuel J. Moroun. On December 31, 2001, CenTra completed a corporate reorganization pursuant to which all of our operating subsidiaries became wholly owned subsidiaries of Universal Truckload Services, Inc. On December 31, 2004, all of our shares held by CenTra were distributed to Matthew T. Moroun and a trust controlled by Manuel J. Moroun. On February 10, 2005 and March 11, 2005, we issued and sold an aggregate of 6,095,000 shares in an initial public offering.

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, 2006, 2005, 2004, 2003, and 2002 and the selected historical statement of income data for the years ended December 31, 2006, 2005, 2004, 2003, and 2002 have been derived from our audited consolidated financial statements. The selected historical financial and operating data presented below should be read in conjunction with the information included under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and related notes included elsewhere in this Form 10-K. The following financial and operating data may not be indicative of our future performance.

	Year ended December 31,				
	2006	2005	2004	2003	2002
	(in thousands, except per share information, operating data and percentages)				
Statements of Income Data:					
Operating revenues	\$641,627	\$531,339	\$362,016	\$277,698	\$252,812
Operating expenses:					
Purchased transportation	491,840	406,367	269,687	204,947	186,095
Commissions expense	40,360	34,678	27,354	22,228	20,240
Other operating expense	8,642	6,596	5,268	4,069	4,117
Selling, general and administrative	46,137	37,354	27,640	22,570	21,576
Insurance and claims	15,828	14,334	9,602	6,954	6,189
Depreciation and amortization	5,730	4,344	3,913	2,863	2,410
Total operating expenses	<u>608,537</u>	<u>503,673</u>	<u>343,464</u>	<u>263,631</u>	<u>240,627</u>
Income from operations	33,090	27,666	18,552	14,067	12,185
Interest expense (income), net	(1,043)	(425)	777	246	182
Income before provision for income taxes	34,133	28,091	17,775	13,821	12,003
Provision for income taxes	13,124	10,924	6,657	5,103	4,530
Net income	<u>\$ 21,009</u>	<u>\$ 17,167</u>	<u>\$ 11,118</u>	<u>\$ 8,718</u>	<u>\$ 7,473</u>
Earnings per common share:					
Basic	\$ 1.30	\$ 1.12	\$ 1.11	\$ 0.87	\$ 0.71
Diluted	1.30	1.12	1.11	0.87	0.71
Average common shares outstanding:					
Basic	16,118	15,372	10,023	10,023	10,550
Diluted	16,159	15,372	10,023	10,023	10,550
Cash dividends per common share (1)	\$ —	\$ 4.99	\$ 0.31	\$ —	\$ 0.57
Balance Sheet Data (end of year):					
Cash and cash equivalents	\$ 5,008	\$ 5,342	\$ 904	\$ 423	\$ 798
Total assets	190,900	158,666	106,544	66,840	58,619
Lines of credit and long-term debt, including current portion	1,000	—	37,998	16,644	11,736
Total shareholders’ equity (deficit)	134,453	113,172	(16,825)	31,486	27,317
Other Financial Data (unaudited):					
Pretax margin	5.3%	5.3%	4.9%	5.0%	4.7%
EBITDA (2)	\$ 38,820	\$ 32,010	\$ 22,465	\$ 16,930	\$ 14,595
Capital expenditures (3)	\$ 15,530	\$ 11,626	\$ 5,007	\$ 3,643	\$ 11,369
Return on average assets (4)	12.0%	12.9%	12.8%	13.9%	15.3%
Operating Data (unaudited):					
Number of agents (5)	395	357	359	327	352
Average number of tractors provided by owner-operators	3,420	2,754	2,306	2,114	2,230
Number of employees	644	494	460	271	293
Operating revenues per loaded mile (6)	\$ 2.36	\$ 2.21	\$ 1.90	\$ 1.66	\$ 1.54
Operating revenues per load (6)	\$ 1,032	\$ 966	\$ 922	\$ 907	\$ 852
Average length of haul (in miles) (6)	437	436	484	547	553
Number of loads (6)	492,305	453,676	349,453	274,213	266,198

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- (1) Does not include \$4.5 million and \$6.4 million of in-kind distributions paid to CenTra in 2003 and 2004, respectively.
- (2) EBITDA represents earnings from continuing operations before interest, taxes, depreciation and amortization. Our management believes that the presentation of EBITDA included in this Form 10-K provides useful information to investors regarding our results of operations because it assists in analyzing and benchmarking the performance and value of our business. Although our management uses EBITDA as a financial measure to assess the performance of our business compared to that of others in our industry, the use of EBITDA is limited because it does not include certain material costs, such as depreciation, amortization and interest, necessary to operate our business. EBITDA is not measured under generally accepted accounting principles and, when analyzing our operating performance, investors should use EBITDA in addition to, not as an alternative for, operating income, net income and cash flows from operating activities. Investors also should note that our presentation of EBITDA may not be comparable to similarly titled measures used by other companies.

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

	Year ended December 31,				
	2006	2005	2004	2003	2002
Net income	\$ 21,009	\$ 17,167	\$ 11,118	\$ 8,718	\$ 7,473
Add (subtract):			(in thousands)		
Interest (income) expense, net	(1,043)	(425)	777	246	182
Provision for income taxes	13,124	10,924	6,657	5,103	4,530
Depreciation and amortization	5,730	4,344	3,913	2,863	2,410
EBITDA	<u>\$ 38,820</u>	<u>\$ 32,010</u>	<u>\$ 22,465</u>	<u>\$ 16,930</u>	<u>\$ 14,595</u>

- (3) Excludes property and equipment acquired in connection with the acquisition of businesses in each period as follows: \$866,000 in 2001; \$41,000 in 2003; and \$7.7 million in 2004. 2005 excludes \$4.9 million in trailers acquired in a trailer exchange with CenTra (see Note 3 to Consolidated Financial Statements).
- (4) Net income divided by total average assets during the period. Average assets are the sum of our total assets at the end of the fiscal year and our total assets at the end of the prior fiscal year divided by two.
- (5) Includes only those agents who generated at least \$100,000 in operating revenues during the period indicated.
- (6) Includes fuel surcharges and excludes operating data from our intermodal support services and the operating results of CrossRoad Carriers in order to improve the relevance of the statistical data related to our truckload and brokerage services and improve the comparability to our peer companies.

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

Overview

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

Our owner-operators provided us with approximately 3,700 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 non-driver facilities and tractor and trailer fleets. The primary physical assets we provide to our agents and owner-operators include a portion of our trailer fleet, our headquarters facility, our management information systems and our intermodal depot facilities. Our business model provides us with a highly variable cost structure, allows us to grow organically using relatively small amounts of cash, gives us a higher return on assets compared to many of our asset-based competitors and preserves an entrepreneurial spirit among our agents and owner-operators that we believe leads to improved operating performance. In 2006, approximately 87.5% of our total operating expenses were variable in nature. Our capital expenditures for 2006 were \$15.5 million. In 2006, our return on average assets was 12.0%.

Over the past five years, our operating revenues have increased to \$641.6 million in 2006 from \$213.3 million in 2001, a compounded annual growth rate of 24.6%. Our net income has increased to \$21.0 million in 2006 from \$5.2 million in 2001, a compounded annual growth rate of 32.4%. We have achieved this growth through a mixture of organic growth and acquisitions. We expect to continue to make strategic acquisitions of companies that complement our non-asset based business model, as well as companies that derive a portion of their revenues from asset based operations. We believe that our willingness to expand our business to include a portion of asset based operations will expand the universe of potential acquisition targets, as most companies that we consider acquiring use a combination of asset based and non-asset based operations. We also intend to continue our organic growth, primarily by recruiting new agents and increasing the productivity of our existing agents. We believe that increasing our agent network is critical to our ability to penetrate new shipping markets and also to expand our network of owner-operators.

In August 2004, we acquired all of the issued and outstanding common stock of AFA Enterprises, Inc., a Pennsylvania Corporation (or AFA) for aggregate consideration of \$15.3 million in cash. Substantially all of AFA's revenue is generated through one of its subsidiaries, Great American Lines, Inc., which is a primarily non-asset based provider of transportation services, operating primarily east of the Mississippi River. Great American Lines offers flatbed, dry van and brokerage services. AFA currently operates under the name Great American Lines, Inc.

In November 2004, we acquired Nunn Yoest Principals & Associates, Inc. (or NYP) for aggregate consideration of \$1.6 million in cash. We used these assets to establish our CrossRoad Carriers operating subsidiary. Additionally, we are required to pay additional cash consideration to the former owners of NYP equal to 1.5% of the operating revenues generated by our CrossRoad Carriers business, subject to certain limitations, through November 2007. CrossRoad Carriers is a rail and truck brokerage firm, operating primarily east of the Mississippi River.

In January 2005, we acquired Xtreme Trucking, LLC (Xxtreme) for \$100,000 in cash. We are also required to pay additional cash consideration to the former owner of Xtreme based on a percentage of all revenues generated through December 2007, up to an aggregate of \$650,000. Xtreme is a regional provider of truckload and brokerage services primarily in the Southern United States.

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In October 2005, we acquired Marc Largent, Inc. (Largent) for \$873,000 in cash. We are also required to pay additional cash consideration to the former owner of Largent based on a percentage of all revenues generated through October 2008. Largent is a regional provider of intermodal services primarily in the Western United States.

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

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

In February 2006, we acquired certain assets of Djewels, Inc. (Djewels) for \$1,100,000 in cash. We are also required to pay additional cash consideration to the former owners of Djewels based on a percentage of all revenues generated through February 2008. Djewels is a regional provider of intermodal services primarily in the Western United States.

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

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

In September 2006, we acquired certain assets of Mallard Transport, Inc. (Mallard) for \$2,500,000. Through December 31, 2006, \$2,000,000 of the purchase price was paid in cash. The remaining \$500,000 is included in accrued expenses and other current liabilities at December 31, 2006. Mallard provides primarily flatbed and brokerage trucking services primarily in the Southeastern United States and operates through a contractor network of owner-operators.

Revenues and Expenses

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

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

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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 customer bad debt allowance, communications and rent expense.

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

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

Predecessor Operations, Dividends and Spin-Off

Our predecessor began operations in 1981 when Universal Am-Can, Ltd. was formed as an owner-operator and agent-based truckload carrier hauling general commodities over irregular routes in North America. Prior to December 31, 2001, we conducted our operations through several independent operating subsidiaries, all of which were owned by CenTra, Inc., or CenTra, a private company wholly owned by Matthew T. Moroun and a trust controlled by Manuel J. Moroun. On December 31, 2001, CenTra completed a corporate reorganization pursuant to which all of our operating subsidiaries became wholly owned subsidiaries of Universal Truckload Services, Inc., a newly formed Michigan corporation and wholly owned subsidiary of CenTra. Today, we conduct our operations through eight operating subsidiaries, which operate under the brand names Universal Am-Can, Mason & Dixon Lines, Louisiana Transportation, Economy Transport, Mason Dixon Intermodal, Great American Lines, CrossRoad Carriers and NYP of Michigan, Inc.

On December 28, 2004, our board of directors declared a special dividend of \$50.0 million payable to CenTra, our sole shareholder on the record date for this dividend. This dividend has been paid with a portion of our net

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proceeds from our initial public offering. Additionally, after October 2, 2004, but prior to the date of our initial public offering, we declared and paid cash and in-kind dividends with an estimated aggregate value of \$9.5 million.

On December 31, 2004, CenTra distributed all of our shares held by it to our shareholders, Matthew T. Moroun and a trust controlled by Manuel J. Moroun, in a spin-off transaction. During 2005, the Internal Revenue Service (IRS) completed an examination of the spin-off. Subsequently, on September 12, 2005, we entered into an agreement with the IRS and CenTra whereby the IRS determined that the spin-off qualified as a tax-free distribution for which no gain or loss was recognized by CenTra or its shareholders for federal income tax purposes under Section 355 and related provisions of the Internal Revenue Code of 1986, as amended.

