USA TRUCK INC
Form 10-K
March 03, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

OR

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

For the transition period from __________ to __________

1-35740

(Commission file number)

USA Truck, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**71-0556971**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

3200 Industrial Park Road
Van Buren, Arkansas **72956**
(Address of principal executive offices) (Zip Code)

(479) 471-2500

(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 Par Value	**The NASDAQ Stock Market LLC (NASDAQ Global Select Market)**

Securities registered pursuant to Section 12(g) of the Act

None

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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 [X] No [ ]

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

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

Large Accelerated Filer____ Accelerated Filer Non-Accelerated Filer ____ Smaller Reporting Company ____
(Do not check if a 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 [X]

The aggregate market value of the common equity held by non-affiliates of the Registrant (assuming for these purposes that all executive officers, directors, and affiliated holders of more than 10% of the Registrant’s outstanding common stock are “affiliates” of the Registrant) as of June 30, 2016, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately $145,507,942 (based on the closing sale price of the Registrant's common stock on that date as reported by Nasdaq).

As of February 17, 2017, 8,226,963 shares of the registrant’s common stock, par value $0.01 per share, were outstanding.

USA TRUCK, INC.
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Part I.

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K for the year ended December 31, 2016 (this "Form 10-K") contains certain statements that may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), and such statements are subject to the safe harbor created by those sections, and the Private Securities Litigation Reform Act of 1995, as amended. All statements, other than statements of historical or current fact, are statements that could be deemed forward-looking statements, including without limitation:

any projections of earnings, revenue, or other financial items;
any statement of projected future operations or processes;
any statement of plans, strategies, goals, and objectives of management for future operations;
any statement concerning proposed new services or developments;
any statement regarding future economic conditions or performance; and
any statement of belief and any statement of assumptions underlying any of the foregoing.

In this Form 10-K, statements relating to:

future insurance and claims and litigation experience;
future driver market;
future driver compensation;
future acquisitions and dispositions of revenue equipment and the size and age of the Company's fleet;
future prices of revenue equipment;
future profitability;
future fuel prices, hedging arrangements, and efficiency;
our ability to recover costs through our fuel surcharge program;
future purchased transportation expense;
future operations and maintenance costs;
future depreciation and amortization;
expected capital resources and sources of liquidity;
future indebtedness;
future share repurchases and dividends, if any;
future effects of restructuring activities;
our strategy relating to our USAT Logistics and Trucking businesses, including relating to the use of independent contractors, process and efficiency improvements, growing market share, structure of equipment maintenance operations and the Company's turnaround plan in general;
inflation;
anticipated impacts of current and future industry regulations;

expected capital expenditures; and

future income tax rates,

among others, are forward-looking statements. Such statements may be identified by their use of terms or phrases such as "expects," "estimates," "projects," "believes," "anticipates," "focus," "intends," "plans," "goals," "may," "if," "will," "should," "could," "potential," "continue," "future" and similar terms and phrases. Forward-looking statements are based on currently available operating, financial, and competitive information. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, which could cause future events and actual results to differ materially from those set forth in, contemplated by, or underlying the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section entitled "Item 1A., Risk Factors." Readers should review and consider the factors discussed under the heading "Risk Factors" in Item 1A of this Form 10-K, along with various disclosures in our press releases, stockholder reports, and other filings with the Securities and Exchange Commission (the "SEC").

All such forward-looking statements speak only as of the date of this Form 10-K. You are cautioned not to place undue reliance on such forward-looking statements. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in the events, conditions, or circumstances on which any such information is based, except as required by law.

All forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by this cautionary statement.

References to the "Company," "we," "us," "our," and words of similar import refer to USA Truck, Inc., and its subsidiary.

Item 1. ***BUSINESS***

General

USA Truck is the nation's thirtieth largest truckload carrier based on 2015 operating revenue according to Transport Topics. In 2016, the Company generated $429.1 million in operating revenue. As of December 31, 2016, the Company's fleet consisted of 1,701 tractors, which included 286 independent contractor tractors, and 5,605 trailers.

USA Truck is headquartered in Van Buren, Arkansas, with Trucking facilities concentrated in the eastern half of the United States for density and efficiency and asset-light operations providing services throughout the United States. The Company transports commodities throughout the contiguous United States and into and out of portions of Canada. USA Truck also transports general commodities into and out of Mexico by offering through-trailer service from its terminal in Laredo, Texas. In addition to truckload and dedicated freight service offerings, the Company provides freight brokerage and rail intermodal service offerings through its logistics segment, which was rebranded during the first quarter of 2016 as USAT Logistics. This segment was formerly referred to as Strategic Capacity Solutions, or "SCS".

