

COVENANT TRANSPORT INC
Form 8-K/A
December 21, 2006

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

FORM 8-K/A

AMENDMENT NO. 2

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
September 14, 2006

COVENANT TRANSPORT, INC.
(Exact name of registrant as specified in its charter)

| | | |
|---|--|--|
| Nevada (State or other jurisdiction of incorporation) | 000-24960 (Commission File Number) | 88-0320154 (IRS Employer Identification No.) |
|---|--|--|

| | |
|--|---------------------|
| 400 Birmingham Hwy., Chattanooga, TN (Address of principal executive offices) | 37419 (Zip Code) |
|--|---------------------|

(423) 821-1212
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[
] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[
] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

- [Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17
] CFR 240.14d-2(b))
 - [Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17
] CFR 240.13e-4(c))
-

EXPLANATORY NOTE

This Amendment No. 2 to the Current Report on Form 8-K amends and supersedes in its entirety the Current Report that was filed on September 20, 2006, and amended on November 30, 2006 (the "Report"). In Amendment No. 1 to the Report, the Company indicated that it would file this Amendment No. 2 to include the Condensed Statements of Cash Flows for the six months ended June 30, 2006 and 2005. The Company is hereby filing this Amendment No. 2 to Form 8-K to update Item 9.01, Financial Statements and Exhibits, and to include the Condensed Statements of Cash Flows for the six months ended June 30, 2006 and 2005. Other than related updates to include such Condensed Statements of Cash Flows, there are no other changes to the Report.

Item Entry into a Material Definitive Agreement 1.01

Stock Purchase Agreement

On Thursday, September 14, 2006, Covenant Transport, Inc., a Nevada corporation (the "Company"), executed and closed a Stock Purchase Agreement whereby the Company acquired 100% of the outstanding capital stock of Star Transportation, Inc., a Tennessee corporation ("Star") from Beth D. Franklin, David D. Dortch, Rose D. Shipp, David W. Dortch, and James F. Brower, Jr. (the "Stockholders").

Beth D. Franklin, Star's Chief Executive Officer, has agreed to consult with the Company on transition issues for one year and all Stockholders have agreed not to compete with the Company or Star.

The aggregate purchase price for the Star stock was approximately \$39 million in cash. The Company funded the purchase price for the stock from available borrowing under its revolving line of credit. In addition, Star had an estimated \$42 million in existing debt that became part of Covenant's consolidated obligations as a result of the transaction. The Company will account for Star's operating results on a consolidated basis going forward.

Company's Credit Facility

On September 14, 2006, in connection with the Stock Purchase Agreement, the Company entered into Amendment No. 3 and Limited Waiver to Amended and Restated Credit Agreement dated August 11, 2006, with Bank of America, N.A., (the "Lender") amending the Company's revolving credit facility (the "Amendment") (as amended, the "Credit Agreement"). Under the Amendment, the Lender consented to the execution and consummation of the Stock Purchase Agreement and made certain amendments to the Credit Agreement to allow for the consummation of the Stock Purchase Agreement, including a change in the tangible net worth requirement. In connection with the Amendment and consummation of the Stock Purchase Agreement, the Company agreed to pledge the stock of Star as collateral for the Company's obligations arising under the Credit Agreement and Star became a guarantor under the Credit Agreement.

Star's Credit Facilities

In connection with the Stock Purchase Agreement, Star entered into a Thirteenth Amendment to Loan Agreement amending the Loan Agreement dated as of March 1, 2000 between Star and the Lender. As a condition to the Lender authorizing the consummation of the Stock Purchase Agreement, the Company and certain of its subsidiaries have guaranteed the obligations of Star under that certain Loan Agreement dated March 1, 2000, as amended by certain amendments First through Thirteenth, by and between Star and the Lender.

In connection with the Stock Purchase Agreement, Star also entered into Amendment No. 1 to Amended and Restated Loan Agreement, by and between AmSouth Bank, an Alabama state chartered bank ("AmSouth") and Star. As a condition to AmSouth authorizing the consummation of the Stock Purchase Agreement, the Company and certain of its subsidiaries have guaranteed the obligations of Star under that certain Amended and Restated Loan Agreement dated March 1, 2006, as amended by Amendment No. 1 to Amended and Restated Loan Agreement, by and between AmSouth and Star.

