

PAM TRANSPORTATION SERVICES INC  
Form 10-Q  
August 07, 2009

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

FORM 10-Q

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

For the quarterly period ended June 30, 2009

or  
o 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: 0-15057

P.A.M. TRANSPORTATION SERVICES, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

71-0633135  
(I.R.S. Employer Identification no.)

297 West Henri De Tonti, Tontitown, Arkansas 72770  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (479) 361-9111

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days.

Yes ✓ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

| Class                         | Outstanding at July 29, 2009 |
|-------------------------------|------------------------------|
| Common Stock, \$.01 Par Value | 9,411,607                    |

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For The Quarter Ended June 30, 2009  
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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

## P.A.M. TRANSPORTATION SERVICES, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets  
(in thousands, except share and per share data)

|   | June 30,<br>2009<br>(unaudited) | December<br>31,<br>2008<br>(see note) |
|---|---------------------------------|---------------------------------------|
| <b>ASSETS</b>   |                                 |                                       |
| Current assets:   |                                 |                                       |
| Cash and cash equivalents   | \$ 1,545                        | \$ 858                                |
| Accounts receivable-net:  |                                 |                                       |
| Trade   | 38,487                          | 43,815                                |
| Other   | 1,821                           | 1,088                                 |
| Inventories   | 805                             | 858                                   |
| Prepaid expenses and deposits   | 11,631                          | 9,443                                 |
| Marketable equity securities  | 12,648                          | 12,540                                |
| Income taxes refundable   | 506                             | 524                                   |
| Total current assets  | 67,443                          | 69,126                                |
| Property and equipment:   |                                 |                                       |
| Land  | 4,924                           | 4,916                                 |
| Structures and improvements   | 13,650                          | 13,596                                |
| Revenue equipment   | 303,566                         | 320,188                               |
| Office furniture and equipment  | 7,622                           | 7,606                                 |
| Total property and equipment  | 329,762                         | 346,306                               |
| Accumulated depreciation  | (130,311)                       | (125,742)                             |
| Net property and equipment  | 199,451                         | 220,564                               |
| Other assets:   |                                 |                                       |
| Other   | 562                             | 671                                   |
| <b>TOTAL ASSETS</b>   | <b>\$ 267,456</b>               | <b>\$ 290,361</b>                     |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                 |                                 |                                       |
| Current liabilities:  |                                 |                                       |
| Accounts payable  | \$ 13,645                       | \$ 20,269                             |
| Accrued expenses and other liabilities                                      | 14,975                          | 15,684                                |
| Current maturities of long-term debt  | 11,509                          | 15,928                                |
| Deferred income taxes-current   | 625                             | 157                                   |
| Total current liabilities   | 40,754                          | 52,038                                |
| Long-term debt-less current portion   | 32,357                          | 35,492                                |
| Deferred income taxes-less current portion                                  | 43,875                          | 47,354                                |
| Total liabilities   | 116,986                         | 134,884                               |
| <b>SHAREHOLDERS' EQUITY</b>   |                                 |                                       |
| Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued | -                               | -                                     |
| Common stock, \$.01 par value, 40,000,000 shares authorized; 11,368,207 and |                                 |                                       |

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|   |            |            |
|---|------------|------------|
| 11,368,207 shares issued; 9,409,607 and 9,409,607 shares outstanding at June 30, 2009 and December 31, 2008, respectively | 114        | 114        |
| Additional paid-in capital  | 77,688     | 77,659     |
| Accumulated other comprehensive income  | 1,277      | 611        |
| Treasury stock, at cost; 1,958,600 shares   | (29,127)   | (29,127)   |
| Retained earnings   | 100,518    | 106,220    |
| Total shareholders' equity  | 150,470    | 155,477    |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY  | \$ 267,456 | \$ 290,361 |

Note: The consolidated balance sheet at December 31, 2008 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. See notes to condensed consolidated financial statements.

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P.A.M. TRANSPORTATION SERVICES, INC. AND SUBSIDIARIES  
Condensed Consolidated Statements of Operations  
(unaudited)  
(in thousands, except per share data)

|  | Three Months Ended<br>June 30, |                   | Six Months Ended<br>June 30, |                   |
|--|--------------------------------|-------------------|------------------------------|-------------------|
|  | 2009                           | 2008              | 2009                         | 2008              |
| <b>OPERATING REVENUES:</b>                   |                                |                   |                              |                   |
| Revenue, before fuel surcharge               | \$ 62,367                      | \$ 84,680         | \$ 122,637                   | \$ 171,125        |
| Fuel surcharge                               | 6,109                          | 26,250            | 11,658                       | 45,625            |
| Total operating revenues                     | 68,476                         | 110,930           | 134,295                      | 216,750           |
| <b>OPERATING EXPENSES AND COSTS:</b>         |                                |                   |                              |                   |
| Salaries, wages and benefits                 | 24,012                         | 31,616            | 48,085                       | 66,113            |
| Fuel expense                                 | 14,631                         | 43,125            | 27,636                       | 80,547            |
| Rents and purchased transportation           | 9,544                          | 10,842            | 18,620                       | 20,362            |
| Depreciation                                 | 8,570                          | 9,298             | 17,380                       | 18,285            |
| Operating supplies and expenses              | 6,823                          | 7,452             | 13,226                       | 15,471            |
| Operating taxes and licenses                 | 3,331                          | 4,164             | 6,543                        | 8,523             |
| Insurance and claims                         | 3,131                          | 4,103             | 6,173                        | 8,655             |
| Communications and utilities                 | 638                            | 756               | 1,336                        | 1,568             |
| Other  | 1,292                          | 1,118             | 2,450                        | 2,502             |
| Loss (gain) on disposition of equipment      | 68                             | (14)              | 24                           | 220               |
| Total operating expenses and costs           | 72,040                         | 112,460           | 141,473                      | 222,246           |
| <b>OPERATING LOSS</b>                        | <b>(3,564)</b>                 | <b>(1,530)</b>    | <b>(7,178)</b>               | <b>(5,496)</b>    |
| <b>NON-OPERATING INCOME (EXPENSE)</b>        | <b>200</b>                     | <b>(14)</b>       | <b>(667)</b>                 | <b>(219)</b>      |
| <b>INTEREST EXPENSE</b>                      | <b>(629)</b>                   | <b>(532)</b>      | <b>(1,293)</b>               | <b>(1,101)</b>    |
| <b>LOSS BEFORE INCOME TAXES</b>              | <b>(3,993)</b>                 | <b>(2,076)</b>    | <b>(9,138)</b>               | <b>(6,816)</b>    |
| <b>FEDERAL AND STATE INCOME TAX BENEFIT:</b> |                                |                   |                              |                   |
| Current                                      | -                              | -                 | -                            | -                 |
| Deferred                                     | (1,637)                        | (744)             | (3,436)                      | (2,656)           |
| Total federal and state income tax benefit   | (1,637)                        | (744)             | (3,436)                      | (2,656)           |
| <b>NET LOSS</b>                              | <b>\$ (2,356)</b>              | <b>\$ (1,332)</b> | <b>\$ (5,702)</b>            | <b>\$ (4,160)</b> |
| <b>LOSS PER COMMON SHARE:</b>                |                                |                   |                              |                   |
| Basic  | \$ (0.25)                      | \$ (0.14)         | \$ (0.61)                    | \$ (0.43)         |
| Diluted                                      | \$ (0.25)                      | \$ (0.14)         | \$ (0.61)                    | \$ (0.43)         |
| <b>AVERAGE COMMON SHARES OUTSTANDING:</b>    |                                |                   |                              |                   |
| Basic  | 9,410                          | 9,708             | 9,410                        | 9,752             |
| Diluted                                      | 9,412                          | 9,708             | 9,412                        | 9,752             |

See notes to condensed consolidated financial statements.