The Company has two reportable segments: (i) Trucking, consisting of the Company's truckload and dedicated freight service offerings and (ii) USAT Logistics, consisting of the Company's freight brokerage and rail intermodal service offerings. The Company's truckload segment transports customer freight over irregular routes utilizing equipment owned by either the Company or independent contractors as a medium- to long-haul common carrier. Our dedicated freight services provide similar freight transport services, but do so pursuant to agreements whereby the Company makes equipment available to a specific customer for shipments over particular routes at specified times. USAT Logistics provides services which complement USA Truck's Trucking services. USAT Logistics has represented approximately 30% of USA Truck's consolidated operating revenue in each of the past three consecutive years and our goal is to grow it to a run rate of approximately 45% of consolidated operating revenue by the end of 2017. Financial information regarding these segments and assets and revenues relating to foreign operations is provided in the notes to the consolidated financial statements in Part II, Item 8 of this Form 10-K.

Turnaround Plan

In January 2017, USA Truck appointed a new Chief Executive Officer, James Reed, and appointed Jim Craig as Executive Vice President Chief Commercial Officer, in addition to his role as President USAT Logistics. Martin Tewari continues to lead our Trucking operations as President Trucking. Through the realignment of its senior management team, the Company believes that it will be better able to execute profit improvement initiatives and develop a strong focus on capitalizing growth opportunities that are expected to drive greater value for the Company's stockholders. During 2016, the loss of several customers, driver retention challenges, and lower seasonal freight volumes, combined with an unfavorable rate environment and a higher number of unseated tractors, produced disappointing results in both of the Company's operating segments. The Company remains committed to its turnaround plan, which has the following main components:

Profitable Revenue Growth. During 2017, the Company intends to focus on profitable revenue growth in both of its segments.

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Growth of Trucking revenue: The combination of lower demand and excess industry-wide trucking capacity led to pressure on volumes and freight rates throughout 2016. Customer bid activity trends during the first half of 2016 were mixed, as some customers took advantage of the favorable shorter-term rate trends to the detriment of carriers. Based on these factors, our base revenue per loaded mile decreased year-over-year by 7.4%. The Company believes its rates are below its peers and there is significant opportunity for improvement, principally due to improvements in its operations and service levels as well as in the second half of 2017, when capacity is expected to tighten with the scheduled implementation of the electronic logging device ("ELD") regulatory mandate in December 2017. Moving into 2017, management expects to continue refining the Company's freight network toward a more optimal mix of lanes and markets in its Trucking business, work toward seating a higher percentage of the Company's fleet and growing the independent contractor fleet, and focus on improving rates, all with the goal of better utilizing Company tractors and improving key operating metrics.

Growth of USAT Logistics market share: USAT Logistics captured market share during 2016, as demonstrated by load count despite a soft market, by implementing new client- and carrier-focused roles, and increased its load count by approximately 3% year-over-year while maintaining its gross margin percentage. The Company launched several initiatives it expects will drive further market share expansion, including the introduction of an outside sales agent program, growing its trailer-on-flatcar offering to specific strategic markets, the creation of USAT Logistics de Mexico, and growing its Plus Power fleet. The Company intends to aggressively pursue opportunities in this segment and grow the percentage of revenue attributable to the asset-light marketplace throughout 2017, with a goal of growing it to a run rate of approximately 45% of consolidated operating revenues by the end of 2017.

Operational Execution and Cost Effectiveness. During 2016, the Company continued to focus on improving customer service and reducing controllable costs, particularly for Trucking maintenance expense. Attention to these items will be accentuated during 2017 with greater internal accountability measures and focus on timely delivery of objectives. The initiatives undertaken by the Company during 2016 include:

Disposal of high cost equipment The Company-owned tractor fleet was reduced by approximately 150 or 10% year over year to match capacity demand, and to bring the trailer to tractor ratio closer to 3:1. This reduction in fleet contributed to improved utilization and greater mileage for our professional drivers. The Company expects to take delivery of approximately 40 tractors in 2017 and plans to defer any future tractor purchases until industry conditions improve.

Focus on cost control The Company continued transitioning maintenance costs from fixed to variable while identifying additional opportunities to reduce controllable costs. Building upon the closure of four maintenance facilities over the last two years, the Company outsourced a significant portion of its direct repair and maintenance spend, including its entire mounted tire program. In addition, USA Truck restructured its road assistance program to reduce costs and increase reliability, which included eliminating unnecessary call fees, making better use of engine diagnostics capabilities and offering better service to drivers. The restructured road assistance program contributed to a $1.7 million improvement in operations and maintenance expense in the fourth quarter of 2016 as compared to the fourth quarter of 2015. The Company still maintains a small footprint of strategic shops with a focus on preventative maintenance and equipment sales preparation with the goal of further reducing maintenance costs. With respect to overhead, USA Truck implemented a further reduction in force and decided not to fill certain open positions and has

taken additional steps in the first quarter of 2017 that the Company expects will decrease ongoing fixed costs. USAT Logistics reconfigured its regional center network in the fourth quarter of 2016, converting several smaller offices to sales offices, supported operationally by larger regional centers. This restructuring in USAT Logistics is expected to reduce annual fixed costs by $0.6 million while maintaining revenue contribution from those smaller offices.