CenTra and we have identified three principal purposes for the spin-off. First, the spin-off was intended to protect us from defending against allegations of “joint employer” status with respect to other CenTra subsidiaries that might engage in motor carrier or logistics related activities. Joint employer status is typically alleged in situations involving labor organizing efforts where two or more commonly controlled entities engage in similar activities. A finding of such status could subject our existing and future operating employees to organizing efforts initiated at other CenTra subsidiaries engaged in motor carrier or logistics activities. We believe that by severing CenTra’s voting control over our company, the risk of joint employer status with CenTra’s remaining subsidiaries was reduced. Thus, the spin-off enables us to determine our mix of independent contractors, operating employees and business activities free of concern of events involving CenTra’s operating subsidiaries. Second, the employees of certain CenTra subsidiaries are represented by collective bargaining agreements. Current and upcoming labor negotiations relating to these subsidiaries involve, or are expected to involve, demands that CenTra enter into “neutrality agreements” with the labor union representing these employees. Such agreements typically provide that a parent company remain neutral with respect to efforts to organize the employees of any of its operating subsidiaries. As was the case with the issue of joint employer status described above, being subjected to the terms of any agreement CenTra may enter into in order to resolve labor issues at its subsidiaries could affect our ability to manage our labor relations issues in accordance with our own best interests. Third, we believe that the spin-off, which results in our being an independent company, enhances our attractiveness to investors.

Stock Split

On November 4, 2004, we effected a 211-for-1 stock split in the form of a stock dividend. Our financial statements, related notes, and other financial data contained in this Form 10-K have been adjusted to give retroactive effect to the stock split for all periods presented.

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Results of Operations

The following table sets forth items derived from our consolidated statements of income for the years ended December 31, 2006, 2005, and 2004, presented as a percentage of operating revenues:

	Year Ended December 31,		
	2006	2005	2004
Operating revenues	100%	100%	100%
Operating expenses:			
Purchased transportation	76.7	76.5	74.5
Commissions expense	6.3	6.5	7.6
Other operating expenses	1.3	1.2	1.5
Selling, general and administrative	7.2	7.0	7.6
Insurance and claims	2.5	2.7	2.7
Depreciation and amortization	0.9	0.8	1.1
Total operating expenses	94.8	94.8	94.9
Operating income	5.2	5.2	5.1
Interest (expense) income, net	0.2	0.1	(0.2)
Income before provision for income taxes	5.3	5.3	4.9
Provision for income taxes	2.0	2.1	1.8
Net income	3.3%	3.2%	3.1%

2006 Compared to 2005

Operating revenues. Operating revenues increased by \$110.3 million, or 20.8%, to \$641.6 million for 2006 from \$531.3 million for 2005. Approximately, \$42.4 million of the increase in operating revenues is attributable to our 4th quarter 2005 and fiscal 2006 acquisitions. The increase in operating revenues relating to these acquisitions consisted of a \$13.7 million increase in truckload operations, a \$4.1 million increase in brokerage operations, and \$24.6 million increase in intermodal operations. The remaining increase of \$67.9 million was principally a result of increased freight demand and higher rates. Our operating revenue per loaded mile, excluding fuel surcharges, from our combined truckload and brokerage operations increased to \$2.13 for 2006 from \$2.05 for 2005. Additionally, fuel surcharges increased by \$24.1 million or 65.7% to \$60.8 million in 2006 from \$36.7 million in 2005. Excluding the effects of our 4th quarter 2005 and fiscal 2006 acquisitions, revenue from our truckload operations increased by \$29.6 million, or 8.9%, to \$361.5 million for 2006 from \$331.9 million for 2005. Excluding the effects of our 4th quarter 2005 and fiscal 2006 acquisitions, revenue from our brokerage operations increased by \$19.4 million, or 13.2%, to \$166.5 million for 2006 compared to \$147.1 million for 2005. Excluding the effects of our 4th quarter 2005 and fiscal 2006 acquisitions revenue from our intermodal support services increased by \$15.5 million, or 30.4%, to \$66.3 million for 2006 from \$50.8 million for 2005.

Purchased transportation. Purchased transportation increased by \$85.5 million or 21.0% to \$491.8 million for 2006 from \$406.4 million for 2005. As a percentage of operating revenues, purchased transportation expense increased to 76.7% for 2006 from 76.5% for 2005. The absolute increase was primarily due to the growth in our operating revenues. Purchased transportation expense generally increases or decreases in proportion to the revenues generated through owner-operators and other third-party carriers. The increase in purchased transportation as a percent of operating revenues is due in part to the \$24.1 million increase in fuel surcharges, which are passed through to owner-operators and increases in brokerage revenue at a higher rate than our truckload operations. The increase in purchased transportation as a percentage of revenue was partially offset by a greater mix of intermodal revenues, which historically yield lower purchased transportation rates as compared to truckload revenue.

Commissions expense. Commissions expense increased by \$5.7 million, or 16.4%, to \$40.4 million for 2006 from \$34.7 million for 2005. As a percentage of operating revenues, commissions expense decreased to 6.3% for 2006

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compared to 6.5% for 2005. The absolute increase was primarily due to the growth in our operating revenues. The decrease in commissions expense as a percentage of revenue primarily results from the increase in fuel surcharges for 2006 and to a lesser extent, the proportion of revenue derived by the Company's agent network and those derived from Company employee managed facilities. No commissions are paid on fuel surcharges.

Other operating expense. Other operating expense increased by \$2.0 million, or 31.0%, to \$8.6 million for 2006 from \$6.6 million for 2005. As a percentage of operating revenues, other operating expense increased slightly in 2006 to 1.3% from 1.2% for 2005. The absolute increase was primarily due to the significant number of acquisitions made throughout 2006 and additional fuel tax expense recorded as a result of a fuel tax audit completed during 2006.

Selling, general and administrative. Selling, general and administrative expense increased by \$8.8 million, or 23.5%, to \$46.1 million for 2006 from \$37.4 million for 2005. As a percentage of operating revenues, selling, general and administrative expense increased to 7.2% for 2006 from 7.0% for 2005. The absolute increase in selling, general and administrative expense primarily results from a \$7.0 million increase in salaries and wages and related payroll taxes and fringe benefits, which primarily results from our 4th quarter 2005 and fiscal 2006 acquisitions and the increases in intermodal activity. At December 31, 2006, the Company had 644 employees compared to 494 for 2005. Additionally, we incurred \$1.4 million in facility rental costs relating to our intermodal acquisitions and new intermodal terminals.

Insurance and claims. Insurance and claims expense increased by \$1.5 million, or 10.4%, to \$15.8 million for 2006 from \$14.3 million for 2005. As a percentage of operating revenues, insurance and claims decreased slightly to 2.5% for 2006 from 2.7% for 2005. The absolute increase was primarily due to an increase in insurance premiums resulting from the growth in our owner-operator provided fleet of tractors, which are covered under our liability insurance policies and an increase in insurance rates.

Depreciation and amortization. Depreciation and amortization increased by \$1.4 million, or 31.9%, to \$5.7 million for 2006 from \$4.3 million for 2005. As a percent of operating revenues, depreciation and amortization increased slightly to 0.9% for 2006 compared to 0.8% for 2005. The absolute increase was primarily a result of a \$886,000 increase in amortization expense relating to our 4th quarter 2005 and fiscal 2006 acquisitions and depreciation relating to \$15.5 million in capital expenditures.

Interest expense (income), net. Net interest income for 2006 was \$1.0 million compared to net interest income of \$0.4 million for 2005. The increase in net interest income of \$0.6 million or 145.4% resulted from the repayment of \$38.0 million under our secured lines of credit and secured equipment loans in 2005 using the proceeds from our initial public offering. Additionally, in 2006, interest income has been generated on the remaining proceeds from our offering and cash provided by operations.

Provision for income taxes. Provision for income taxes increased by \$2.2 million, or 20.1%, to \$13.1 million for 2006 from \$10.9 million for 2005. For 2006 and 2005, we had an effective income tax rate of 38.5% and 38.9%, respectively, based upon our income before provision for income taxes. We do not expect any material change to our effective income tax rate in future periods.

2005 Compared to 2004

Operating revenues. Operating revenues increased by \$169.3 million, or 46.8%, to \$531.3 million for 2005 from \$362.0 million for 2004. Approximately, \$55.1 million of the increase in operating revenues is attributable to our 2004 acquisition of AFA. The increase in AFA's 2005 operating revenues consisted of a \$41.5 million increase from its truckload operations and a \$13.6 million increase from its brokerage operations. Approximately \$37.3 million of the increase in operating revenues is attributable to CrossRoad Carriers operations. The remaining increase of \$76.9 million was principally a result of improved economic conditions, which contributed to increased freight demand and higher rates. Our operating revenue per loaded mile, excluding fuel surcharges,

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from our combined truckload and brokerage operations increased to \$2.05 for 2005 from \$1.84 for 2004. Additionally, fuel surcharges increased by \$24.1 million or 192.8% to \$36.7 million in 2005 from \$12.5 million in 2004. Excluding the effects of AFA and CrossRoad Carriers, revenue from our truckload operations increased by \$40.5 million, or 18.2%, to \$263.0 million for 2005 from \$222.6 million for 2004. Excluding the effects of AFA and CrossRoad Carriers, revenue from our brokerage operations increased by \$19.7 million, or 29.6%, to \$86.1 million for 2005 compared to \$66.5 million for 2004. Revenue from our intermodal support services increased by \$16.9 million, or 47.9%, to \$52.0 million for 2005 from \$35.2 million for 2004.

Purchased transportation. Purchased transportation increased by \$136.7 million, or 50.7%, to \$406.4 million for 2005 from \$269.7 million for 2004. As a percentage of operating revenues, purchased transportation expense increased to 76.5% for 2005 from 74.5% for 2004. The absolute increase was primarily due to the growth in our operating revenues. Purchased transportation expense generally increases or decreases in proportion to the revenues generated through owner-operators and other third-party carriers. The increase in purchased transportation as a percent of operating revenues is due in part to the \$24.1 million increase in fuel surcharges, which are passed through to owner-operators and increases in brokerage revenue at a higher rate than our truckload operations. Additionally, AFA's and CrossRoad Carriers' purchased transportation as a percent of operating revenues is higher than our historical averages.

Commissions expense. Commissions expense increased by \$7.3 million, or 26.8%, to \$34.7 million for 2005 from \$27.4 million for 2004. As a percentage of operating revenues, commissions expense decreased to 6.5% for 2005 compared to 7.6% for 2004. The absolute increase was primarily due to the growth in our operating revenues. The decrease in commissions expense as a percentage of revenue was a result of several factors. CrossRoad Carriers has no commission expense associated with its revenue since it does not utilize agents. AFA controls a substantial portion of its business, on which it does not pay any commissions. Additionally, no commissions are paid on fuel surcharges. As revenue from fuel surcharges increases, commissions expense as a percentage of operating revenue decreases.

Other operating expense. Other operating expense increased by \$1.3 million, or 25.2%, to \$6.6 million for 2005 from \$5.3 million for 2004. As a percentage of operating revenues, other operating expense decreased slightly in 2005 to 1.2% from 1.5% for 2004. The absolute increase was primarily due to the full year inclusion of AFA and CrossRoad Carriers other operating expenses totaling approximately \$913,000. Additionally, excluding the effect of AFA and CrossRoad Carriers, maintenance & repairs increased approximately \$206,000. This increase can be attributed to the increased number of company owned trailers.

Selling, general and administrative. Selling, general and administrative expense increased by \$9.7 million, or 35.1%, to \$37.4 million for 2005 from \$27.6 million for 2004. As a percentage of operating revenues, selling, general and administrative expense decreased to 7.0% for 2005 from 7.6% for 2004. The absolute increase in selling, general and administrative expense was primarily a result of the full year inclusion of AFA and CrossRoad Carriers' selling, general and administrative expenses totaling \$6.6 million. The remaining increase in selling, general and administrative expense of \$3.1 million is primarily attributable to a \$2.7 million increase in salaries and related payroll taxes and fringe benefits. The increase in salaries and related payroll taxes and fringe benefits is primarily a result of annual wage increases, the addition of approximately 35 employees and increases in the cost of employee benefits. The decrease in selling, general and administrative expenses as a percent of revenue is a result of increased operating revenues and our holding the increase in selling, general and administrative expenses below the operating revenue growth rate primarily because rate increases were a substantial source of our revenue growth and rate increases do not typically result in increases in overhead expenses.

Insurance and claims. Insurance and claims expense increased by \$4.7 million, or 49.3%, to \$14.3 million for 2005 from \$9.6 million for 2004. As a percentage of operating revenues, insurance and claims remained constant at 2.7%. The absolute increase was primarily due to 1) the inclusion of AFA's and CrossRoad Carriers' insurance and claims expense totaling \$1.3 million, 2) a \$2.1 million increase in auto liability reserves, and 3) a \$1.4 million increase in

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auto liability insurance premiums. The increase in auto liability reserves was based on the frequency and severity of claims incurred in 2005. The increase in auto liability insurance premiums is a result of the increase in the size of our owner-operator fleet, an increase in insurance rates and excess auto liability coverage obtained in December 2004. The excess auto liability coverage increased premiums by \$517,000 in 2005.