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P.A.M. TRANSPORTATION SERVICES, INC. AND SUBSIDIARIES  
Condensed Consolidated Statements of Cash Flows  
(unaudited)  
(in thousands)

|   | Six Months Ended<br>June 30, |            |
|---|------------------------------|------------|
|   | 2009                         | 2008       |
| <b>OPERATING ACTIVITIES:</b>  |                              |            |
| Net loss  | \$ (5,702)                   | \$ (4,160) |
| Adjustments to reconcile net loss to net cash provided by operating activities: |                              |            |
| Depreciation  | 17,380                       | 18,285     |
| Bad debt expense (recovery)   | 486                          | (40)       |
| Stock compensation-net of excess tax benefits                                   | 29                           | 91         |
| Non-compete agreement amortization-net of payments                              | -                            | (17)       |
| Provision for deferred income tax expense (benefit)                             | (3,436)                      | (2,656)    |
| Reclassification of unrealized loss on marketable equity securities             | 1,105                        | 573        |
| (Gain) loss on sale or reclass of marketable equity securities                  | (206)                        | 125        |
| Loss on sale or disposal of equipment   | 24                           | 220        |
| Changes in operating assets and liabilities:                                    |                              |            |
| Accounts receivable   | 4,573                        | (4,904)    |
| Prepaid expenses, inventories, and other assets                                 | (2,026)                      | 6,525      |
| Income taxes refundable   | 18                           | 1,108      |
| Trade accounts payable  | (2,246)                      | (652)      |
| Accrued expenses  | 1,203                        | 1,877      |
| Net cash provided by operating activities                                       | 11,202                       | 16,375     |
| <b>INVESTING ACTIVITIES:</b>  |                              |            |
| Purchases of property and equipment   | (8,761)                      | (24,623)   |
| Proceeds from sale or disposal of equipment                                     | 8,092                        | 1,927      |
| Change in restricted cash   | (464)                        | 4,049      |
| Net sales (purchases) of marketable equity securities                           | 84                           | (3,107)    |
| Net cash used in investing activities   | (1,049)                      | (21,754)   |
| <b>FINANCING ACTIVITIES:</b>  |                              |            |
| Borrowings under line of credit   | 164,524                      | 274,663    |
| Repayments under line of credit   | (168,268)                    | (301,021)  |
| Borrowings of long-term debt  | 6,737                        | 25,178     |
| Repayments of long-term debt  | (10,547)                     | (1,483)    |
| Borrowings under margin account   | 12,872                       | 11,111     |
| Repayments under margin account   | (14,784)                     | (645)      |
| Repurchases of common stock   | -                            | (2,252)    |
| Net cash (used in) provided by financing activities                             | (9,466)                      | 5,551      |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                | <b>687</b>                   | <b>172</b> |
| <b>CASH AND CASH EQUIVALENTS-Beginning of period</b>                            | <b>858</b>                   | <b>407</b> |



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|  |    |       |    |       |
|--|----|-------|----|-------|
| CASH AND CASH EQUIVALENTS-End of period                          | \$ | 1,545 | \$ | 579   |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION-</b>        |    |       |    |       |
| <b>Cash paid during the period for:</b>                          |    |       |    |       |
| Interest   | \$ | 1,320 | \$ | 1,082 |
| Income taxes   | \$ | 86    | \$ | 283   |
| <b>NONCASH INVESTING AND FINANCING ACTIVITIES-</b>               |    |       |    |       |
| Purchases of property and equipment included in accounts payable | \$ | 65    | \$ | 7,319 |

See notes to condensed consolidated financial statements.

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P.A.M. TRANSPORTATION SERVICES, INC. AND SUBSIDIARIES  
Condensed Consolidated Statements of Shareholders' Equity  
(unaudited)  
(in thousands)

|   | Common Stock<br>Shares / Amount | Paid-In<br>Capital | Additional<br>Comprehensive<br>Income<br>(Loss) | Other<br>Comprehensive<br>Income | Accumulated<br>Other<br>Comprehensive<br>Income | Treasury<br>Stock | Retained<br>Earnings | Total      |
|---|---------------------------------|--------------------|---|----------------------------------|---|-------------------|----------------------|------------|
| Balance at<br>December 31, 2008   | 9,410                           | \$ 114             | \$ 77,659                                       |                                  | \$ 611  | \$ (29,127)       | \$ 106,220           | \$ 155,477 |
| Components of comprehensive loss:                                       |                                 |                    |   |                                  |   |                   |                      |            |
| Net loss  |                                 |                    |   | \$ (5,702)                       |   |                   | (5,702)              | (5,702)    |
| Other comprehensive loss:   |                                 |                    |   |                                  |   |                   |                      |            |
| Unrealized gains on<br>marketable<br>securities, net of tax<br>of \$424 |                                 |                    |   | 666                              | 666   |                   |                      | 666        |
| Total<br>comprehensive loss   |                                 |                    |   | \$ (5,036)                       |   |                   |                      |            |
| Share-based compensation  |                                 |                    |   |                                  |   |                   |                      |            |
|   |                                 |                    | 29  |                                  |   |                   |                      | 29         |
| Balance at June 30,<br>2009   | 9,410                           | \$ 114             | \$ 77,688                                       |                                  | \$ 1,277  | \$ (29,127)       | \$ 100,518           | \$ 150,470 |

See notes to condensed consolidated financial statements.

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P.A.M. TRANSPORTATION SERVICES, INC. AND SUBSIDIARIES  
Notes to Condensed Consolidated Financial Statements (unaudited)  
June 30, 2009

**NOTE A: BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In management's opinion, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation have been included. Operating results for the six-month period ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. For further information, refer to the consolidated financial statements and the footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2008.

**NOTE B: RECENT ACCOUNTING PRONOUNCEMENTS**

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements required under other accounting pronouncements, but does not change existing guidance as to whether or not an instrument is carried at fair value. In February 2008, the FASB issued FSP FAS 157-2, Effective Date of FASB Statement No. 157, which delayed the implementation of the provisions of SFAS No. 157 with regard to non-financial assets and liabilities that are not carried at fair value on a recurring basis in financial statements. On January 1, 2009, the Company adopted SFAS No. 157, as it relates to nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed at fair value in the financial statements on at least an annual basis. The adoption of SFAS No. 157, as it relates to nonfinancial assets and nonfinancial liabilities did not have a material impact on the Company's financial condition, results of operations, or cash flow. See Note J for additional discussion on fair value measurements.

In April 2009, the FASB issued FASB Staff Position ("FSP") FAS 157-4, Determining Fair Value when the Volume and Level of Activity for the Asset or Liability have Significantly Decreased and Identifying Transactions that are not Orderly ("FSP 157-4"), which is effective for the Company for the quarterly period beginning April 1, 2009. FSP 157-4 affirms that the objective of fair value when the market for an asset is not active is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The FSP provides guidance for estimating fair value when the volume and level of market activity for an asset or liability have significantly decreased and determining whether a transaction was orderly. This FSP applies to all fair value measurements when appropriate. The adoption of FAS 157-4 did not have a material impact on the Company's financial condition, results of operations, or cash flow.

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments ("FSP 115-2"), which is effective for the Company for the quarterly period beginning April 1, 2009. FSP 115-2 amends existing guidance for determining whether an other-than-temporary impairment of debt securities has occurred. Among other changes, the FASB replaced the existing requirement that an entity's management assert it has both the intent and ability to hold an impaired security until recovery with a requirement that management assert (a) it does not have the intent to sell the security, and (b) it is more likely than not it will not have to sell the security before recovery of its cost basis. The adoption of FAS 115-2 did not have a material impact on the Company's financial condition, results of operations, or cash flow.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments ("FSP 107-1"), which is effective for the Company for the quarterly period beginning April 1, 2009. FSP

107-1 requires an entity to provide the annual disclosures required by FASB Financial Accounting Standards No. 107, Disclosures about Fair Value of Financial Instruments, in its interim financial statements. The adoption of FSP 107-1 did not have a material impact on the Company's financial condition, results of operations, or cash flow.

In April 2009, the FASB issued SFAS No. 165, Subsequent Events ("SFAS No. 165"). SFAS No. 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. The adoption of SFAS No. 165 did not have a material impact on the Company's financial condition, results of operations, or cash flow.

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In June 2009, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 168, FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (“SFAS No. 168”). SFAS No. 168 replaces SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles, and establishes the FASB Accounting Standards Codification (“Codification”) as the single source of authoritative U.S. generally accepted accounting principles (“U.S. GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (“SEC”) under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. SFAS No. 168 and the Codification are effective for financial statements issued for interim and annual periods ending after September 15, 2009. When effective, the Codification will supersede all existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. Following the issuance of SFAS No. 168, the FASB will not issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts. Instead, the FASB will issue Accounting Standards Updates, which will serve only to: (a) update the Codification; (b) provide background information about the guidance; and (c) provide the bases for conclusions on the change(s) in the Codification. The adoption of SFAS No. 168 is not expected to have a material effect on the Company’s financial statements.