Item Completion of Acquisition or Disposition of Assets.

2.01

The information set forth in Item 1.01 concerning the closing of the transactions contemplated by the Stock Purchase Agreement is incorporated by reference into this Item 2.01.

Item Financial Statements and Exhibits.

9.01

(a) Financial statements of business acquired.

Audited Financial Statements

Balance Sheets as of December 31, 2005 and 2004

Statements of Operations for the years ended December 31, 2005 and 2004

Statements of Changes in Stockholders' Equity for the years ended December 31, 2005 and 2004

Statements of Cash Flows for the years ended December 31, 2005 and 2004

Notes to Financial Statements for the years ended December 31, 2005 and 2004

Unaudited Financial Statements

Balance Sheet as of June 30, 2006

Statements of Operations for the six months ended June 30, 2006 and 2005

Condensed Statements of Cash Flows for the six months ended June 30, 2006 and 2005

Notes to Unaudited Financial Statements for the six months ended June 30, 2006

(b) Pro forma financial information

Unaudited Pro Forma Balance Sheet as of June 30, 2006

Unaudited Pro Forma Consolidated Statements of Operations for the year ended December 31, 2005

Unaudited Pro Forma Consolidated Statements of Operations for the six months ended June 30, 2006

Notes to the Unaudited Pro Forma Financial Statements

(d) Exhibits

23.1 Consent of Lattimore Black Morgan & Cain, P.C.

99.1 Audited Financial Statements

Balance Sheets as of December 31, 2005 and 2004

Statements of Operations for the years ended December 31, 2005 and 2004

Statements of Changes in Stockholders' Equity for the years ended December 31, 2005 and 2004

Statements of Cash Flows for the years ended December 31, 2005 and 2004

Notes to Financial Statements for the years ended December 31, 2005

and 2004

99.2 Unaudited Financial Statements

Balance Sheet as of June 30, 2006

Statements of Operations for the six months ended June 30, 2006 and 2005

Condensed Statements of Cash Flows for the six months ended June 30, 2006 and 2005

Notes to Unaudited Financial Statements for the six months ended June 30, 2006

99.3 Pro Forma Financial Statements

Unaudited Pro Forma Balance Sheet as of June 30, 2006

Unaudited Pro Forma Consolidated Statements of Operations for the year ended December 31, 2005

Unaudited Pro Forma Consolidated Statements of Operations for the six months ended June 30, 2006

Notes to the Unaudited Pro Forma Financial Statements

SIGNATURE

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

**C O V E N A N T
TRANSPORT, INC.**

Date: December 21, 2006

By: /s/ Joey B. Hogan
Joey B. Hogan
Executive Vice President
and Chief Financial Officer

EXHIBIT INDEX

EXHIBIT

NUMBER EXHIBIT DESCRIPTION

- 23.1 Consent of Lattimore Black Morgan & Cain, P.C.
- 99.1 Audited Financial Statements
Balance Sheets as of December 31, 2005 and 2004
Statements of Operations for the years ended December 31, 2005 and 2004
Statements of Changes in Stockholders' Equity for the years ended December 31, 2005 and 2004
Statements of Cash Flows for the years ended December 31, 2005 and 2004
Notes to Financial Statements for the years ended December 31, 2005 and 2004
- 99.2 Unaudited Financial Statements
Balance Sheet as of June 30, 2006
Statements of Operations for the six months ended June 30, 2006 and 2005
Condensed Statements of Cash Flows for the six months ended June 30, 2006 and 2005
Notes to Unaudited Financial Statements for the six months ended June 30, 2006
- 99.3 Pro Forma Financial Statements
Unaudited Pro Forma Balance Sheet as of June 30, 2006
Unaudited Pro Forma Consolidated Statements of Operations for the year ended December 31, 2005
Unaudited Pro Forma Consolidated Statements of Operations for the six months ended June 30, 2006
Notes to the Unaudited Pro Forma Financial Statements