Depreciation and amortization. Depreciation and amortization increased by \$431,000, or 11.0%, to \$4.3 million for 2005 from \$3.9 million for 2004. As a percent of operating revenues, depreciation and amortization decreased to 0.8% for 2005 compared to 1.1% for 2004. The absolute increase was primarily due to the inclusion of AFA's and CrossRoad Carriers' depreciation and amortization totaling \$573,000 and depreciation on the 2005 capital expenditures, partially offset by the effect of the change in the estimated salvage value of our trailers on January 1, 2005. Previously we estimated that our trailers had no salvage value at the end of their useful life of seven years. However, based on our evaluation of current market conditions, we estimate that our trailers will have a salvage value equal to 20% of their original cost. As a result, the estimated salvage value of all trailers owned as of January 1, 2005 has been revised to equal 20% of their original cost. Any trailers acquired after January 1, 2005, will have an estimated salvage value of 20% of their original cost.

Interest expense (income), net. Net interest income for 2005 was \$425,000 compared to net interest expense of \$777,000 for 2004. The decrease in net interest expense of \$1,202,000 or 154.7% resulted from the repayment of \$38.0 million under our secured lines of credit and secured equipment loans in 2005 using the proceeds from our initial public offering. Additionally, in 2005, interest income has been generated on the remaining proceeds from our offering and cash provided by operations.

Provision for income taxes. Provision for income taxes increased by \$4.3 million, or 64.1%, to \$10.9 million for 2005 from \$6.7 million for 2004. For 2005 and 2004, we had an effective income tax rate of 38.9% and 37.5%, respectively, based upon our income before provision for income taxes. The increase in our effective tax rate is primarily the result of higher than expected income in high income tax rate states where a significant portion of our business is conducted. In 2006, we expect our effective income tax rate to be comparable to 2005.

Liquidity and Capital Resources

Our primary sources of liquidity are the net proceeds from our initial public offering, funds generated by operations and our revolving secured line of credit with First Tennessee Bank.

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

In 2006, we have made capital expenditures totaling \$15.5 million. These expenditures can be segregated into equipment purchases totaling \$8.3 million and real property acquisitions totaling \$7.2 million. Equipment purchases consist primarily of tractors, trailers, computer equipment and other miscellaneous equipment. Real property acquisitions consist of \$5.1 million for a building in Warren, Michigan that is serving as our new corporate headquarters and \$1.6 million for an office and repair facility adjacent to our intermodal property in Cleveland, Ohio.

In 2007, exclusive of acquisitions, we expect to incur capital expenditures of \$13 million to \$14 million relating to real property acquisitions, renovations and improvements to our existing facilities and the acquisition of additional terminal yards or container facilities. Additionally, we expect to incur capital expenditures of \$5 million to \$6 million for tractors, trailers 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 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.

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

We made cash or in-kind distributions to CenTra totaling \$4.5 million in 2003 and \$9.5 million in 2004. In addition, on December 28, 2004 our board of directors declared a special dividend of \$50.0 million payable out of the proceeds of our initial public offering to CenTra, our sole shareholder on the record date for this dividend. We paid this dividend immediately following our initial public offering. We currently intend to retain our future earnings to finance our growth and do not anticipate paying subsequent cash dividends in the future.

Unsecured Lines of Credit

Universal Truckload Services, Inc. and First Tennessee Bank National Association entered into a Loan Agreement dated November 28, 2006 for the period November 28, 2006 to May 31, 2008. The previous Loan Agreement with First Tennessee Bank National Association, dated March 2002 and further amended at various times, was collateralized by the accounts receivable of Universal Am-Can, Ltd., or UACL, and Mason & Dixon Lines, Inc., or MADL, and has been terminated due to the expiration of its term. Under our unsecured line of credit with First Tennessee Bank our maximum permitted borrowings and letters of credit in the aggregate may not exceed \$20.0 million at any one time. The line of credit is unsecured, and bears interest at a rate equal to LIBOR plus 1.65% (effective rate of 7.0% at December 31, 2006). The agreement governing our unsecured line of credit contains various financial and restrictive covenants to be maintained by us including requiring us to maintain a tangible net worth of at least \$85.0 million, a ratio of 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, net worth is defined as the difference between our total assets and total liabilities, and tangible net worth is defined as net worth, less (a) the value assigned to intangibles and any other assets properly classified as intangibles, in accordance with generally accepted accounting principles (b) any accumulated earnings attributable to interests in the capital stock and retained earnings of other persons, and (c) deferred assets. In addition, any amounts due to us from CenTra, Inc, its subsidiaries or affiliates, or any affiliate of ours, will be deducted from net worth. The agreement also may, in certain circumstances, limit our ability and the ability of our subsidiaries to sell or dispose of assets, incur additional debt, pay dividends or distributions or redeem common stock. The agreement also contains customary representations and warranties, affirmative and negative covenants and events of default. As of December 31, 2006, there were no borrowings outstanding under our line of credit and \$1,036,500 letters of credit issued against the line.

Discussion of Cash Flows

At December 31, 2006, we had cash and cash equivalents of \$5.0 million compared to \$5.3 million at December 31, 2005. The decrease in cash and cash equivalents of \$0.3 million in 2006 resulted primarily from \$29.6 million in cash used in investing activities, offset by \$28.3 million in cash generated from operations and \$1.0 million in cash generated from financing activities.

The \$29.6 million in net cash used in investing activities for 2006 consisted primarily of capital expenditures of \$15.5 million and the initial purchase price paid for acquisitions of \$18.0 million. In addition, the Company made purchases and sold marketable securities totaling \$26.5 million and \$31.1 million, respectively.

The \$28.3 million in cash provided by operations was generated from \$21.0 million of net income, \$5.7 million of non-cash charges for depreciation and amortization, and an increase in the working capital position of the Company of \$0.2 million.

Net cash provided by financing activities for 2006 was \$1.0 million, resulting from the proceeds received on a loan from the County of Cuyahoga, Ohio, to be used for improvements to our Cleveland, Ohio container storage facility.

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Contractual Obligations

The following summarizes our contractual obligations at December 31, 2006, and the effect such obligations are expected to have on our liquidity and cash flow in future periods (in thousands):

Contractual Obligations	Total	Payments due by period			
		Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
Long-Term Debt	\$ 550	\$ —	\$ —	\$—	\$ 550
Operating Lease Obligations	2,955	1,180	1,775	—	—
Purchase Obligations	5,690	5,690	—	—	—
Total	<u>\$9,195</u>	<u>\$ 6,870</u>	<u>\$ 1,775</u>	<u>\$—</u>	<u>\$ 550</u>

The long-term debt represents the amount due under the loan from the County of Cuyahoga, Ohio, upon maturity. The above purchase obligations relate to firm purchase commitments for properties, tractors, trailers, and shipping container lifts.

Off-Balance Sheet Arrangements

In connection with the 2004 acquisition of NYP, we are required to pay cash consideration to the former owner of NYP based on a percentage of all revenues generated through November 2007.

In connection with the 2005 acquisition of Xxtreme, we are required to pay cash consideration to the former owner of Xxtreme based on a percentage of all revenues generated through December 2007.

In connection with the 2005 acquisition of Largent, we are required to pay cash consideration to the former owner of Largent based on a percentage of all revenues generated through October 2008.

In connection with the 2005 acquisition of Diamond, we are required to pay cash consideration to the former owners of Diamond based on a percentage of all revenues generated through November 2008.

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

In connection with the 2006 acquisition of Djewels, we are required to pay cash consideration to the former owner of Djewels based on a percentage of all revenues generated through February 2008.

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

Legal Matters

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

Critical Accounting Policies

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

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

Allowance for Uncollectible Receivables

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

Insurance and Claim Costs

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

As of December 31, 2006, 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 and we will establish reserves relating to general liability claims in the future as appropriate. The reserves consist of specific reserves for all known claims and an estimate for claims incurred but not reported. In determining the reserves, we specifically review all known claims and record a liability based upon our best estimate of the amount to be paid. In making our estimate, we consider the amount and validity of the claim, as well as our past experience with similar claims. In establishing the reserve for claims incurred but not reported, we consider our past claims history, including the length of time it takes for claims to be reported to us. Based on our past experience, the time between when a claim occurs and when it is reported to us is short. As a result, we believe that the number of incurred but not reported claims at any given point in time is small. These reserves are periodically reviewed and adjusted to reflect our experience and updated information relating to specific claims. If we experience claims that are not covered by our insurance or that exceed our estimated claim reserve, it could increase the volatility of our earnings and have a materially adverse effect on our financial condition and results of operations.

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of

Depreciation and amortization of long-lived assets is calculated using the straight-line method over the estimated useful lives of the assets. We also evaluate the carrying value of long-lived assets 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.

Recently Issued Accounting Pronouncements Not Currently Effective

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes (an interpretation of FASB Statement No. 109)" which is effective for fiscal years beginning after December 15, 2006 with earlier adoption encouraged. This interpretation was issued to clarify the accounting for uncertainty in income taxes recognized in the financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company has substantially completed its assessment and believes once adopted, there will not be a material impact on the Company's financial statements.

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 bears interest at a floating rate equal to LIBOR plus 1.65%. Accordingly, changes in LIBOR would affect the interest rate on and therefore our cost under the line of credit. We currently do not have a balance outstanding under the line of credit.

Included in cash and cash equivalents is \$4.9 million in short-term investment grade instruments. The interest rates on these instruments are adjusted to market rates at least monthly. In addition, we have the ability to put these instruments back to the issuer at any time. Accordingly, any future interest rate risk on these short-term investments would not be material.

Included in marketable securities is \$12.0 million in short-term investment grade instruments. The interest rates on these instruments are adjusted to market rates at least monthly. Accordingly, any future interest rate risk on these short-term investments would not be material.

We did not have any interest rate swap agreements as of December 31, 2006.

Commodity Price Risk

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

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, 2006 and 2005, and the related consolidated statements of income, shareholders' (deficit) equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2006. 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, 2006 and 2005, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 3, CenTra, Inc. (a related party) provided legal, human resources, tax, rental, and maintenance services to Universal Truckload Services, Inc. for the years ended December 31, 2006, 2005, and 2004. The costs of these services are not necessarily indicative of the costs that would have been incurred if Universal Truckload Services, Inc. had internally performed or acquired these services as an unaffiliated company.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Universal Truckload Services, Inc.'s internal control over financial reporting as of December 31, 2006, 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 19, 2007 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

/s/ KPMG LLP
Detroit, Michigan
March 19, 2007

UNIVERSAL TRUCKLOAD SERVICES, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2006 and 2005
(In thousands, except share data)

	2006	2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,008	\$ 5,342
Marketable securities	15,330	19,456
Accounts receivable—net of allowance for doubtful accounts of \$3,264 and \$2,472, respectively	82,259	72,032
Due from CenTra and affiliates	251	298
Prepaid income taxes	—	4,284
Prepaid expenses and other	5,283	4,168
Deferred income taxes	3,437	2,359
Total current assets	<u>111,568</u>	<u>107,939</u>
Property and equipment	67,012	48,276
Less accumulated depreciation	<u>(15,726)</u>	<u>(13,476)</u>
Property and equipment—net	<u>51,286</u>	<u>34,800</u>
Goodwill	10,179	4,076
Intangible assets—net of accumulated amortization of \$3,625 and \$1,832, respectively	16,684	9,890
Other assets	1,183	1,961
Total assets	<u>\$ 190,900</u>	<u>\$ 158,666</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable, including related party amounts of \$560 and \$433, respectively	30,156	26,276
Accrued expenses and other current liabilities	19,561	13,904
Due to CenTra	—	1,542
Total current liabilities	<u>49,717</u>	<u>41,722</u>
Long-term liabilities:		
Long-term debt	1,000	—
Deferred income taxes	3,958	2,385
Other long-term liabilities	1,772	1,387
Total long-term liabilities	<u>6,730</u>	<u>3,772</u>
Shareholders' equity:		
Common stock, no par value. Authorized 40,000,000 shares; Issued and outstanding 16,117,500 shares	16,118	16,118
Paid-in capital	79,806	79,806
Retained earnings	38,176	17,167
Accumulated other comprehensive income—unrealized holding gain on available-for-sale securities, net of taxes of \$220 and \$57, respectively	353	81
Total shareholders' equity	<u>134,453</u>	<u>113,172</u>
Total liabilities and stockholders' equity	<u>\$ 190,900</u>	<u>\$ 158,666</u>