**NOTE C: MARKETABLE EQUITY SECURITIES**

The Company accounts for its marketable securities in accordance with Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities (“SFAS No. 115”). SFAS No. 115 requires companies to classify their investments as trading, available-for-sale or held-to-maturity. The Company’s investments in marketable securities are classified as either trading or available-for-sale and consist of equity securities. Management determines the appropriate classification of these securities at the time of purchase and re-evaluates such designation as of each balance sheet date. Sales of securities during the first six months of 2009 were insignificant.

Marketable equity securities are carried at fair value, with the unrealized gains and losses, net of tax, included as a component of accumulated other comprehensive income in shareholders’ equity. Realized gains and losses, declines in value judged to be other-than-temporary on available-for-sale securities, and increases or decreases in value on trading securities, if any, are included in the determination of net income. A quarterly evaluation is performed in order to judge whether declines in value below cost should be considered temporary and when losses are deemed to be other-than-temporary. Several factors are considered in this evaluation process including the severity and duration of the decline in value, the financial condition and near-term outlook for the specific issuer and the Company’s ability to hold the securities. There were no securities in a cumulative loss position for twelve months or longer at June 30, 2009. However, based on the severity of declines in certain securities during the first six months of 2009 and the fact that the Company has no evidence that indicates these securities will regain a value equal to or greater than their cost basis, their declines in value have been determined to be other-than-temporary. As a result of this evaluation, the Company recorded an impairment charge of approximately \$109,000 in non-operating expense in its income statement for the quarter ending June 30, 2009. These declines came primarily from our equity securities in the pharmaceutical, financial, and automotive sectors. The cost of securities sold is based on the specific identification method and interest and dividends on securities are included in non-operating income.

As of June 30, 2009, equity securities classified as available-for-sale and equity securities classified as trading had a cost basis of approximately \$9,945,000 and \$505,000, respectively, and fair market values of approximately \$11,991,000 and \$657,000, respectively. For the six months ended June 30, 2009, the Company had net unrealized gains in market value on securities classified as available-for-sale of approximately \$666,000, net of deferred income taxes. Also during this period, the Company recognized gains on trading securities of approximately \$129,000, net of deferred income taxes. During the quarter ending June 30, 2009, the Company recognized gains on trading securities of approximately \$115,000, net of deferred income taxes. As of June 30, 2009, the Company’s marketable securities that are classified as available-for-sale had gross unrealized gains of approximately \$2,990,000 and gross unrealized losses of approximately \$944,000. The Company’s marketable securities that are classified as trading had gross

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recognized gains of approximately \$155,000 and gross recognized losses of approximately \$3,000. As of June 30, 2009, the total net unrealized gain, net of deferred income taxes, in accumulated other comprehensive income was approximately \$1,277,000.

The following table shows the Company's investments' approximate gross unrealized losses and fair value at June 30, 2009 and December 31, 2008. These investments consist of equity securities. As of June 30, 2009 and December 31, 2008 there were no investments that had been in a continuous unrealized loss position for twelve months or longer.

|  | June 30, 2009 |                   | December 31, 2008 |                   |
|--|---------------|-------------------|-------------------|-------------------|
|  | Fair Value    | Unrealized Losses | Fair Value        | Unrealized Losses |
| Equity securities – Available for sale | \$ 4,370      | \$ 944            | \$ 4,775          | \$ 1,237          |
| Equity securities – Trading            | 43            | 3                 | 372               | 67                |
| Totals                                 | \$ 4,413      | \$ 947            | \$ 5,147          | \$ 1,304          |

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The market value of the Company's equity securities are used as collateral against any outstanding margin account borrowings. As of June 30, 2009, the Company had outstanding borrowings of approximately \$5.0 million under its margin account which were used for the purchase of marketable equity securities and as a source of short-term liquidity.

**NOTE D: STOCK BASED COMPENSATION**

The Company maintains a stock option plan under which incentive stock options and nonqualified stock options may be granted. On March 2, 2006, the Company's Board of Director's adopted, and shareholders later approved, the 2006 Stock Option Plan (the "2006 Plan"). Under the 2006 Plan 750,000 shares are reserved for the issuance of stock options to directors, officers, key employees and others. The option exercise price under the 2006 Plan is the fair market value of the stock on the date the option is granted. The fair market value is determined by the average of the highest and lowest sales prices for a share of the Company's common stock, on its primary exchange, on the same date that the option is granted. During the first six months of 2009, options for 16,000 shares were issued under the 2006 Plan at an option exercise price of \$3.84 per share, and at June 30, 2009, 686,000 shares were available for granting future options.

Outstanding incentive stock options at June 30, 2009, must be exercised within six years from the date of grant and vest in increments of 20% each year. Outstanding nonqualified stock options at June 30, 2009, must be exercised within five to ten years from the date of grant.

In August 2002, the Company granted performance-based variable stock options for 300,000 shares to certain key executives. The exercise price for these awards was fixed at the grant date and was equal to the fair market value of the stock on that date. On the date of grant, options for 60,000 shares vested immediately and vesting of the options for the remaining 240,000 shares was scheduled to occur on a straight-line basis each year from March 15, 2003 through March 15, 2008 upon meeting performance criteria. In order to meet the performance criteria, net income for each fiscal year must have been at least equal to 1.05 times net income for the preceding fiscal year, unless net income for the preceding fiscal year was zero or negative, in which case net income for the fiscal year must have been at least 90% of net income for the most recent year with positive income. As of June 30, 2009, options for 180,000 shares had vested under this 300,000 share option grant (including those options which immediately vested upon grant) while options for 120,000 shares have been forfeited as the performance criteria were not met for the fiscal years 2003, 2004 and 2007.

The total fair value of options vested during the first six months of 2009 was approximately \$29,000. As of June 30, 2009, the Company did not have any stock-based compensation plans with unrecognized stock-based compensation expense. Total pre-tax stock-based compensation expense, recognized in Salaries, wages and benefits during the first six months of 2009 was approximately \$29,000 which resulted from the annual grant of an option for 2,000 shares to each non-employee director during the first quarter of 2009. Total pre-tax stock-based compensation expense, recognized in Salaries, wages and benefits was approximately \$91,000 during the first six months of 2008 and includes approximately \$80,000 recognized as a result of the annual grant of an option for 2,000 shares to each non-employee director during the first quarter of 2008. The recognition of stock-based compensation expense decreased diluted and basic earnings per common share by approximately \$0.01 during the six months ending June 30, 2009 but did not have a recognizable impact on diluted or basic earnings per share reported for the second quarter ending June 30, 2009. The recognition of stock-based compensation expense decreased diluted and basic earnings per common share by approximately \$0.01 during the six months ending June 30, 2008 but did not have a recognizable impact on diluted or basic earnings per share reported for the second quarter ending June 30, 2008. The weighted average grant date fair value of options granted during the first six months of 2009 and 2008 was \$1.84 per share and \$4.98 per share, respectively.

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The fair value of the Company's employee stock options was estimated at the date of grant using a Black-Scholes-Merton ("BSM") option-pricing model using the following assumptions:

|                       | Six Months Ended<br>June 30, |                        |
|-----------------------|------------------------------|------------------------|
|                       | 2009                         | 2008                   |
| Dividend yield        | 0%                           | 0%                     |
|                       | 58.07%                       | 36.67% -<br>38.54%     |
| Volatility range      |                              |                        |
| Risk-free rate range  | 1.57%                        | 2.50% - 4.38%          |
|                       | 4.4 years                    | 4.3 years - 5<br>years |
| Expected life         |                              |                        |
| Fair value of options | \$1.84                       | \$4.98 - \$8.89        |

The Company has never paid any cash dividends on its common stock and we do not anticipate paying any cash dividends in the foreseeable future. The estimated volatility is based on the historical volatility of our stock. The risk free rate for the periods within the expected life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life of the options was calculated based on the historical exercise behavior.



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Information related to option activity for the three months ended June 30, 2009 is as follows:

|                               | Shares Under Options | Weighted-Average Exercise Price (per share) | Weighted-Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value* |
|-------------------------------|----------------------|---|--|----------------------------|
| Outstanding-beginning of year | 254,500              | \$22.32                                     |  |                            |
| Granted                       | 16,000               | 3.84  |  |                            |
| Exercised                     | -                    | -   |  |                            |
| Cancelled/forfeited/expired   | (8,000)              | 16.99                                       |  |                            |
| Outstanding at June 30, 2009  | 262,500              | \$21.36                                     | 3.2  | \$26,080                   |
| Exercisable at June 30, 2009  | 262,500              | \$21.36                                     | 3.2  | \$26,080                   |

\* The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price of the option. The per share market value of our common stock, as determined by the closing price on June 30, 2009, was \$5.47.