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.
CONSOLIDATED STATEMENTS OF INCOME
Years ended December 31, 2006, 2005, and 2004
(In thousands, except per share data)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating revenues:			
Truckload, including related party amounts of \$604, \$940 and \$3,557, respectively	\$375,194	\$332,178	\$249,114
Brokerage	170,576	147,132	77,726
Intermodal	95,857	52,029	35,176
Total operating revenues	<u>641,627</u>	<u>531,339</u>	<u>362,016</u>
Operating expenses:			
Purchased transportation, including related party amounts of \$14,574, \$7,209 and \$79, respectively	491,840	406,367	269,687
Commissions expense	40,360	34,678	27,354
Other operating expense, net, including related party amounts of \$768, \$867 and \$1,001, respectively	8,642	6,596	5,268
Selling, general, and administrative, including related party amounts of \$1,826, \$1,430 and \$1,263, respectively	46,137	37,354	27,640
Insurance and claims, including related party amounts of \$12,472, \$10,509 and \$7,494, respectively	15,828	14,334	9,602
Depreciation and amortization	5,730	4,344	3,913
Total operating expenses	<u>608,537</u>	<u>503,673</u>	<u>343,464</u>
Income from operations	33,090	27,666	18,552
Interest income	1,088	756	113
Interest expense	(45)	(331)	(890)
Income before provision for income taxes	34,133	28,091	17,775
Provision for income taxes	13,124	10,924	6,657
Net income	<u>\$ 21,009</u>	<u>\$ 17,167</u>	<u>\$ 11,118</u>
Earnings per common share:			
Basic	\$ 1.30	\$ 1.12	\$ 1.11
Diluted	\$ 1.30	\$ 1.12	\$ 1.11
Average common shares outstanding:			
Basic	16,118	15,372	10,023
Diluted	16,159	15,372	10,023

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT) EQUITY
AND COMPREHENSIVE INCOME
Years ended December 31, 2006, 2005, and 2004
(In thousands)

	Common stock	Paid-in capital	Retained earnings	Distributions in excess of CenTra's Contributed Capital	Accumulated Other Comprehensive Income	Total
Balances—January 1, 2004	10,023	15,871	5,592	—	—	31,486
Net income	—	—	11,118	—	—	11,118
Distributions to CenTra	—	(15,871)	(16,710)	(26,848)	—	(59,429)
Balances—December 31, 2004	10,023	—	—	(26,848)	—	(16,825)
Capital contribution	—	1,835	—	—	—	1,835
Proceeds from issuance of common stock, net of offering costs	6,095	77,971	—	26,848	—	110,914
Comprehensive income						
Net income	—	—	17,167	—	—	17,167
Unrealized gain on available for sale investments, net of income taxes of \$57	—	—	—	—	81	81
Total comprehensive income						17,248
Balances—December 31, 2005	\$ 16,118	\$ 79,806	\$ 17,167	\$ —	\$ 81	\$ 113,172
Comprehensive income						
Net income	—	—	21,009	—	—	21,009
Unrealized gain on available for sale investments, net of income taxes of \$163	—	—	—	—	272	272
Total comprehensive income						21,281
Balances—December 31, 2006	\$ 16,118	\$ 79,806	\$ 38,176	\$ —	\$ 353	\$ 134,453

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2006, 2005, and 2004
(In thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:			
Net income	\$ 21,009	\$ 17,167	\$ 11,118
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	5,730	4,344	3,913
Loss on disposal of property and equipment	88	37	9
Interest income	—	—	(57)
Bad debt expense	867	1,308	2,382
Deferred income taxes	332	118	(158)
Change in assets and liabilities:			
Accounts receivable and due from CenTra & affiliates	(10,784)	(13,695)	(9,808)
Prepaid expenses and other	4,955	(517)	(3,526)
Accounts payable and accrued expenses	7,606	3,869	6,507
Due to CenTra	(1,542)	167	911
Net cash provided by operating activities	<u>28,261</u>	<u>12,798</u>	<u>11,291</u>
Cash flows from investing activities:			
Capital expenditures	(15,530)	(11,626)	(5,007)
Proceeds from the sale of property and equipment	455	141	157
Purchases of marketable securities	(26,539)	(40,368)	—
Proceeds from sale of marketable securities	31,100	21,050	—
Payment of earnout obligations related to acquisitions	(1,051)	(789)	(89)
Loans to CenTra	—	—	(5,750)
Repayment of loans to CenTra	—	1,764	—
Acquisitions of businesses	(18,030)	(1,448)	(14,919)
Net cash used in investing activities	<u>(29,595)</u>	<u>(31,276)</u>	<u>(25,608)</u>
Cash flows from financing activities:			
Long-term debt borrowings	1,000	—	3,304
Repayments of long-term debt	—	(6,400)	(2,786)
Net borrowings under lines of credit	—	(31,598)	17,474
Distributions to CenTra	—	(50,000)	(3,194)
Proceeds from issuance of common stock	—	113,367	—
Payment of offering costs	—	(2,453)	—
Net cash provided by financing activities	<u>1,000</u>	<u>22,916</u>	<u>14,798</u>
Net increase (decrease) in cash	<u>(334)</u>	<u>4,438</u>	<u>481</u>
Cash and cash equivalents—January 1	5,342	904	423
Cash and cash equivalents—December 31	<u>\$ 5,008</u>	<u>\$ 5,342</u>	<u>\$ 904</u>
Supplemental cash flow information:			
Cash paid for interest	\$ 44	\$ 444	\$ 813
Cash paid for income taxes	\$ 9,072	\$ 15,183	\$ 706
Fair value of assets acquired, including goodwill	\$ 19,014	\$ 1,491	\$ 28,114
Remaining acquisition obligations	(500)	—	(1,607)
Liabilities assumed	(484)	(43)	(11,588)
Net cash paid	<u>\$ 18,030</u>	<u>\$ 1,448</u>	<u>\$ 14,919</u>

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)
Years ended December 31, 2006, 2005, and 2004
(In thousands)

Non-cash investing and financing transactions (Note 3):

In 2005, UTSI exchanged trailers with CenTra, whereby the Company transferred 429 trailers with a book value of \$915,000 to CenTra in exchange for 300 trailers. The trailers received by UTSI were recorded at CenTra's net book value of \$4,875,000. A deferred tax liability of \$1,125,000 was recorded resulting from the difference in the book and tax bases of the trailers received less the deferred tax liability that existed on the trailers given. Additionally, UTSI recorded a deemed capital contribution of \$1,835,000 in connection with this transaction.

In 2004, the Company exchanged properties with CenTra, whereby the Company transferred a terminal yard with a book value of \$718,000 to CenTra in exchange for an office building. The office building was recorded at CenTra's net book value of \$131,000. Additionally, the Company recorded a deemed distribution to CenTra of \$448,000 and a net deferred tax asset of \$233,000.

In 2004, the Company declared three in-kind dividends consisting of 1) a land and building with a net book value \$1,838,000, 2) a \$4,000,000 loan receivable plus accrued interest of \$43,000 and 3) a \$25,000 option and right of first refusal on one of its terminal yards in Dearborn, Michigan.

In 2004, the Company declared a \$50,000,000 dividend. The dividend was paid from the net proceeds of the Company's initial public offering in 2005.

See accompanying notes to consolidated financial statements.

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2006, 2005, and 2004

(1) Summary of Significant Accounting Policies

(a) Business

Universal Truckload Services, Inc. (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. 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, the sole shareholders of CenTra, Inc. CenTra, Inc., its subsidiaries and affiliates are referred to as "CenTra."

(b) Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Universal Am-Can Ltd. (UACL), The Mason & Dixon Lines, Inc. (MADL), Mason Dixon Intermodal, Inc. (MDII), Economy Transport, Inc.(ECON), Louisiana Transportation, Inc. (LTI), Great American Lines, Inc. (GAML, formerly AFA Enterprises, Inc.), CrossRoad Carriers, Inc. (CRC), and NYP of Michigan, Inc. (NYP). In 2006, the Company completed five acquisitions through its MADL, UACL and MDII operating subsidiaries. The accounts of the acquired companies are included from their respective dates of acquisition through December 31, 2006 (see Note 2). All significant intercompany accounts and transactions have been eliminated.

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.

Certain reclassifications have been made to the December 31, 2005 balance sheet in order for it to conform to the December 31, 2006 presentation.

(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; valuation allowances for receivables and deferred income tax assets; and liabilities related to insurance and claim costs. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

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

It is the policy of the Company to record outstanding checks as accounts payable for balance sheet presentation and include the changes in these positions as cash flows from operations in the statements of cash flows. Accounts payable include reclassifications of outstanding checks in the amount of \$11.2 million and \$8.3 million at December 31, 2006 and 2005, respectively. The change in the reclassified amounts of checks issued in excess of funds on deposit of \$2.9 million, \$2.6 million and \$0.7 million for 2006, 2005, and 2004, respectively, is included in cash flows from operations in the statement of cash flows.

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

December 31, 2006, 2005, and 2004

(1) Summary of Significant Accounting Policies—continued

(e) Marketable Securities

Marketable securities, all of which are available for sale, consist of common stocks, variable demand rate notes and auction rate securities. Marketable securities are carried at fair value, with unrealized gains and losses, net of related income taxes, reported as accumulated other comprehensive income.

The cost, gross unrealized holding gains, gross unrealized holding losses, and fair value of available-for-sale securities by type as of December 31, 2006 and 2005 were as follows (in thousands):

	Amortized Cost	Gross unrealized holding gains	Gross unrealized holding (losses)	Fair Value
At December 31, 2006				
Auction Rate Securities	\$ 8,950	\$ —	\$ —	\$ 8,950
Variable Rate Demand Notes	3,000	—	—	3,000
Equity Securities	2,808	575	(3)	3,380
	<u>14,758</u>	<u>575</u>	<u>(3)</u>	<u>15,330</u>
At December 31, 2005				
Auction Rate Securities	\$ 12,075	\$ —	\$ —	\$ 12,075
Variable Rate Demand Notes	5,100	—	—	5,100
Equity Securities	2,143	151	(13)	2,281
	<u>19,318</u>	<u>151</u>	<u>(13)</u>	<u>19,456</u>

Included in equity securities are securities in a loss position. There were no equity securities in a cumulative loss position for a period of 12 months or greater, and as a result, in addition to our intent and ability to hold these shares, these investments are not considered other-than-temporarily impaired.

(f) Accounts Receivable

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

(g) Property and Equipment

Property and equipment are stated at cost and depreciated on the straight-line basis over estimated useful lives of seven years for trailers and tractors, five years for computers and office equipment, five years for miscellaneous equipment, and the remaining lease term for leasehold improvements. The Company evaluates the salvage value, useful life, and annual depreciation of trailers annually based on the current market environment and its recent experience with disposition values. The amount recorded for depreciation expense was \$3,937,000, \$3,439,000, and \$3,492,000 for the years ended December 31, 2006, 2005, and 2004, respectively.

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

December 31, 2006, 2005, and 2004

(1) Summary of Significant Accounting Policies—continued

(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 \$20,309,000 and \$11,722,000 at December 31, 2006 and 2005, respectively. The agent contracts and customer relationships are being amortized over periods ranging from seven to fifteen years which represents the expected average life of the customer and agent relationships. Accumulated amortization is \$3,625,000 and \$1,832,000 as of December 31, 2006 and 2005, respectively. The amount recorded for amortization expense was \$1,793,000, \$905,000, and \$421,000 for the years ended December 31, 2006, 2005, and 2004, respectively.

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

2007	\$ 2,458
2008	2,381
2009	2,294
2010	2,277
2011	2,218
Thereafter	5,056
Total	\$ 16,684

(i) Goodwill

Goodwill represents the excess purchase price over the fair value of assets acquired in connection with the Company's acquisitions. Under Statement of Financial Accounting Standards (SFAS) No. 142 "Goodwill and Other Intangible Assets", UTSI is required to test goodwill for impairment annually or more frequently if an impairment indicator exists. During the third quarter of 2006, UTSI completed its goodwill impairment testing and determined that the fair value of each reporting unit with goodwill exceeded the carrying value of the net assets of each reporting unit. Accordingly, no impairment loss was recognized.

The changes in the carrying amount of goodwill for the year ended December 31, 2005 and 2006 are as follows (in thousands):

Balance as of January 1, 2005	\$ 3,192
Business Acquisitions	612
Purchase Price Adjustments	112
Additional Contingent Consideration	160
Balance as of December 31, 2005	4,076
Business Acquisitions	5,640
Additional Contingent Consideration	463
Balance as of December 31, 2006	\$ 10,179

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

December 31, 2006, 2005, and 2004

(1) Summary of Significant Accounting Policies—continued

(j) Income Taxes

Through December 31, 2004, the Company filed a consolidated U.S. federal income tax return with CenTra who determined income taxes for its subsidiaries on a separate return basis. Cash payments for federal income taxes were made to CenTra for all periods through December 31, 2004. Effective for all periods subsequent to January 1, 2005, the Company has filed a separate U.S. federal income tax return and has discontinued making cash payments to CenTra for federal income taxes. Cash payments for federal income taxes are made directly to the Internal Revenue Service. Historically, the Company has been responsible for filing separate state income tax returns for itself and its subsidiaries.

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

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

The tax separation agreement also addresses other tax-related matters, including refunds, the preparation and filing of tax returns, and tax contests. CenTra has prepared and filed all income tax returns of its businesses, including UTSI's business, for all periods ending on or before December 31, 2004. UTSI will prepare all tax returns relating to its other taxes that have not been filed before December 31, 2004 and all tax returns for periods commencing after that date.

(k) Freight Revenue and Related Expenses

The Company is the primary obligor when rendering its truckload, brokerage and intermodal services and assumes the corresponding credit risk with customers. As such, revenue and the related purchased transportation and commissions are recognized on a gross basis when evidence of an arrangement exists, delivery has occurred at the receiver's location, the revenue and related expenses are fixed and determinable and collectibility is reasonably assured. Fuel surcharges of \$60,773,000, \$36,668,000 and \$12,524,000 for the years ended December 31, 2006, 2005, and 2004, respectively, are included in operating revenues and purchased transportation.

(l) Insurance & Claim Costs

Insurance and claims expense represents premiums paid by the Company and the accruals made for claims within the Company's self-insured retention amounts. The accruals are primarily related to auto

UNIVERSAL TRUCKLOAD SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2006, 2005, and 2004

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

(l) **Insurance & Claim Costs—continued**

liability, cargo and equipment damage claims. A liability is recognized for the estimated cost of all self-insured claims including an estimate of incurred but not reported claims based on historical experience and for claims expected to exceed the Company's policy limits. The Company may also make accruals for personal injury and property damage to third parties, and workers' compensation claims if a claim exceeds UTSI's insurance coverage. The Company maintains insurance with licensed insurance carriers.

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

(m) **Repairs and Maintenance**

Repairs and maintenance are expensed as incurred.

(n) **Tires**

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

(o) **Segment Information**

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

(p) **Concentrations of Credit Risk**

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

(q) **Fair Value of Financial Instruments**

For cash equivalents, marketable securities, accounts receivables, accounts payable, and accrued expenses, the carrying amounts are reasonable estimates of fair value as the assets are readily

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

December 31, 2006, 2005, and 2004

(1) Summary of Significant Accounting Policies—continued

(q) Fair Value of Financial Instruments—continued

redeemable or short-term in nature and the liabilities are short-term in nature. Available for sale investments, consisting of equity securities, variable rate demand notes and auction rate securities, are carried at fair market value as determined by quoted market prices. The carrying amounts for the line of credit, if any, would approximate fair value because the interest rates are adjusted frequently.

(r) Share based Payments

On January 1, 2006, the Company adopted the provisions of SFAS No. 123R, “Share-Based Payment”. The Company adopted SFAS No. 123R using the modified version of prospective application, which required the Company to recognize compensation cost on a prospective basis. The Company did not have any unvested options on January 1, 2006 and no options were granted in 2006. As such, no compensation expense was recorded in 2006. In a change from previous standards, SFAS No. 123R also requires the excess tax benefits related to stock options exercises to be reflected as financing cash inflows, whereas excess tax benefits related to stock options exercises prior to 2006 were reflected in operating activities. Compensation expense will be recorded for grants of stock or stock options on or after January 1, 2006. The adoption of SFAS No. 123R did not have an impact on our financial position, results of operations or cash flows.

(s) New Accounting Standards

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 “Accounting for Uncertainty in Income Taxes (an interpretation of FASB Statement No. 109)” which is effective for fiscal years beginning after December 15, 2006 with earlier adoption encouraged. This interpretation was issued to clarify the accounting for uncertainty in income taxes recognized in the financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company has substantially completed its assessment and believes once adopted, there will not be a material impact on the Company’s financial statements.

In May 2005, the FASB issued SFAS No. 154, “Accounting Changes and Error Corrections—a replacement of APB Opinion No. 20 and FASB Statement No. 3,” which changes the requirements for the accounting and reporting of a change in accounting principle. SFAS No. 154 applies to all voluntary changes in accounting principle and changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of SFAS No. 154 did not have an impact on our financial position, results of operations or cash flows.

(t) Long-Lived Assets

In accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets”, long-lived assets, such as property, plant, and equipment and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Company evaluates the carrying value of long-lived assets for impairment by analyzing the operating performance and anticipated future cash flows

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

December 31, 2006, 2005, and 2004

(1) Summary of Significant Accounting Policies—continued

(t) Long-Lived Assets—continued

for those assets. The Company evaluates 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. Impairment can be impacted by the projection of future cash flows, the level of actual cash flows and salvage values and the methods of estimation used for determining fair values. Any changes in management's judgments could result in greater or lesser annual depreciation expense or impairment charges in the future.

(u) Contingent Consideration

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

(2) Acquisitions

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

- Assure Intermodal, LLC, or Assure, for \$2,730,000 on January 3, 2006. The Company acquired certain assets of Assure through an Asset Purchase Agreement. Additionally, UTSI is required to pay cash consideration to the former owners of Assure based on a percentage of all revenues generated during the period from January 3, 2006 to January 2, 2009. As of December 31, 2006, the total of additional consideration paid to the former owners of Assure was approximately \$157,000 and has been recorded as goodwill. Any additional consideration paid to the former owners of Assure will be treated as an additional cost of acquiring Assure and will be recorded as goodwill. Assure is a regional provider of intermodal services primarily in the Southern United States. The Company used cash and marketable securities on hand to finance the acquisition. Assure operates as part of MDII.
- Djewels, Inc., or Djewels, for \$1,100,000 on February 13, 2006. The Company acquired certain assets of Djewels through an Asset Purchase Agreement. Additionally, UTSI is required to pay cash consideration to the former owner of Djewels based on a percentage of all revenues generated during the period from February 13, 2006 to February 12, 2008. As of December 31, 2006, the total of additional consideration paid to the former owners of Djewels was approximately \$125,000 and has been recorded as goodwill. Any additional consideration paid to the former owner of Djewels will be treated as an additional cost of acquiring Djewels and will be recorded as goodwill. Djewels is a regional provider of intermodal services primarily in the Western United States. The Company used cash and marketable securities on hand to finance the acquisition. Djewels operates as part of MDII.
- Noble and Pitts, Inc., or Noble & Pitts for \$9,000,000 on July 10, 2006. The Company acquired certain assets of Noble & Pitts through an Asset Purchase Agreement. Noble and Pitts provides primarily flatbed and brokerage trucking services throughout the United States and operates through a contractor network of independent sales agents and owner-operators. The Company used cash and marketable securities on hand to finance the acquisition. Noble and Pitts operates as part of MADL.

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2006, 2005, and 2004

(2) **Acquisitions—continued**

- TriStar Express N.C., Inc., or TriStar for \$3,200,000 on July 31, 2006. The Company acquired certain assets of TriStar through an Asset Purchase Agreement. Additionally, UTSI is required to pay cash consideration to the former owners of TriStar based on a percentage of all revenues generated during the period from August 1, 2006 to July 31, 2009. As of December 31, 2006, the total of additional consideration paid to the former owners of TriStar was approximately \$69,000 and has been recorded as goodwill. Any additional consideration paid to the former owners will be treated as an additional cost of acquiring TriStar and will be recorded as goodwill. TriStar is a regional provider of intermodal and brokerage services primarily in the Western United States and operates through a contractor network of independent owner-operators. The Company used cash and marketable securities on hand to finance the acquisition. TriStar operates as part of MDII.
- Mallard Transport, Inc., or Mallard for \$2,500,000 on September 25, 2006. The Company acquired certain assets of Mallard through an Asset Purchase Agreement. Through December 31, 2006, \$2,000,000 of the purchase price was paid in cash. The remaining \$500,000 is included in accrued expenses and other current liabilities at December 31, 2006. Mallard provides primarily flatbed and brokerage trucking services primarily in the Southeastern United States and operates through a contractor network of owner-operators. The Company used cash and marketable securities on hand to finance the acquisition. Mallard operates as part of UACL.

The following unaudited pro forma historical results of operations for the years ended December 31, 2006 and 2005 are presented as if the Company had acquired Assure, Djewels, Noble & Pitts, TriStar, and Mallard on January 1, 2005 (in thousands, except per share amounts):

	2006	2005
Operating revenues	\$ 678,323	\$ 603,615
Net income	22,480	20,054
Earnings per share:		
Basic	\$ 1.39	\$ 1.30
Diluted	\$ 1.39	\$ 1.30
Average common shares outstanding:		
Basic	16,118	15,372
Diluted	16,159	15,372

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

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

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

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2006, 2005, and 2004

(2) **Acquisitions—continued**

In 2005, UTSI acquired the following three companies for a total cost of \$1,448,000, which was paid in cash:

- Xtreme Trucking, LLC (Xxtreme) for \$100,000 on January 1, 2005. Additionally, UTSI is required to pay cash consideration to the former owner of Xxtreme based on a percentage of all revenues generated during the period from January 1, 2005 to December 31, 2007, up to an aggregate of \$650,000. During 2005 and 2006, the Company paid additional consideration to the former owners of Xxtreme totaling \$148,000 and \$43,000, respectively. These additional amounts have been recorded as goodwill. Any additional consideration paid to the former owners of Xxtreme will be treated as an additional cost of acquiring Xxtreme and will be recorded as goodwill. Xxtreme is a regional provider of truckload and brokerage services primarily in the Southern United States.
- Marc Largent, Inc. (Largent) for \$873,000 on October 14, 2005. Additionally, UTSI is required to pay cash consideration to the former owner of Largent based on a percentage of all revenues generated during the period from October 14, 2005 to October 13, 2008. During 2005 and 2006, the Company paid additional consideration to the former owners of Largent totaling \$9,000 and \$28,000, respectively. These additional amounts have been recorded as goodwill. Any additional consideration paid to the former owner of Largent will be treated as an additional cost of acquiring Largent and will be recorded as goodwill. Largent is a regional provider of intermodal services primarily in the Western United States.
- Diamond Logistics of Houston, Inc. (Diamond) for \$475,000 on November 17, 2005. Additionally, UTSI is required to pay cash consideration to the former owners of Diamond based on a percentage of all revenues generated during the period from November 17, 2005 to November 16, 2008. During 2005 and 2006, the Company paid additional consideration to the former owners of Diamond totaling \$3,000 and \$40,000, respectively. These additional amounts have been recorded as goodwill. Any additional consideration paid to the former owners of Diamond will be treated as an additional cost of acquiring Diamond and will be recorded as goodwill. Diamond is a regional provider of intermodal services primarily in the Southwestern United States.

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

Intangible asset	\$ 879
Goodwill	612
Accrued liabilities	(43)
	<u>\$1,448</u>

Effective August 8, 2004, the Company acquired all the issued and outstanding common shares of AFA, a Pennsylvania corporation, for \$15,340,000 including acquisition related expenditures of \$233,000. \$13,733,000 was funded through the Company's secured line of credit. The remaining \$1,607,000 owed to the former owner of AFA was included in accrued liabilities at December 31, 2004. The acquisition was accounted for using the purchase method of accounting. AFA now operates as Great American Lines, Inc (GAML). GAML provides both flatbed and dry van trucking services, as

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2006, 2005, and 2004

(2) Acquisitions—continued

well as truck brokerage services. GAML operates through a contractor network of independent sales agents and owner-operators. In addition, GAML maintains a fleet of approximately 48 tractors and 85 trailers and employs approximately 48 drivers.