The number, weighted average exercise price and weighted average remaining contractual life of options outstanding as of June 30, 2009 and the number and weighted average exercise price of options exercisable as of June 30, 2009 are as follows:

| Exercise Price | Shares Under Outstanding Options | Weighted-Average Remaining Contractual Term (in years) | Shares Under Exercisable Options |
|----------------|----------------------------------|--|----------------------------------|
| \$3.84         | 16,000                           | 4.7  | 16,000                           |
| \$14.98        | 16,000                           | 3.7  | 16,000                           |
| \$18.27        | 10,000                           | 0.7  | 10,000                           |
| \$19.88        | 12,500                           | 3.3  | 12,500                           |
| \$22.92        | 14,000                           | 2.7  | 14,000                           |
| \$23.22        | 180,000                          | 3.2  | 180,000                          |
| \$26.73        | 14,000                           | 1.9  | 14,000                           |
|                | 262,500                          | 3.2  | 262,500                          |

There were no option exercises during the six months ended June 30, 2009 or 2008. The Company issues new shares upon option exercise.

## NOTE E: SEGMENT INFORMATION

The Company considers the guidance provided by Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information ("SFAS No. 131"), in its identification of operating segments. The Company has determined that it has a total of eight operating segments whose primary operations can be characterized as either Truckload Services or Brokerage and Logistics Services, however in accordance with the aggregation criteria provided by SFAS No. 131 the Company has determined that the operations of the eight operating segments can be aggregated into a single reporting segment, motor carrier operations. Truckload Services revenues and Brokerage and Logistics Services revenues, each before fuel surcharges, were as follows:

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|  | Three Months Ended June 30, |       |           |       | Six Months Ended June 30, |       |            |       |
|--|-----------------------------|-------|-----------|-------|---------------------------|-------|------------|-------|
|  | 2009                        |       | 2008      |       | 2009                      |       | 2008       |       |
|  | Amount                      | %     | Amount    | %     | Amount                    | %     | Amount     | %     |
| (in thousands, except percentage data)   |                             |       |           |       |                           |       |            |       |
| Truckload Services revenue               | \$ 53,255                   | 85.4  | \$ 75,129 | 88.7  | \$ 104,904                | 85.5  | \$ 153,485 | 89.7  |
| Brokerage and Logistics Services revenue | 9,112                       | 14.6  | 9,551     | 11.3  | 17,733                    | 14.5  | 17,640     | 10.3  |
| Total revenues                           | \$ 62,367                   | 100.0 | \$ 84,680 | 100.0 | \$ 122,637                | 100.0 | \$ 171,125 | 100.0 |

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## NOTE F: TREASURY STOCK

The Company accounts for Treasury stock using the cost method and as of June 30, 2009, 1,958,600 shares were held in the treasury at an aggregate cost of approximately \$29,127,000.

## NOTE G: COMPREHENSIVE INCOME

Comprehensive income was comprised of net income plus or minus market value adjustments related to our marketable securities. The components of comprehensive income were as follows:

|  | Three Months Ended<br>June 30, |            | Six Months Ended<br>June 30, |            |
|--|--------------------------------|------------|------------------------------|------------|
|  | 2009                           | 2008       | 2009                         | 2008       |
|  | (in thousands)                 |            |                              |            |
| Net loss   | \$ (2,356)                     | \$ (1,332) | \$ (5,702)                   | \$ (4,160) |
| Other comprehensive (loss) income:   |                                |            |                              |            |
| Reclassification adjustment for unrealized losses on marketable securities included in net income, net of income taxes |                                |            |                              |            |
|  | 68                             | 122        | 715                          | 342        |
| Change in fair value of marketable securities, net of income taxes   |                                |            |                              |            |
|  | 1,225                          | (1,575)    | (49)                         | (2,662)    |
| Total comprehensive loss   | \$ (1,063)                     | \$ (2,785) | \$ (5,036)                   | \$ (6,480) |

## NOTE H: EARNINGS PER SHARE

Diluted earnings per share computations assume the exercise of stock options to purchase shares of common stock. The shares assumed exercised are based on the weighted average number of shares under options outstanding during the period and only include those options for which the exercise price is less than the average share price during the period. The net additional shares issuable are calculated based on the treasury stock method and are added to the weighted average number of shares outstanding during the period.

A reconciliation of the basic and diluted income per share computations for the three and six months ended June 30, 2009 and 2008, respectively, is as follows:

|  | Three Months Ended<br>June 30,        |            | Six Months Ended<br>June 30, |            |
|--|---------------------------------------|------------|------------------------------|------------|
|  | 2009                                  | 2008       | 2009                         | 2008       |
|  | (in thousands, except per share data) |            |                              |            |
| Net loss   | \$ (2,356)                            | \$ (1,332) | \$ (5,702)                   | \$ (4,160) |
| Basic weighted average common shares outstanding   | 9,410                                 | 9,708      | 9,410                        | 9,752      |
| Dilutive effect of common stock equivalents        | 2                                     | -          | 2                            | -          |
| Diluted weighted average common shares outstanding | 9,412                                 | 9,708      | 9,412                        | 9,752      |
| Basic loss per share                               | \$ (0.25)                             | \$ (0.14)  | \$ (0.61)                    | \$ (0.43)  |
| Diluted loss per share                             | \$ (0.25)                             | \$ (0.14)  | \$ (0.61)                    | \$ (0.43)  |

Options to purchase 246,500 and 254,500 shares of common stock were outstanding at June 30, 2009 and 2008, respectively, but were not included in the computation of diluted earnings per share because to do so would have an anti-dilutive effect.

**NOTE I: INCOME TAXES**

The Company adopted the provisions of FASB Interpretation 48, Accounting for Uncertainty in Income Taxes (“FIN 48”), on January 1, 2007. FIN 48 addressed the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by taxing authorities, based on the technical merits of the position. Upon adoption, and as of June 30, 2009, an adjustment to the Company’s consolidated financial statements for uncertain tax positions was not required as management believes that the Company’s tax positions taken in income tax returns filed or to be filed are supported by clear and unambiguous income tax laws.

The Company and its subsidiaries are subject to U.S. and Canadian federal income tax laws as well as the income tax laws of multiple state jurisdictions. The major tax jurisdictions in which we operate generally provide for a deficiency assessment statute of limitation period of three years and as a result, the Company’s tax years 2005 through 2008 remain open to examination in those jurisdictions. The Company recognizes interest and penalties related to uncertain income tax positions, if any, in income tax expense. During the three and six months ended June 30, 2009, the Company has not recognized or accrued any interest or penalties related to uncertain income tax positions.

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NOTE J: FAIR VALUE OF FINANCIAL INSTRUMENTS

Our financial instruments consist of cash and cash equivalents, marketable equity securities, accounts receivable, trade accounts payable, and borrowings.

The Company adopted SFAS No. 157 effective January 1, 2008 for financial assets and liabilities measured on a recurring basis. SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity.

The Company utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Assets and liabilities measured at fair value on a recurring basis and subject to the disclosure requirements of SFAS No. 157 as of June 30, 2009 are summarized below:

|                       | Total          | Level 1   | Level 2 | Level 3 |
|-----------------------|----------------|-----------|---------|---------|
|                       | (in thousands) |           |         |         |
| Marketable securities | \$ 12,648      | \$ 12,648 | \$ -    | \$ -    |

The Company's investments in marketable securities are recorded at fair value based on quoted market prices. The carrying value of other financial instruments, including cash, accounts receivable, accounts payable, and accrued liabilities approximate fair value due to their short maturities.

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

For long-term debt other than the lines of credit, the fair values are estimated using discounted cash flow analyses, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The carrying value and estimated fair value of this other long-term debt at June 30, 2009 was as follows:

| Carrying Value | Estimated Fair Value |
|----------------|----------------------|
| (in thousands) |                      |

Long-term debt \$ 43,866 \$ 43,483

The Company adopted SFAS No. 159 effective January 1, 2008 and did not elect the fair value option for our financial instruments.

**NOTE K: NOTES PAYABLE AND LONG-TERM DEBT**

During the first six months of 2009, the Company's subsidiaries entered into installment obligations totaling approximately \$6.7 million for the purpose of purchasing revenue equipment. These obligations are each payable in 36 monthly installments at an interest rate of 5.45%.