The intangible asset acquired represents GAML's customer and agency relationships and is amortized over a period of fifteen years.

Effective November 1, 2004, the Company acquired certain assets of Nunn Yoest Principals & Associates, Inc (NYP). NYP is a regional provider of brokerage services primarily in the Eastern United States. The aggregate purchase price was \$1,585,000 in cash. Under the purchase agreement, the Company is required to pay additional cash consideration to the former owners of NYP equal to 1.5% of the operating revenues during the period from November, 2004 to November, 2007. As of December 31, 2006, the total of additional consideration paid to the former owners of NYP was approximately \$1,353,000, of which \$1,260,000 has been recorded as a reduction of an earnout liability and \$93,000 has been recorded as additional goodwill. Any additional consideration paid to the former owners of NYP will also be treated as an additional cost of acquiring NYP and will be recorded as goodwill. The acquisition was funded using the Company's secured line of credit.

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

(3) Transactions with CenTra and Affiliates

CenTra historically provided management services to UTSI, including legal, human resources, and tax services. The cost of these services is based on the utilization of the specific services. Management believes the allocation methods are reasonable. However, the costs of these services charged to UTSI are not necessarily indicative of the costs that would have been incurred if UTSI had internally performed or acquired these services as a separate unaffiliated entity. The amounts charged to UTSI for the years ended December 31, 2006, 2005 and 2004 are presented in the table which follows. In connection with the spin-off on December 31, 2004, UTSI entered into a transition services agreement with CenTra that ensures UTSI will continue to have access to these services. Pursuant to the transition services agreement, UTSI has agreed to pay CenTra \$155,000 for 2007. The transition services agreement had an initial term of 2 years and has since been extended through December 31, 2007, which will permit UTSI to engage in an orderly transition of the services to our own administrative staff. The level of administrative services can be cut back by UTSI without penalty at any time, but CenTra is not obligated to provide substantial additional services beyond the current level.

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Management services	\$ 155	\$ 305	\$ 305
Building and terminal rents (month to month basis)	489	245	320
Maintenance services	768	867	1,001
Trailer rents	32	63	79
Health insurance	1,396	1,059	784
Total	<u>\$2,840</u>	<u>\$2,539</u>	<u>\$2,489</u>

UNIVERSAL TRUCKLOAD SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2006, 2005, and 2004

(3) **Transactions with CenTra and Affiliates—continued**

An affiliate of CenTra charged UTSI approximately \$12,472,000, \$10,509,000 and \$7,494,000 in 2006, 2005 and 2004, respectively, for personal liability and property damage insurance.

Operating revenues for the years ended December 31, 2006, 2005, and 2004 include approximately \$604,000, \$940,000, and \$3,557,000, respectively, of freight services provided to CenTra. Purchased transportation includes \$14,542,000 and \$7,146,000, of transportation services provided by CenTra to CrossRoad Carriers for the years ended December 31, 2006 and 2005, respectively. Related accounts receivable due from CenTra and affiliates were \$251,000 and \$298,000 as of December 31, 2006 and 2005, respectively. Related accounts payable due to CenTra, included in accounts payable, were \$560,000 and \$433,000 as of December 31, 2006 and 2005, respectively. The Company provides certain computer services to a subsidiary of CenTra. Amounts charged for such services totaled \$214,000, \$179,000 and \$146,000 in 2006, 2005 and 2004, respectively, and are reflected as a reduction of selling, general, and administrative expenses in the statement of income.

In February, March and October of 2004, the Company loaned CenTra an aggregate \$5,750,000, bearing interest at approximately 3.5%. In October 2004, the Company and CenTra agreed to treat \$4,000,000 of these loans and all unpaid interest as a dividend to CenTra. The remaining \$1,750,000 plus accrued interest was due on demand and repaid in February 2005. Interest income from CenTra for the year ended December 31, 2004 was \$84,000.

In October 2004, the Company declared and paid a cash dividend to CenTra of \$3,100,000. In addition, the Company declared three in-kind dividends consisting of 1) real estate purchased in connection with the acquisition of AFA with a book value of \$1,838,000, 2) a loan receivable from CenTra totaling \$4,043,000 and 3) the right of first refusal and an option to reacquire certain real estate obtained from CenTra on December 31, 2003. Under the right of first refusal, if the Company receives a bona fide offer from a third party to purchase or lease all or any portion of this property that it decides to accept, the Company must notify CenTra of this fact and CenTra may elect to lease or purchase, as applicable, the portion of the property that is subject to such offer on the same terms. In addition, CenTra has the right until October 2007 to purchase the property from the Company for \$11,616,000, plus the cost of any future improvements made to the property by the Company. The property had a book and fair value of \$3,546,000 and \$10,616,000, respectively, at December 31, 2003. The dividend of the option and right of first refusal were recorded at fair value of \$25,000 as a reduction of retained earnings and an increase in paid-in capital.

On December 28, 2004, the Company's board of directors declared a dividend of \$50,000,000 payable to CenTra. The effect of the dividend is a reduction in the balances of retained earnings and paid-in capital to zero. The portion of the dividend in excess of retained earnings and paid-in capital is reflected as distributions in excess of CenTra's contributed capital. UTSI paid this dividend on February 15, 2005, from the proceeds of its initial public offering (see Note 14).

In December 2004, the Company agreed to exchange properties with CenTra whereby UTSI transferred one of its terminal yards in Detroit, Michigan with a book value of \$718,000 to CenTra in exchange for a Tampa, Florida office building UTSI was leasing from CenTra. UTSI paid CenTra \$94,000, the difference in fair values of the properties. UTSI recorded the Tampa, Florida property at \$131,000, CenTra's net book value. For tax purposes, UTSI recorded the property at \$1,154,000, the fair value of the Detroit, Michigan property of \$1,060,000 plus the \$94,000 of consideration paid. A net deferred tax asset of \$233,000 was recorded resulting from the difference in the book and tax bases in the Tampa property, net of a deferred intercompany tax gain. Additionally, UTSI recorded a deemed dividend

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

December 31, 2006, 2005, and 2004

(3) Transactions with CenTra and Affiliates—continued

distribution to CenTra equaling \$448,000, the net book value of the Detroit, Michigan property less the book value of the Tampa property and the net deferred tax asset recorded.

In December 2004, CenTra assigned UTSI its right to acquire the K and R property, a terminal yard in Dearborn, Michigan from a third party for \$625,000. UTSI acquired the property in January 2005. Additionally, in February 2005 CenTra paid UTSI \$12,500 for an option to acquire the property and a right of first refusal. Under the option, CenTra will have the right, for a three year period, to purchase the property from UTSI for \$688,000, plus the cost of any future improvements UTSI makes to the property. Under the right of first refusal, if UTSI receives a bona fide offer from a third party to purchase or lease all or any portion of this property that UTSI decides to accept, UTSI must notify CenTra of this fact and CenTra may elect to lease or purchase, as applicable, the portion of the property that is subject to such offer on the same terms.

In May 2005, the Company exchanged equipment with CenTra whereby UTSI transferred 429 of its older trailers with a net book value of \$915,000 to CenTra in exchange for 300 newer trailers owned by CenTra. The Company believes the exchange qualifies as a tax-free exchange under the Internal Revenue Code. UTSI paid CenTra \$1,000,000, the difference in fair values of the trailers given and received. UTSI recorded the trailers it received at \$4,875,000, CenTra's net book value. For tax purposes, UTSI recorded the trailers at \$1,535,000, UTSI's tax basis in the trailers given of \$535,000 plus the \$1,000,000 of consideration paid. A deferred tax liability of \$1,125,000 was recorded resulting from the difference in the book and tax bases of the trailers received less the deferred tax liability that existed on the trailers given. Additionally, UTSI recorded a deemed capital contribution equaling \$1,835,000, the net book value of trailers received less the net book value of the trailers given, the consideration paid and the deferred tax liability recorded.

(4) Retirement Plans

CenTra sponsored a 401(k) defined contribution benefit plan that covered the employees of UTSI. In June 2004, the Company created a 401(k) plan for its employees, excluding the employees of GAML, and segregated the plan assets from the CenTra sponsored plan. Effective June 1, 2005, the plan was amended to allow employees of GAML to participate. The plan matches contributions up to \$600 for employees who are not considered highly compensated. The expense for the Company match in 2006, 2005, and 2004 was \$70,000, \$53,000 and \$45,000, respectively.

GAML maintained a Simplified Employee Pension Plan, which covers all full-time employees. Eligibility requirements include completion of one year of service and attaining the age of 21. Contributions to the plan were at management's discretion. No contributions were made under this plan for the year ended December 31, 2006. Contributions for the years ended December 31, 2005 and for the period from August 8, 2004, the date of acquisition, through December 31, 2004 were \$184,000, and \$87,000, respectively.

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2006, 2005, and 2004

(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>2006</u>	<u>2005</u>	<u>2004</u>
Balance at beginning of year	\$2,472	\$ 3,439	\$1,623
Allowance established upon acquisition of AFA	—	—	150
Bad debt expense	867	1,308	2,382
Uncollectible accounts written off	(75)	(2,275)	(716)
Balance at end of year	<u>\$3,264</u>	<u>\$ 2,472</u>	<u>\$3,439</u>

(6) Property and Equipment

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

	<u>2006</u>	<u>2005</u>
Trailers	\$ 24,813	\$ 21,271
Tractors	7,025	2,593
Computer equipment and software	1,917	1,806
Office and miscellaneous equipment	4,786	3,451
Land and buildings	17,557	13,220
Construction in process	10,914	5,935
	<u>67,012</u>	<u>48,276</u>
Less accumulated depreciation and amortization	(15,726)	(13,476)
Total	<u>\$ 51,286</u>	<u>\$ 34,800</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>2006</u>	<u>2005</u>	<u>2004</u>
Current:			
Federal	\$10,817	\$ 9,163	\$6,181
State	1,975	1,643	634
Deferred:			
Federal	300	63	(124)
State	32	55	(34)
Total	<u>\$13,124</u>	<u>\$10,924</u>	<u>\$6,657</u>

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2006, 2005, and 2004

(7) Income Taxes—continued

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

	2006		2005	
	Current	Long-term	Current	Long-term
Deferred tax assets:				
Allowance for doubtful accounts	\$ 700	\$ —	\$ 723	\$ —
Accrued expenses	4,168	—	2,791	—
Total	4,868	—	3,514	—
Deferred tax liabilities:				
Prepaid expenses	(1,431)	—	(1,155)	—
Property and equipment	—	(3,859)	—	(2,143)
Other assets	—	(99)	—	(242)
Total	(1,431)	(3,958)	(1,155)	(2,385)
Net deferred tax asset (liability)	\$ 3,437	\$(3,958)	\$ 2,359	\$(2,385)

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 during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. 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.

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

	2006	2005	2004
Federal statutory rate	35%	35%	35%
State—net of federal benefit	3	4	2
Effective tax rate	38%	39%	37%

(8) Accrued Expenses

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

	2006	2005
Taxes, interest, and insurance	\$ 965	\$ 948
Cargo claims	1,625	1,825
Auto liability claims	4,850	2,500
Commissions	1,324	1,176
Payroll related items	3,115	1,999
Driver escrow liabilities	3,834	3,001
Other	3,848	2,455
Total	\$19,561	\$13,904

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2006, 2005, and 2004

(9) Debt

Universal Truckload Services, Inc. and First Tennessee Bank National Association entered into a Loan Agreement dated November 28, 2006 for the period November 28, 2006 to May 31, 2008. The previous Loan Agreement with First Tennessee Bank National Association, dated March 2002 and further amended at various times, has been terminated due to the expiration of its term. Under our unsecured line of credit with First Tennessee Bank our maximum permitted borrowings and letters of credit in the aggregate may not exceed \$20.0 million at any one time. The line of credit is unsecured, and bears interest at a rate equal to LIBOR plus 1.65% (effective rate of 7.0% at December 31, 2006). The agreement governing our unsecured line of credit contains various financial and restrictive covenants to be maintained by us including requiring us to maintain a tangible net worth of at least \$85.0 million, a ratio of 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, net worth is defined as the difference between our total assets and total liabilities, and tangible net worth is defined as net worth, less (a) the value assigned to intangibles and any other assets properly classified as intangibles, in accordance with generally accepted accounting principles (b) any accumulated earnings attributable to interests in the capital stock and retained earnings of other persons, and (c) deferred assets. In addition, any amounts due to us from CenTra, Inc, its subsidiaries or affiliates, or any affiliate of ours, will be deducted from net worth. The agreement also may, in certain circumstances, limit our ability and the ability of our subsidiaries to sell or dispose of assets, incur additional debt, pay dividends or distributions or redeem common stock. The agreement also contains customary representations and warranties, affirmative and negative covenants and events of default. As of December 31, 2006, there were no borrowings outstanding under our line of credit and \$1,036,500 letters of credit issued against the line.

The previous line of credit with First Tennessee Bank was established in March 2002 and was secured by the accounts receivable of UACL and MADL. The line of credit agreement provided for maximum borrowings of \$20.0 million and contained certain restrictive covenants to be maintained by UACL and MADL, including limitations on the payment of dividends. Borrowings on the line of credit were at an interest rate of LIBOR as of the first day of the calendar month plus 1.65%. On June 29, 2004, the Company's line of credit agreement was amended, increasing its maximum borrowings to \$40.0 million and changing the interest rate to LIBOR as of the first day of the calendar month plus 1.80%. The amended line of credit agreement was secured by all of the Company's accounts receivable, except AFA and CrossRoad Carriers, Inc., and contained various restrictive covenants. In August 2005, the Company's line of credit was further amended, reducing maximum borrowings to \$20.0 million, decreasing the interest rate to LIBOR as of the first day of the calendar month plus 1.65% (effective rate of 6.5% at December 31, 2005) and extending its expiration date to August 31, 2006. The terms of the line of credit agreement were again extended to the period from its initial expiration of August 31, 2006 until November 30, 2006. The amended line of credit agreement was secured by the accounts receivable of UACL and MADL and contained various financial and restrictive covenants to be maintained by the Company, UACL and MADL. As of December 31, 2005, the Company did not have any amounts outstanding under this line of credit.

On May 1, 2006, UTS Realty, LLC (Realty) received a \$1,000,000 loan from the County of Cuyahoga, Ohio, or the County, to be used for improvements to its Cleveland, Ohio container storage facility. The loan agreement requires quarterly interest payments at a rate of 5.0%. Through January 31, 2011, subject to certain conditions, the County will forgive \$450,000 of the principal amount owed. The forgiveness will be recorded as a reduction in the cost of the underlying improvements at a rate of \$90,000 per annum, commencing on January 31, 2007. The remaining principal of \$550,000 is due at maturity. The loan

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2006, 2005, and 2004

(9) Debt—continued

matures on January 31, 2011; however, at Realty's option, the maturity date may be extended until January 31, 2021. In connection with this loan, Realty and the Company entered into an environmental indemnity agreement with the County and the Company issued a \$1,000,000 standby letter of credit that expires February 14, 2007. Under the terms of the environmental indemnity agreement, Realty and the Company have agreed to indemnify the County, without limitation, against any loss attributable to the generation, storage, release or presence of Regulated Materials, as defined in the environmental indemnity agreement, at the container storage facility. In connection with the acquisition of the Cleveland, Ohio property in August 2005, Realty received indemnity from the seller from any and all claims, which Realty may incur as a direct consequence of any environmental condition of which the seller had actual knowledge as of the date of the acquisition of the property. The Company believes the fair value of this debt approximates the carrying value based on current rates available for similar issues.

(10) Operating Leases

The Company leases office space, terminal yards and equipment under non-cancelable operating leases. Total rent expense amounted to approximately \$2,149,000, \$1,284,000, and \$941,000 for 2006, 2005 and 2004, 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):

2007	\$ 1,059
2008	908
2009	867
2010	—
2011	—
Thereafter	—
Total	<u>\$ 2,834</u>

(11) Comprehensive Income

Comprehensive income includes the following for the years ended December 31, 2006, 2005, and 2004 (in thousands).

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net income	\$21,009	\$17,167	\$11,118
Unrealized holding gains on available for sale investments, net of income taxes of \$163 and \$57, respectively	272	81	—
Comprehensive income	<u>\$21,281</u>	<u>\$17,248</u>	<u>\$11,118</u>

The unrealized holding gain on available-for-sale investments for 2006 represents the mark-to-market adjustment of \$435,000 net of related income taxes of \$163,000. The unrealized holding gain on available-for-sale investments for 2005 represents the mark-to-market adjustment of \$138,000 net of related income taxes of \$57,000. There were no available-for-sale investments in 2004.

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2006, 2005, and 2004

(12) Contingencies

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

(13) Stock Split

On November 1, 2004, the Company amended its articles of incorporation increasing the authorized common shares to 40,000,000 and authorizing 5,000,000 shares of preferred stock. On November 4, 2004, the Board of Directors approved a 211-for-1 stock split of the Company's common stock. The stock split was payable in the form of a stock dividend on November 4, 2004. The capital stock accounts, all share data and earnings per share give effect to the stock split, applied retroactively, to all periods presented.

(14) Stock Based Compensation

In December 2004, UTSI's board of directors adopted the 2004 Stock Incentive Plan ("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. Prior to January 1, 2006, the Company accounted for stock options issued under the Plan pursuant to the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. No stock-based employee compensation was reflected in net income prior to fiscal year 2006, as all options granted under the Plan had an exercise price equal to the fair market value of the underlying common stock on the date of grant. The intrinsic value of all outstanding options as of December 31, 2006 and 2005 was \$312,500 and \$0, respectively.

The following table illustrates the effect on net income and earnings per share for the years ended December 31, 2005 and 2004, as if UTSI had applied the fair value recognition provisions of SFAS No. 123R to options granted under the Company's stock option plan prior to the adoption of SFAS No. 123R on January 1, 2006 (in thousands, except per share data):

	<u>Year Ended December 31</u>	
	<u>2005</u>	<u>2004</u>
Net income, as reported	\$ 17,167	\$ 11,118
Less: Total stock based compensation determined using the fair value method, net of income tax	1,753	—
Pro forma net income	<u>\$ 15,414</u>	<u>\$ 11,118</u>
Earnings per common share—basic		
As reported	\$ 1.12	\$ 1.11
Pro forma	\$ 1.10	\$ 1.11
Earnings per common share—diluted		
As reported	\$ 1.12	\$ 1.11
Pro forma	\$ 1.10	\$ 1.11

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

December 31, 2006, 2005, and 2004

(14) Stock Based Compensation—continued

The estimated grant date fair value of the stock options granted during the year ended December 31, 2005 was \$10.88 per share and was determined using the Black-Scholes option-pricing model. The assumptions used in estimating the grant date fair value are as follows:

Underlying share price	\$22.50
Exercise price of the option	\$22.50
Expected dividend rate	0.0%
Expected volatility	39.57%
Expected term of the option (in years)	7
Risk-free interest rate	4.02%

In 2006, 10,000 options were forfeited and none of the options were exercised. In 2005, none of the options were forfeited or exercised. 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, 2005	—	—
Granted	260,000	\$ 22.50
Exercised	—	—
Expired	—	—
Forfeited	—	—
Balance at December 31, 2005	<u>260,000</u>	<u>\$ 22.50</u>
Granted	—	—
Exercised	—	—
Expired	—	—
Forfeited	<u>10,000</u>	<u>\$ 22.50</u>
Balance at December 31, 2006	<u>250,000</u>	<u>\$ 22.50</u>
Exercisable	<u>250,000</u>	<u>\$ 22.50</u>

(15) Initial Public Offering

On February 10, 2005, UTSI completed an initial public offering of 5,300,000 shares of common stock at \$20.00 per share. After underwriting discounts and the payment of offering costs, UTSI received net proceeds of \$96,127,000. The proceeds from the offering were used to pay the \$50,000,000 dividend declared to CenTra and to repay all amounts outstanding under UTSI's secured lines of credit.

On March 11, 2005, the underwriters exercised their over-allotment option to purchase an additional 795,000 shares of common stock. The aggregate offering price of the shares of common stock issued and sold in connection with the over-allotment option is \$15,900,000. UTSI paid an additional \$1,113,000 in underwriting discounts and commissions, resulting in additional proceeds of \$14,787,000.

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2006, 2005, and 2004

(16) 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, 2006, there were 41,000 weighted average dilutive stock options included in the denominator for the calculation of diluted earnings per share.

For the fiscal year ended December 31, 2006, there were no options outstanding to purchase shares of common stock excluded from the calculation of diluted earnings per share because of antidilution. For the year ended December 31, 2005, 260,000 options purchase shares of common stock, were excluded from the calculation of diluted earnings per share because such options were anti-dilutive.

(17) Quarterly Financial Data (unaudited)

	2006			
	1 st quarter	2 nd quarter <small>(in thousands, except per share information)</small>	3 rd quarter	4 th quarter
Operating revenue	\$ 145,885	\$ 160,006	\$ 171,907	\$ 163,829
Operating income	7,188	8,496	9,153	8,253
Income before income taxes	7,438	8,798	9,401	8,496
Provision for income taxes	2,876	3,402	3,636	3,210
Net income	<u>\$ 4,562</u>	<u>\$ 5,396</u>	<u>\$ 5,765</u>	<u>\$ 5,286</u>
Earnings per common share:				
Basic	\$ 0.28	\$ 0.33	\$ 0.36	\$ 0.33
Diluted	\$ 0.28	\$ 0.33	\$ 0.36	\$ 0.33
Average common shares outstanding:				
Basic	16,118	16,118	16,118	16,118
Diluted	16,129	16,184	16,182	16,142

	2005			
	1 st quarter	2 nd quarter <small>(in thousands, except per share information)</small>	3 rd quarter	4 th quarter
Operating revenue	\$ 120,945	\$ 127,516	\$ 135,637	\$ 147,241
Operating income	5,784	6,921	7,402	7,559
Income before income taxes	5,619	7,071	7,600	7,801
Provision for income taxes	2,135	2,687	2,955	3,147
Net income	<u>\$ 3,484</u>	<u>\$ 4,384</u>	<u>\$ 4,645</u>	<u>\$ 4,654</u>
Earnings per common share:				
Basic	\$ 0.26	\$ 0.27	\$ 0.29	\$ 0.29
Diluted	\$ 0.26	\$ 0.27	\$ 0.29	\$ 0.29
Average common shares outstanding:				
Basic	13,159	16,118	16,118	16,118
Diluted	13,159	16,118	16,118	16,118

UNIVERSAL TRUCKLOAD SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2006, 2005, and 2004

(18) Subsequent Events

Effective January 8, 2007, the Company exercised its option to purchase certain real property in Dallas, Texas formerly leased and currently utilized as an intermodal container terminal. The aggregate purchase price was \$4,625,000. The closing on the property occurred on March 1, 2007. The Company used cash and marketable securities on hand to fund the purchase.

Effective March 8, 2007, the Company entered into a purchase agreement with Linc Logistics Company, a related party, for the sale of property, building, and all improvements in Warren, MI. This property is the former corporate headquarters of the Company. The agreed upon purchase price for the property is \$1.2 million, which approximates market and carrying value.

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 2005 or 2006.

ITEM 9A: CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934, as amended (or the Exchange Act). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2006, our disclosure controls and procedures were effective in causing the material information required to be disclosed in the reports that it files or submits under the Exchange Act to be recorded, processed, summarized and reported, to the extent applicable, within the time periods required for us to meet the SEC filing deadlines for these reports specified in the SEC's rules and forms.

Internal Controls

There have been no changes in our internal controls over financial reporting during the quarter ended December 31, 2006 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 (the "Company") is responsible for establishing and maintaining effective internal controls over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act, as amended.

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

Management, with the participation of the Company's principal executive and principal financial officers, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2006. 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 (COSO).

The scope of management's assessment as of December 31, 2006 did not include an assessment of the internal control over financial reporting for Assure Intermodal, LLC, Djewels, Inc., Noble & Pitts, Inc., TriStar Express N.C., Inc. and Mallard Transport, Inc. (the Acquired Companies) during 2006, and management has excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, the Acquired Companies' internal control over financial reporting associated with total assets of \$12.7 million and total revenues of \$38.0 million included in the consolidated financial statements of Universal Truckload Services, Inc. as of and for the year ended December 31, 2006. For the fiscal year ending December 31, 2007, the scope of management's assessment on internal control over financial reporting will include the Acquired Companies operations.