**NOTE L: SUBSEQUENT EVENTS**

Subsequent events have been evaluated for recognition and disclosure through the date these financial statements were filed with the Securities and Exchange Commission.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

**FORWARD-LOOKING INFORMATION**

Certain information included in this Quarterly Report on Form 10-Q constitutes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may relate to expected future financial and operating results or events, and are thus prospective. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, excess capacity in the trucking industry; surplus inventories; recessionary economic cycles and downturns in customers' business cycles; increases or rapid fluctuations in fuel prices, interest rates, fuel taxes, tolls, license and registration fees; the resale value of the Company's used equipment and the price of new equipment; increases in compensation for and difficulty in attracting and retaining qualified drivers and owner-operators; increases in insurance premiums and deductible amounts relating to accident, cargo, workers' compensation, health, and other claims; unanticipated increases in the number or amount of claims for which the Company is self insured; inability of the Company to continue to secure acceptable financing arrangements; seasonal factors such as harsh weather conditions that increase operating costs; competition from trucking, rail, and intermodal competitors including reductions in rates resulting from competitive bidding; the ability to identify acceptable acquisition candidates, consummate acquisitions, and integrate acquired operations; a significant reduction in or termination of the Company's trucking service by a key customer; and other factors, including risk factors, included from time to time in filings made by the Company with the SEC. The Company undertakes no obligation to update or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

**CRITICAL ACCOUNTING POLICIES**

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, included in our Form 10-K for the fiscal year ended December 31, 2008.

**BUSINESS OVERVIEW**

The Company's administrative headquarters are in Tontitown, Arkansas. From this location we manage operations conducted through wholly owned subsidiaries based in various locations around the United States and Canada. The operations of these subsidiaries can generally be classified into either truckload services or brokerage and logistics services. Truckload services include those transportation services in which we utilize company owned trucks or owner-operator owned trucks. Brokerage and logistics services consist of services such as transportation scheduling, routing, mode selection, transloading and other value added services related to the transportation of freight which may or may not involve the usage of company owned or owner-operator owned equipment. Both our truckload operations and our brokerage/logistics operations have similar economic characteristics and are impacted by virtually the same economic factors as discussed elsewhere in this Report. All of the Company's operations are in the motor carrier segment.

For both operations, substantially all of our revenue is generated by transporting freight for customers and is predominantly affected by the rates per mile received from our customers, equipment utilization, and our percentage of non-compensated miles. These aspects of our business are carefully managed and efforts are continuously underway to achieve favorable results. For the three and six month periods ended June 30, 2009, truckload services revenues, excluding fuel surcharges, represented 85.4% and 85.5% of total revenues, excluding fuel surcharges, with remaining revenues, excluding fuel surcharges, being generated from brokerage and logistics services. For the three and six month periods ended June 30, 2008, truckload services revenues, excluding fuel surcharges, represented 88.7% and 89.7% of total revenues, excluding fuel surcharges, with remaining revenues, excluding fuel surcharges, being generated from brokerage and logistics services.

The main factors that impact our profitability on the expense side are costs incurred in transporting freight for our customers. Currently our most challenging costs include fuel, driver recruitment, training, wage and benefit costs, independent broker costs (which we record as purchased transportation), insurance, and maintenance and capital equipment costs.

In discussing our results of operations we use revenue, before fuel surcharge, (and fuel expense, net of surcharge), because management believes that eliminating the impact of this sometimes volatile source of revenue allows a more consistent basis for comparing our results of operations from period to period. During the three and six months ending June 30, 2009, approximately \$6.1 million and \$11.7 million, respectively, of the Company's total revenue was generated from fuel surcharges. During the three and six months ending June 30, 2008 approximately \$26.3 million and \$45.6 million, respectively, of the Company's total revenue was generated from fuel surcharges. We may also discuss certain changes in our expenses as a percentage of revenue, before fuel surcharge, rather than absolute dollar changes. We do this because we believe the high variable cost nature of certain expenses makes a comparison of changes in expenses as a percentage of revenue more meaningful than absolute dollar changes.



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## RESULTS OF OPERATIONS – TRUCKLOAD SERVICES

The following table sets forth, for truckload services, the percentage relationship of expense items to operating revenues, before fuel surcharges, for the periods indicated. Fuel costs are shown net of fuel surcharges.

|   | Three Months Ended |       | Six Months Ended |       |
|---|--------------------|-------|------------------|-------|
|   | June 30,           |       | June 30,         |       |
|   | 2009               | 2008  | 2009             | 2008  |
|   | (percentages)      |       |                  |       |
| Operating revenues, before fuel surcharge | 100.0              | 100.0 | 100.0            | 100.0 |
| Operating expenses:                       |                    |       |                  |       |
| Salaries, wages and benefits              | 44.1               | 41.4  | 44.9             | 42.4  |
| Fuel expense, net of fuel surcharge       | 16.1               | 22.6  | 15.3             | 22.9  |
| Rent and purchased transportation         | 2.4                | 2.9   | 2.5              | 2.9   |
| Depreciation                              | 16.1               | 12.4  | 16.6             | 11.9  |
| Operating supplies and expenses           | 12.8               | 9.9   | 12.6             | 10.1  |
| Operating taxes and license               | 6.2                | 5.5   | 6.2              | 5.6   |
| Insurance and claims                      | 5.9                | 5.5   | 5.9              | 5.6   |
| Communications and utilities              | 1.1                | 1.0   | 1.2              | 1.0   |
| Other                                     | 2.3                | 1.4   | 2.2              | 1.5   |
| Loss on sale or disposal of property      | 0.1                | 0.0   | 0.0              | 0.1   |
| Total operating expenses                  | 107.1              | 102.6 | 107.4            | 104.0 |
| Operating loss                            | (7.1)              | (2.6) | (7.4)            | (4.0) |
| Non-operating income (expense)            | 0.4                | 0.0   | (0.6)            | (0.2) |
| Interest expense                          | (1.2)              | (0.7) | (1.2)            | (0.7) |
| Loss before income taxes                  | (7.9)              | (3.3) | (9.2)            | (4.9) |

## THREE MONTHS ENDED JUNE 30, 2009 VS. THREE MONTHS ENDED JUNE 30, 2008

For the quarter ended June 30, 2009, truckload services revenue, before fuel surcharges, decreased 29.1% to \$53.3 million as compared to \$75.1 million for the quarter ended June 30, 2008. The decrease was primarily due to a decrease in the number of miles traveled from 57.6 million miles during the second quarter of 2008 to 42.9 million miles during the second quarter of 2009. The comparative decrease in miles traveled resulted primarily from a decrease in equipment utilization and a decrease in the average number of revenue generating trucks. During the second quarter of 2009, the continued weak demand for our services had a negative impact on our equipment utilization and contributed to a decrease in the average number of miles traveled per truck each work day from 443 miles during the second quarter of 2008 to 392 miles during the second quarter of 2009. Also contributing to the decrease in miles traveled was a decrease in the number of trucks utilized in our operations from 2,031 trucks during the second quarter of 2008 to 1,712 trucks during the second quarter of 2009 as we continue to downsize our operations in response to reduced demand in the truckload freight market. The effect of this reduced demand along with excess industry capacity has also had a negative impact on the average rate we have been able to charge for our services.

Salaries, wages and benefits increased from 41.4% of revenues, before fuel surcharges, in the second quarter of 2008 to 44.1% of revenues, before fuel surcharges, during the second quarter of 2009. The increase, as a percentage of revenue, relates to the interaction of expenses with fixed-cost characteristics, such as general and administrative wages, maintenance wages, operations wages, and payroll taxes, with a decrease in revenues for the periods compared. On a dollar basis, salaries, wages and benefits decreased from \$31.1 million during the second quarter of

2008 to \$23.5 million during the second quarter of 2009 as the number of company driver compensated miles decreased from 57.6 million miles during the second quarter of 2008 to 42.9 million miles during the second quarter of 2009. Also contributing to the decrease on a dollar basis was a decrease in amounts paid for driver lease expense, a gain related to life insurance proceeds, and a pay rate cut for all employees. Driver lease expense, which is a component of salaries, wages and benefits, decreased as the average number of owner-operators under contract decreased from 46 during the second quarter of 2008 to 33 during the second quarter of 2009. During June 2009, the Company recorded a one-time gain related to life insurance proceeds of \$0.8 million due to the death of one of its former officers. Also, during June 2009, the Company implemented an across-the-board 5% employee pay rate reduction.