Based on the assessment performed using the criteria established by COSO, management has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2006.

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, 2006, has issued an audit report on management's assessment of the Company's internal control over financial reporting. Such report appears immediately below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited management's assessment, included in the accompanying Report of Management on Internal Control Over Financial Reporting, that Universal Truckload Services, Inc. maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Universal Truckload Services, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of 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, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and 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, management's assessment that Universal Truckload Services, Inc. maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on criteria established in Internal Control—Integrated Framework issued by COSO. Also, in our opinion, Universal Truckload Services, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control—Integrated Framework issued by COSO.

Universal Truckload Services, Inc. acquired Assure Intermodal, LLC, Djewels, Inc., Noble & Pitts, Inc., TriStar Express N.C., Inc. and Mallard Transport, Inc. (the Acquired Companies) during 2006, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, the Acquired Companies' internal control over financial reporting associated with total assets of \$12.7 million and total revenues of \$38.0 million included in the consolidated financial statements of Universal Truckload Services, Inc. as of and for the year ended December 31, 2006. Our audit of internal control over financial reporting of Universal Truckload Services, Inc. and subsidiaries also excluded an evaluation of the internal control over financial reporting of the Acquired Companies.

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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, 2006 and 2005, and the related consolidated statements of income, shareholders' (deficit) equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2006, and our report dated March 19, 2007 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Detroit, Michigan
March 19, 2007

ITEM 9B: OTHER INFORMATION

Not applicable.

PART III

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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, 2006, 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 “Director Compensation,” “Executive Officer Compensation,” “Report of the Compensation Committee,” “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, 2006, 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 caption “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, 2006, and is incorporated herein by reference.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is set forth under the caption “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, 2006, and is incorporated herein by reference.

ITEM 14: PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is set forth under the caption “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, 2006, and is incorporated herein by reference.

PART IV**ITEM 15: EXHIBITS, 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

<u>Exhibit No.</u>	<u>Description</u>
2.1	Purchase Agreement, dated as of August 12, 2004, between Angelo A. Fonzi and Universal Truckload Services, Inc. (Incorporated by reference to Exhibit 2.1 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
3.1	Amended and Restated Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
3.2	Amended and Restated Bylaws, as amended on December 10, 2004 (Incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-1 filed on January 7, 2005 (Commission File No. 333-120510))
4.1	Registration Rights Agreement, dated as of December 31, 2004, among the Registrant, Matthew T. Moroun and The Manuel J. Moroun Trust (Incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 filed on January 7, 2005 (Commission File No. 333-120510))
4.2	Specimen Common Share Certificate (Incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
10.1+	Form of indemnification agreement entered into by the Registrant with each of its directors and officers (Incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form S-1 filed on January 7, 2005 (Commission File No. 333-120510))
10.2+	Universal Truckload Services, Inc. Stock Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form S-1 filed on January 7, 2005 (Commission File No. 333-120510))
10.3+	Employment Agreement, dated as of September 13, 2004, by and between Universal Truckload Services, Inc. and Don Cochran (Incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
10.4+	Employment Agreement, dated as of September 13, 2004, by and between Universal Truckload Services, Inc. and Bob Sigler (Incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
10.5+	Employment Agreement, dated as of September 13, 2004, by and between Universal Truckload Services, Inc. and Leo Blumenauer (Incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))

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<u>Exhibit No.</u>	<u>Description</u>
10.6+	Consulting Agreement, dated as of August 12, 2004, between Universal Am-Can, Ltd. And Angelo A. Fonzi (Incorporated by reference to Exhibit 10.6 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
10.7+	Covenant Not to Compete, dated as of August 12, 2004, between Angelo A. Fonzi, Universal Am-Can, Ltd. and Universal Truckload Services, Inc. (Incorporated by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
10.8	Second Amendment to Loan Agreement, dated as of June 29, 2004, by and among Universal Truckload Services, Inc., Universal Am-Can, Ltd., The Mason and Dixon Lines, Inc., Mason-Dixon Intermodal, Inc., Economy Transport, Inc., Louisiana Transportation, Inc. and First Tennessee Bank National Association (Incorporated by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
10.9	Second Amendment to Security Agreement, dated as of June 29, 2004, by and between Universal Am-Can, Ltd. and First Tennessee Bank National Association (Incorporated by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
10.10	Second Amendment to Security Agreement, dated as of June 29, 2004, by and between The Mason and Dixon Lines, Inc. and First Tennessee Bank National Association (Incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
10.11	First Amendment to Security Agreement, dated as of June 29, 2004, by and between Mason Dixon Intermodal, Inc. and First Tennessee Bank National Association (Incorporated by reference to Exhibit 10.11 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
10.12	Security Agreement, dated as of June 29, 2004, by and between Economy Transport, Inc. and First Tennessee Bank National Association (Incorporated by reference to Exhibit 10.12 to the Registrant's Registration Statement on Form S-1 filed on January 7, 2005 (Commission File No. 333-120510))
10.13	Security Agreement, dated as of June 29, 2004, by and between Louisiana Transportation, Inc. and First Tennessee Bank National Association (Incorporated by reference to Exhibit 10.13 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004 (Commission File No. 333-120510))
10.14	Tax Separation Agreement, dated as of December 31, 2004, between CenTra, Inc. and the Registrant (Incorporated by reference to Exhibit 10.14 to the Registrant's Registration Statement on Form S-1 filed on January 7, 2005 (Commission File No. 333-120510))
10.15	Transitional Services Agreement, dated as of December 31, 2004, between the Registrant and CenTra, Inc. (Incorporated by reference to Exhibit 10.15 to the Registrant's Registration Statement on Form S-1 filed on January 7, 2005 (Commission File No. 333-120510))
10.16	Fourth Amendment to Loan Agreement, dated as of December 27, 2004, by and among Universal Truckload Services, Inc., Universal Am-Can, Ltd., The Mason and Dixon Lines, Inc., Mason Dixon Intermodal, Inc., Economy Transport, Inc., Louisiana Transportation, Inc., Great American Logistics, Inc. and First Tennessee Bank National Association (Incorporated by reference to Exhibit 10.16 to the Registrant's Registration Statement on Form S-1 filed on January 7, 2005 (Commission File No. 333-120510))
10.17	Debt Subordination Agreement, dated as of December 27, 2004, by and among CenTra, Inc., Universal Truckload Services, Inc., and First Tennessee Bank National Association (Incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-1 filed on January 7, 2005 (Commission File No. 333-120510))

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<u>Exhibit No.</u>	<u>Description</u>
10.18+	Universal Truckload Services, Inc. Incentive Compensation Plan C, Calendar Years 2004 – 2006 (Incorporated by reference to Exhibit 10.18 to the Registrant’s Annual Report on Form 10-K filed on March 30, 2005 (Commission File No. 000-51142))
10.19+	Amendment No. 1, dated September 28, 2005, to Consulting Agreement dated August 12, 2004 between Universal Am-Can, Ltd. and Angelo A. Fonzi. (Incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on September 30, 2004 (Commission File No. 000-51142))
10.20	Fifth Amendment to Loan Agreement, dated as of August 31, 2005, by and among Universal Truckload Services, Inc., Universal Am-Can, Ltd., The Mason and Dixon Lines, Inc., Mason Dixon Intermodal, Inc., Economy Transport, Inc., Louisiana Transportation, Inc., Great American Lines, Inc., Great American Logistics, Inc. and First Tennessee Bank National Association. (Incorporated by reference to Exhibit 10.20 to the Registrants Quarterly Report filed on November 14, 2005 (Commission File No. 000-51142))
10.21	Fourth Amendment to Security Agreement, dated as of August 31, 2005, by and between Universal Am-Can, Ltd. and First Tennessee Bank National Association. (Incorporated by reference to Exhibit 10.20 to the Registrants Quarterly Report filed on November 14, 2005 (Commission File No. 000-51142))
10.22	Fourth Amendment to Security Agreement, dated as of August 31, 2005, by and between The Mason and Dixon Lines, Inc. and First Tennessee Bank National Association. (Incorporated by reference to Exhibit 10.20 to the Registrants Quarterly Report filed on November 14, 2005 (Commission File No. 000-51142))
10.23+	Amendment No. 2, dated June 29, 2006, to Consulting Agreement dated August 12, 2004 between Universal Am-Can, Ltd. and Angelo A. Fonzi. (Incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on June 30, 2006 (Commission File No. 000-51142))
10.24	Agreement of Purchase and Sale of a furnished office building between the Company and Dürr Systems, Inc. (Incorporated by reference to Exhibit 99.1 to the Registrant’s Current Report on Form 8-K filed on October 30, 2006 (Commission File No. 000-51142))
10.25	Loan Agreement, dated as of November 28, 2006, between Universal Truckload Services, Inc. and First Tennessee Bank National Association. (Incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on December 1, 2006 (Commission File No. 000-51142))
21.1*	Subsidiaries of Universal Truckload Services, Inc.
23.1*	Consent of KPMG LLP
24*	Powers of Attorney (see signature page)
31.1*	Chief Executive Officer certification, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Chief Financial Officer certification, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Chief Executive Officer and Chief Financial Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith.

** Furnished herewith

+ Indicates a management contract, compensatory plan or arrangement.

SIGNATURES

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

Universal Truckload Services, Inc.
(Registrant)

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

Date: March 19, 2007

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 19, 2007
<u>/s/ ROBERT E. SIGLER</u> Robert E. Sigler	Vice President, Chief Financial Officer, Secretary and Treasurer (Principal Financial and Accounting Officer)	March 19, 2007
<u>/s/ MATTHEW T. MOROUN</u> Matthew T. Moroun	Chairman of the Board	March 19, 2007
<u>/s/ MANUEL J. MOROUN</u> Manuel J. Moroun	Director	March 19, 2007
<u>/s/ JOSEPH J. CASAROLL</u> Joseph J. Casaroll	Director	March 19, 2007
<u>/s/ ANGELO A. FONZI</u> Angelo A. Fonzi	Director	March 19, 2007
<u>/s/ DANIEL C. SULLIVAN</u> Daniel C. Sullivan	Director	March 19, 2007
<u>/s/ RICHARD P. URBAN</u> Richard P. Urban	Director	March 19, 2007
<u>/s/ TED B. WAHBY</u> Ted B. Wahby	Director	March 19, 2007

Subsidiaries of Universal Truckload Services, Inc.

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

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Universal Truckload Services, Inc.:

We consent to the incorporation by reference in the registration statement (No.333-123385) on Form S-8 of Universal Truckload Services, Inc. of our reports dated March 19, 2007, with respect to the consolidated balance sheets of Universal Truckload Services, Inc. as of December 31, 2006 and 2005, and the related consolidated statements of income, shareholders' (deficit) equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2006, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 and the effectiveness of internal control over financial reporting as of December 31, 2006, which reports appear in the December 31, 2006 annual report on Form 10-K of Universal Truckload Services, Inc.

Our report dated March 19, 2007, on management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting as of December 31, 2006, contains an explanatory paragraph which states that Universal Truckload Services, Inc. acquired Assure Intermodal, LLC, Djewels, Inc., Noble & Pitts, Inc., TriStar Express N.C., Inc. and Mallard Transport, Inc. (the Acquired Companies) during 2006, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, the Acquired Companies' internal control over financial reporting associated with total assets of \$12.7 million and total revenues of \$38.0 million included in the consolidated financial statements of Universal Truckload Services, Inc. as of and for the year ended December 31, 2006. Our audit of internal control over financial reporting of Universal Truckload Services, Inc. and subsidiaries also excluded an evaluation of the internal control over financial reporting of the Acquired Companies.

/s/ KPMG LLP
Detroit, Michigan
March 19, 2007

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

I, Donald B. Cochran, certify that:

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

Date: March 19, 2007

/s/ DONALD B. COCHRAN

Donald B. Cochran

President and Chief Executive Officer

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

I, Robert E. Sigler, certify that:

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

Date: March 19, 2007

/s/ ROBERT E. SIGLER

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

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

In connection with the Annual Report of Universal Truckload Services, Inc. (the "Company") on Form 10-K for the year ended December 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Donald B. Cochran, as Chief Executive Officer of the Company, and Robert E. Sigler, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, respectively, that (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 19, 2007

/s/ DONALD B. COCHRAN

Donald B. Cochran
President and Chief Executive Officer

/s/ ROBERT E. SIGLER

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

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