Fuel expense, net of fuel surcharge, decreased from 22.6% of revenues, before fuel surcharges, during the second quarter of 2008 to 16.1% of revenues, before fuel surcharges, during the second quarter of 2009, which, on a dollar basis, represented a decrease from \$17.0 million during the second quarter of 2008 to \$8.6 million during the second quarter of 2009. The decrease was related to a decrease in the average surcharge-adjusted fuel price paid per gallon of diesel fuel from \$1.81 during the second quarter of 2008 to an average cost of \$1.33 during the second quarter of 2009. Fuel surcharge collections vary from period to period as they are generally based on changes in fuel prices from period to period so that during periods of rising fuel prices fuel surcharge collections increase while fuel surcharge collections decrease during periods of falling fuel prices.

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Rent and purchased transportation decreased from 2.9% of revenues, before fuel surcharges, during the second quarter of 2008 to 2.4% of revenues, before fuel surcharges, during the second quarter of 2009. The decrease relates to a decrease in amounts paid to third party transportation companies for intermodal services for the periods compared.

Depreciation increased from 12.4% of revenues, before fuel surcharges, during the second quarter of 2008 to 16.1% of revenues, before fuel surcharges, during the second quarter of 2009. The increase, as a percentage of revenue, relates to the interaction of lower revenues during the second quarter of 2009 as compared to the second quarter of 2008 and the fixed-cost nature of depreciation expense. On a dollar basis, depreciation decreased from \$9.3 million during the second quarter of 2008 to \$8.6 million during the second quarter of 2009 as the Company continues to reduce the size of its truck fleet in response to reduced demand in the truckload freight market.

Operating supplies and expenses increased from 9.9% of revenues, before fuel surcharges, during the second quarter of 2008 to 12.8% of revenues, before fuel surcharges, during the second quarter of 2009. The increase, as a percentage of revenue, relates to the interaction of expenses with fixed-cost characteristics, such as routine equipment maintenance costs, driver layover payments, drop lot rentals, and new tire amortization, with a decrease in revenues for the periods compared. On a dollar basis, operating supplies and expenses decreased from \$7.4 million during the second quarter of 2008 to \$6.8 million during the second quarter of 2009 primarily due to a decrease in amounts paid for driver recruiting and outside tractor and trailer repairs.

Operating taxes and licenses increased from 5.5% of revenues, before fuel surcharges, during the second quarter of 2008 to 6.2% of revenues, before fuel surcharges, during the second quarter of 2009. As a percentage of revenue, the increase relates to the interaction of expenses with fixed-cost characteristics, such as registration fees, with a decrease in revenues for the periods compared. On a dollar basis, operating taxes and licenses decreased from \$4.2 million during the second quarter of 2008 to \$3.3 million during the second quarter of 2009. The dollar-based decrease relates primarily to a decrease in amounts paid for federal and state fuel taxes as fewer gallons of fuel were purchased and used during the second quarter of 2009 as compared to the second quarter of 2008.

Insurance and claims increased from 5.5% of revenues, before fuel surcharges, during the second quarter of 2008 to 5.9% of revenues, before fuel surcharges, during the second quarter of 2009. On a dollar basis, insurance and claims expense decreased from \$4.1 million during the second quarter of 2008 to \$3.1 million during the second quarter of 2009. The dollar-based decrease relates primarily to a decrease in auto liability insurance premiums for the periods compared. During the second quarter of 2009, the number of miles traveled, which serves as the basis for calculating auto liability insurance premiums, decreased to 42.9 million from 57.6 million miles during the second quarter of 2008. The most recent auto liability insurance policy renewal was also at a rate that represented a 2.6% decrease compared to the previous policy rate and contributed to the dollar-based decrease for the periods compared.

Other expenses increased from 1.4% of revenues, before fuel surcharges, during the second quarter of 2008 to 2.3% of revenues, before fuel surcharges, during the second quarter of 2009. The increase relates primarily to an increase in uncollectible revenue expense.

The truckload services division operating ratio, which measures the ratio of operating expenses, net of fuel surcharges, to operating revenues, before fuel surcharges, increased from 102.6% for the second quarter 2008 to 107.1% for the second quarter of 2009.

SIX MONTHS ENDED JUNE 30, 2009 VS. SIX MONTHS ENDED JUNE 30, 2008

For the first six months ended June 30, 2009, truckload services revenue, before fuel surcharges, decreased 31.7% to \$104.9 million as compared to \$153.5 million for the first six months ended June 30, 2008. The decrease was primarily due to a decrease in the number of miles traveled from 119.7 million miles during the first six months of

2008 to 83.5 million miles during the first six months of 2009 resulting largely from a decrease in the average number of revenue generating trucks from 2,042 during the first six months of 2008 to 1,744 during the first six months of 2009. Also contributing to the decrease in revenues and resulting from the continued weakness in the truckload freight market during the first six months of 2009 as compared to the first six months of 2008 was both a decrease in the average rate per total mile charged to customers from approximately \$1.28 during the first six months 2008 to approximately \$1.26 during the first six months of 2009 and lower equipment utilization as the average miles traveled each work day per truck decreased from 458 miles each work day in the first six months of 2008 to 377 miles each work day in the first six months of 2009.

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Salaries, wages and benefits increased from 42.4% of revenues, before fuel surcharges, in the first six months of 2008 to 44.9% of revenues, before fuel surcharges, during the first six months of 2009. The increase, as a percentage of revenue, relates to the interaction of expenses with fixed-cost characteristics, such as general and administrative wages, maintenance wages, operations wages, and payroll taxes with a decrease in revenues for the periods compared. Based on a dollar comparison, salaries, wages and benefits decreased from \$65.1 million during the first six months of 2008 to \$47.1 million during the first six months of 2009 as the number of driver compensated miles decreased from 119.7 million miles during the first six months of 2008 to 83.5 million miles during the first six months of 2009. Also contributing to the decrease on a dollar basis was a decrease in amounts paid for driver lease expense, a gain related to life insurance proceeds, and a pay rate cut for all employees. Driver lease expense, which is a component of salaries, wages and benefits, decreased as the average number of owner-operators under contract decreased from 50 during the first six months of 2008 to 33 during the first six months of 2009. During June 2009, the Company recorded a one-time gain related to life insurance proceeds of \$0.8 million due to the death of one of its former officers. Also, during June 2009, the Company implemented an across-the-board 5% employee pay rate reduction plan.

Fuel expense, net of fuel surcharge, decreased from 22.9% of revenues, before fuel surcharges, during the first six months of 2008 to 15.3% of revenues, before fuel surcharges, during the first six months of 2009 which, on a dollar basis, represented a decrease from \$35.2 million during the first six months of 2008 to \$16.1 million during the first six months of 2009. The decrease was related to a decrease in the average surcharge-adjusted fuel price paid per gallon of diesel fuel from \$1.79 during the first six months of 2008 to an average cost of \$1.26 during the first six months of 2009. Fuel surcharge collections vary from period to period as they are generally based on changes in fuel prices from period to period so that during periods of rising fuel prices fuel surcharge collections increase while fuel surcharge collections decrease during periods of declining fuel prices.

Rent and purchased transportation decreased from 2.9% of revenues, before fuel surcharges, during the first six months of 2008 to 2.5% of revenues, before fuel surcharges, during the first six months of 2009. The decrease relates to a decrease in amounts paid to third party transportation companies for intermodal services.

Depreciation increased from 11.9% of revenues, before fuel surcharges, during the first six months of 2008 to 16.6% of revenues, before fuel surcharges, during the first six months of 2009. The increase, as a percentage of revenue, relates to the interaction of lower revenues during the first six months of 2009 as compared to the first six months of 2008 and the fixed-cost nature of depreciation expense. On a dollar basis, depreciation decreased from \$18.3 million during the first six months of 2008 to \$17.4 million during the first six months of 2009 as the Company continues to reduce the size of its truck fleet in response to the continued weak demand in the truckload freight market.

Operating supplies and expenses increased from 10.1% of revenues, before fuel surcharges, during the first six months of 2008 to 12.6% of revenues, before fuel surcharges, during the first six months of 2009. The increase, as a percentage of revenue, relates to the interaction of expenses with fixed-cost characteristics, such as routine equipment maintenance costs, driver layover payments, drop lot rentals, and new tire amortization with a decrease in revenues for the periods compared. On a dollar basis, operating supplies and expenses decreased from \$15.5 million during the first six months of 2008 to \$13.2 million during the first six months of 2009 primarily due to a decrease in amounts paid for driver recruiting and outside tractor and trailer repairs.

Operating taxes and licenses increased from 5.6% of revenues, before fuel surcharges, during the first six months of 2008 to 6.2% of revenues, before fuel surcharges, during the first six months of 2009. As a percentage of revenue, the increase relates to the interaction of expenses with fixed-cost characteristics, such as registration fees, with a decrease in revenues for the periods compared. On a dollar basis, operating taxes and licenses decreased from \$8.5 million during the first six months of 2008 to \$6.5 million during the first six months of 2009. The dollar-based decrease relates primarily to a decrease in amounts paid for federal and state fuel taxes as fewer gallons of fuel were purchased and used during the first six months of 2009 as compared to the first six months of 2008.

Insurance and claims increased from 5.6% of revenues, before fuel surcharges, during the first six months of 2008 to 5.9% of revenues, before fuel surcharges, during the first six months of 2009. On a dollar basis, insurance and claims expense decreased from \$8.6 million during the first six months of 2008 to \$6.2 million during the first six months of 2009. The dollar-based decrease relates primarily to a decrease in auto liability insurance premiums for the periods compared. During the first six months of 2009, the number of miles traveled, which serves as the basis for calculating auto liability insurance premiums, decreased to 83.5 million from 119.7 million miles during the first six months of 2008. The most recent auto liability insurance policy renewal was also at a rate that represented a 2.6% decrease compared to the previous policy rate and contributed to the dollar-based decrease for the periods compared.

Other expenses increased from 1.5% of revenues, before fuel surcharges, during the first six months of 2008 to 2.2% of revenues, before fuel surcharges, during the first six months of 2009. The increase relates primarily to an increase in uncollectible revenue expense.

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The truckload services division operating ratio, which measures the ratio of operating expenses, net of fuel surcharges, to operating revenues, before fuel surcharges, increased from 104.0% for the first six months 2008 to 107.4% for the first six months of 2009.

**RESULTS OF OPERATIONS – LOGISTICS AND BROKERAGE SERVICES**

The following table sets forth, for logistics and brokerage services, the percentage relationship of expense items to operating revenues, before fuel surcharges, for the periods indicated. Brokerage service operations occur specifically in certain divisions; however, brokerage operations occur throughout the Company in similar operations having substantially similar economic characteristics. Rent and purchased transportation, which includes costs paid to third party carriers, are shown net of fuel surcharges.

|   | Three Months Ended<br>June 30, |       | Six Months Ended<br>June 30, |       |
|---|--------------------------------|-------|------------------------------|-------|
|   | 2009                           | 2008  | 2009                         | 2008  |
|   | (percentages)                  |       |                              |       |
| Operating revenues, before fuel surcharge | 100.0                          | 100.0 | 100.0                        | 100.0 |
| Operating expenses:                       |                                |       |                              |       |
| Salaries, wages and benefits              | 5.7                            | 5.7   | 5.8                          | 5.9   |
| Rent and purchased transportation         | 90.5                           | 89.3  | 89.8                         | 89.0  |
| Operating supplies and expenses           | 0.1                            | 0.0   | 0.1                          | 0.0   |
| Insurance and claims                      | 0.1                            | 0.1   | 0.1                          | 0.1   |
| Communications and utilities              | 0.2                            | 0.2   | 0.2                          | 0.3   |
| Other                                     | 0.9                            | 0.4   | 0.9                          | 0.8   |
| Total operating expenses                  | 97.5                           | 95.7  | 96.9                         | 96.1  |
| Operating income                          | 2.5                            | 4.3   | 3.1                          | 3.9   |
| Interest expense                          | (0.1)                          | (0.2) | (0.1)                        | (0.3) |
| Income before income taxes                | 2.4                            | 4.1   | 3.0                          | 3.6   |

**THREE MONTHS ENDED JUNE 30, 2009 VS. THREE MONTHS ENDED JUNE 30, 2008**

For the quarter ended June 30, 2009, logistics and brokerage services revenue, before fuel surcharges, decreased 4.6% to \$9.1 million as compared to \$9.6 million for the quarter ended June 30, 2008. The decrease was primarily the result of a decrease in the number of loads brokered during the second quarter of 2009 as compared to the second quarter of 2008.

Rent and purchased transportation increased from 89.3% of revenues, before fuel surcharges, during the second quarter of 2008 to 90.5% of revenues, before fuel surcharges, during the second quarter of 2009. The increase relates to an increase in amounts charged by third party logistics and brokerage service providers.

Other expenses increased from 0.4% of revenues, before fuel surcharges, during the second quarter of 2008 to 0.9% of revenues, before fuel surcharges, during the second quarter of 2009. The increase relates primarily to an increase in uncollectible revenue expense.

The logistics and brokerage services division operating ratio, which measures the ratio of operating expenses, net of fuel surcharges, to operating revenues, before fuel surcharges, increased from 95.7% for the second quarter 2008 to 97.5% for the second quarter of 2009.

SIX MONTHS ENDED JUNE 30, 2009 VS. SIX MONTHS ENDED JUNE 30, 2008

For the first six months ended June 30, 2009, logistics and brokerage services revenue, before fuel surcharges, increased 0.5% to \$17.7 million as compared to \$17.6 million for the first six months ended June 30, 2008. The increase was primarily the result of increased rates charged which were partially offset by a decrease in the number of loads brokered during the first six months of 2009 as compared to the first six months of 2008.

Rent and purchased transportation increased from 89.0% of revenues, before fuel surcharges, during the first six months of 2008 to 89.8% of revenues, before fuel surcharges during the first six months of 2009. The increase relates to an increase in amounts charged by third party logistics and brokerage service providers.

The logistics and brokerage services division operating ratio, which measures the ratio of operating expenses, net of fuel surcharges, to operating revenues, before fuel surcharges, increased from 96.1% for the first six months of 2008 to 96.9% for the first six months of 2009.



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RESULTS OF OPERATIONS – COMBINED SERVICES

THREE MONTHS ENDED JUNE 30, 2009 VS. THREE MONTHS ENDED JUNE 30, 2008

Net loss for all divisions was approximately \$2.4 million, or 3.8% of revenues, before fuel surcharge for the second quarter of 2009 as compared to net loss of \$1.3 million or 1.6% of revenues, before fuel surcharge for the second quarter of 2008. The increase in loss resulted in an increase in diluted loss per share from \$0.14 for the second quarter of 2008 to a diluted loss per share of \$0.25 for the second quarter of 2009.

SIX MONTHS ENDED JUNE 30, 2009 VS. SIX MONTHS ENDED JUNE 30, 2008

Net loss for all divisions was \$5.7 million, or 4.6% of revenues, before fuel surcharge for the first six months of 2009 as compared to net loss of \$4.2 million or 2.4% of revenues, before fuel surcharge for the first six months of 2008. The increase in loss resulted in an increase in diluted loss per share from \$0.43 for the first six months of 2008 to a diluted loss per share of \$0.61 for the first six months of 2009.

LIQUIDITY AND CAPITAL RESOURCES

The nature of our business has required, and will continue to require, a significant investment in new revenue equipment. Our primary sources of liquidity have been funds provided by operations, proceeds from the sales of revenue equipment, issuances of equity securities, borrowings under our line of credit, installment note agreements, and borrowings under our investment margin account.

During the first six months of 2009, we generated \$11.2 million in cash from operating activities. Investing activities used \$1.0 million in cash in the first six months of 2009. Financing activities used \$9.5 million in cash in the first six months of 2009.

Our primary use of funds is typically for the purchase of revenue equipment. We regularly use installment notes, our existing line of credit on an interim basis, proceeds from the sale or trade of equipment, and cash flows from operations, to finance capital expenditures and repay long-term debt.

Occasionally we finance the acquisition of revenue equipment through installment notes with fixed interest rates and terms ranging from 12 to 48 months. During the first six months of 2009, the Company's subsidiaries entered into installment obligations totaling approximately \$6.7 million for the purpose of purchasing revenue equipment. These obligations are payable in 36 monthly installments at an interest rate of 5.45%.

During the remainder of 2009, we do not expect to purchase any new trucks or new trailers but will continue to sell or trade older equipment. Management believes we will be able to finance our near term needs for working capital over the next twelve months, as well as any planned capital expenditures during such period, with cash balances, cash flows from operations, and borrowings believed to be available from financing sources. We will continue to have significant capital requirements over the long-term, which may require us to incur debt or seek additional equity capital. The availability of additional capital will depend upon prevailing market conditions, the market price of our common stock and several other factors over which we have limited control, as well as our financial condition and results of operations. Nevertheless, based on our recent operating results, current cash position, anticipated future cash flows, and sources of financing that we expect will be available to us, we do not expect that we will experience any significant liquidity constraints in the foreseeable future.

During the first six months of 2009 we maintained a \$30.0 million revolving line of credit. Amounts outstanding under the line of credit bear interest at LIBOR (determined as of the first day of each month) plus 1.95% (2.27% at June 30, 2009), are secured by our accounts receivable and mature on May 31, 2010; however, the Company has the

intent and ability to extend the terms of this line of credit for an additional one year period until May 31, 2011. At June 30, 2009 outstanding advances on the line of credit were approximately \$1.2 million, consisting entirely of letters of credit, with availability to borrow \$28.8 million.

Trade accounts receivable at June 30, 2009 decreased approximately \$5.3 million as compared to December 31, 2008. The decrease relates to a general decrease in revenue, which flows through the accounts receivable account.

Prepaid expenses and deposits at June 30, 2009 increased approximately \$2.2 million as compared to December 31, 2008. The primary reason for the increase relates to the prepayment of revenue equipment license fees and auto liability insurance premiums paid during the first six months of 2009. These prepaid expenses will be amortized to expense throughout the year.

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Revenue equipment, which generally consists of trucks, trailers, and revenue equipment accessories such as Qualcomm™ satellite tracking units, decreased approximately \$16.6 million as compared to December 31, 2008. This decrease relates primarily to the continued process of turning in older trade tractors during the first six months of 2009 for new tractors purchased in December 2008. During the first six months of 2009, the cost basis of revenue equipment sold or traded was approximately \$20.9 million. Partially offsetting the decrease related to trades or sales were purchases of auxiliary power units and the final group of replacement trailers related to the 2008 capital expenditures plan.

Accounts payable at June 30, 2009 decreased approximately \$6.6 million as compared to December 31, 2008. The decrease was primarily related to \$4.4 million of asset purchase accruals for assets purchased in December 2008 for which payment was not due until January 2009. The decrease also reflects a decrease of approximately \$3.0 million in amounts reclassified to accounts payable as bank drafts outstanding at June 30, 2009 as compared to December 31, 2008.

Current maturities of long-term debt at June 30, 2009 decreased approximately \$4.4 million as compared to December 31, 2008. The decrease is related to the payment of scheduled installment note payments during the first six months of 2009.

Long-term debt at June 30, 2009 decreased approximately \$3.1 million as compared to December 31, 2008. The decrease is primarily related to a decrease in the balance due on the Company's line of credit at June 30, 2009 as compared to December 31, 2008. During the first six months of 2009 the Company repaid approximately \$3.7 million more than it borrowed under its line of credit.

**NEW ACCOUNTING PRONOUNCEMENTS**

See Note B to the condensed consolidated financial statements for a description of the most recent accounting pronouncements and their impact, if any, on the Company.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

Our primary market risk exposures include equity price risk, interest rate risk, and commodity price risk (the price paid to obtain diesel fuel for our trucks). The potential adverse impact of these risks and the general strategies we employ to manage such risks are discussed below.

The following sensitivity analyses do not consider the effects that an adverse change may have on the overall economy nor do they consider additional actions we may take to mitigate our exposure to such changes. Actual results of changes in prices or rates may differ materially from the hypothetical results described below.

**Equity Price Risk**

We hold certain actively traded marketable equity securities which subjects the Company to fluctuations in the fair market value of its investment portfolio based on the current market price of such securities. The recorded value of marketable equity securities increased to \$12.6 million at June 30, 2009 from \$12.5 million at December 31, 2008. The increase during the first six months of 2009 reflects purchases of approximately \$23,000, returns of capital of approximately \$107,000, and an increase in the fair market value of approximately \$192,000. A 10% decrease in the market price of our marketable equity securities would cause a corresponding 10% decrease in the carrying amounts of these securities, or approximately \$1.3 million. For additional information with respect to the marketable equity securities, see Note C to our condensed consolidated financial statements.

**Interest Rate Risk**

Our line of credit bears interest at a floating rate equal to LIBOR plus a fixed percentage. Accordingly, changes in LIBOR, which are effected by changes in interest rates, will affect the interest rate on, and therefore our costs under, the line of credit. Assuming \$1.0 million of variable rate debt was outstanding; a hypothetical 100 basis point increase in LIBOR for a one year period would result in approximately \$10,000 of additional interest expense.

#### Commodity Price Risk

Prices and availability of all petroleum products are subject to political, economic and market factors that are generally outside of our control. Accordingly, the price and availability of diesel fuel, as well as other petroleum products, can be unpredictable. Because our operations are dependent upon diesel fuel, significant increases in diesel fuel costs could materially and adversely affect our results of operations and financial condition. Based upon our 2008 fuel consumption, a 10% increase in the average annual price per gallon of diesel fuel would increase our annual fuel expenses by \$14.1 million.

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Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures. Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management's evaluation, our chief executive officer and chief financial officer concluded that, as of June 30, 2009, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in internal controls over financial reporting. We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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## PART II. OTHER INFORMATION

## Item 1. Legal Proceedings.

The nature of our business routinely results in litigation, primarily involving claims for personal injuries and property damage incurred in the transportation of freight. We believe that all such routine litigation is adequately covered by insurance and that adverse results in one or more of those cases would not have a material adverse effect on our financial condition.

## Item 4. Submission of Matters to a Vote of Security Holders.

Our annual meeting of stockholders was held on May 28, 2009. The matters voted on at the meeting and the votes cast with respect to each matter were as follows:

| Proposal to elect nine directors: | Votes<br>For | Votes<br>Withheld | Abstentions | Broker<br>Non-votes |
|-----------------------------------|--------------|-------------------|-------------|---------------------|
| Frederick P. Calderone            | 7,250,291    | 1,973,525         | 0           | 0                   |
| Frank L. Conner                   | 9,088,251    | 135,565           | 0           | 0                   |
| W. Scott Davis                    | 9,171,425    | 52,391            | 0           | 0                   |
| Christopher L. Ellis              | 8,477,911    | 745,905           | 0           | 0                   |
| Manual J. Moroun                  | 7,324,224    | 1,899,592         | 0           | 0                   |
| Matthew T. Moroun                 | 7,323,824    | 1,899,992         | 0           | 0                   |
| Daniel C. Sullivan                | 9,156,125    | 67,691            | 0           | 0                   |
| Robert W. Weaver                  | 7,885,016    | 1,338,800         | 0           | 0                   |
| Charles F. Wilkins                | 8,951,072    | 272,744           | 0           | 0                   |

## Item 6. Exhibits.

Exhibits required by Item 601 of Regulation S-K:

|             |   |
|-------------|---|
| 3.1         | Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of the Company's Form 10-Q filed on May 15, 2002) |
| 3.2         | Amended and Restated By-Laws of the Registrant (incorporated by reference to Exhibit 3.2 of the Company's Form 8-K filed on December 11, 2007.)                 |
| <u>10.1</u> | Employment agreement between Daniel H. Cushman and the Company  |
| <u>10.2</u> | Relocation agreement between Daniel H. Cushman and the Company  |
| <u>10.3</u> | P.A.M. Transportation Services, Inc. Incentive Compensation Plan Calendar Year 2010   |
| <u>31.1</u> | Rule 13a-14(a) Certification of Principal Executive Officer   |
| <u>31.2</u> | Rule 13a-14(a) Certification of Principal Financial Officer   |
| <u>32.1</u> | Certifications of Chief Executive Officer and Chief Financial Officer   |

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SIGNATURES

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 thereunto duly authorized.

P.A.M. TRANSPORTATION SERVICES, INC.

Dated: August 6, 2009

By: /s/ Daniel H. Cushman  
Daniel H. Cushman  
President and Chief Executive Officer  
(principal executive officer)

Dated: August 6, 2009

By: /s/ Larry J. Goddard  
Larry J. Goddard  
Vice President-Finance, Chief Financial  
Officer, Secretary and Treasurer  
(principal accounting and financial officer)

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P.A.M. TRANSPORTATION SERVICES, INC.  
Index to Exhibits to Form 10-Q

| Exhibit<br>Number | Exhibit Description  |
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| <u>31.2</u>       | Rule 13a-14(a) Certification of Principal Financial Officer  |
| <u>32.1</u>       | Certifications of Chief Executive Officer and Chief Financial Officer  |