Operations

The Company focuses marketing efforts on customers who have consistent shipping needs within USA Truck's primary operating areas which are predominantly located in the eastern half of the United States. Over 90% of the Company's top 100 customers utilized more than one of the Company's service offering in 2016. This focused operating area for Trucking, nationwide service for USAT Logistics, and cross-marketing of service offerings permits the strategic positioning of available equipment and allows the Company to provide its customers with a full array of supply chain transportation solutions. In addition, USA Truck team members have cultivated a thorough understanding of the needs of shippers in key industries. The Company believes this helps it develop long-term, service-oriented relationships with its customers.

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USA Truck has a diversified freight and customer base. During 2016, the Company's largest 5, 10, 25 and 50 customers comprised approximately 29%, 40%, 57% and 72% of its operating revenue, respectively. The Company provided service to more than 900 customers in 2016 across all USA Truck service offerings. The Company believes its broad customer base has allowed it to remain appropriately diversified, as no single customer generated more than 10% of the Company's revenue in 2016.

While the Company prefers direct relationships with customers, obtaining shipments through other providers of transportation or logistics services is a significant opportunity. Securing freight through a third party enables USA Truck to provide services for high-volume shippers to which it might not otherwise have access because many of these shippers require their carriers to conduct business with their designated third party logistics provider.

Customers are billed at or shortly after delivery. During 2016, receivables collection averaged approximately 47 days from the billing date, compared to an average of approximately 38 days and 44 days during 2015 and 2014, respectively. The increase in days to collection resulted in part to customer requests for longer payment terms during the 2016 bid season. In addition, a few of the Company's larger customers extended their payment terms to 60 days and greater. A primary goal of management is to reduce the number of days from billing to collection.

The Company primarily operates in the United States and provides services into and out of Mexico and Canada. Most of the Company's operating revenue is generated from within the eastern half of the United States. During 2016, 2015 and 2014 approximately 9%, 8% and 10%, respectively, of the Company's operating revenue was generated in Mexico and Canada. All foreign revenue is collected in United States dollars. All Company-owned tractors are domiciled in the United States. The Company does not separately track domestic and foreign long-lived assets, providing such information would not be meaningful to the business. Substantially all of the Company's long-lived assets are, and have been for the last three fiscal years, located within the United States.

The Company's Trucking segment is supported primarily by driver managers, load planners and customer service representatives. These teams monitor the location of equipment and direct its movement in a safe, efficient and practicable manner. Each driver manager supervises assigned professional drivers and is the primary contact with the professional drivers. Load planners assign all available units and loads in a manner intended to maximize profit and minimize costs. Customer service representatives work to fulfill shippers' needs, solicit freight, and ensure on-time delivery by monitoring loads. The Company makes trucks available for dispatch, selecting freight with a network and yield management focus, and efficiently matches that freight to available truck capacity, all of which the Company strives to achieve without sacrificing customer service, equipment utilization, driver retention or safety.

The USAT Logistics segment has a network of both regional and sales offices located throughout the continental United States. We believe that regionalization allows greater market insight and strengthens relationships with customers while capitalizing on the skills of the leaders managing these centers. The specific locations of branch

offices are selected for the availability of talent in those markets. USAT Logistics employed approximately 110 people as of December 31, 2016. Most of the USAT Logistics team interacts directly with customers and carriers, matching customers' freight needs with available third-party capacity in the marketplace. USAT Logistics also has staff that screen, validate and select third-party carriers that are used to transport the freight.

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Revenue Equipment

We operate a modern Company tractor fleet to help attract drivers, promote safe operations, and reduce maintenance and repair costs. The following table shows the age of the Company owned and leased tractors and trailers as of December 31, 2016:

Model Year:	Tractors[(1)(2)]	Trailers
2017	**310**	**847**
2016	**400**	**1,543**
2015	**298**	**498**
2014	**249**	**400**
2013	**158**	**298**
2012	**--**	**--**
2011	**--**	**--**
2010	**--**	**392**
2009	**--**	**431**
2008	**--**	**557**
2007	**--**	**567**
2006	**--**	**50**
2005 and earlier	**--**	**22**
Total	**1,415**	**5,605**

(1) Excludes 286 independent contractor tractors.
(2) Includes 377 tractors financed by operating leases and 542 tractors financed by capital leases.

The Company expects the average age of its tractor fleet to be approximately 2.7 years by the end of 2017. The Company’s equipment purchase and replacement decisions are based on a number of factors, including but not limited to, new equipment prices, the used equipment market, demand for freight services, prevailing interest rates, technological improvements, regulatory changes, cost per mile, fuel efficiency, equipment durability, equipment specifications and driver comfort. Therefore, depending on the circumstances, the Company may accelerate or delay the acquisition and disposition of its tractors or trailers from time to time.

During 2016, the Company downsized the Company-owned tractor fleet by disposing of its oldest model year units, resulting in a net decrease of approximately 150 tractors. Goals of this initiative were to further improve fuel economy, reduce maintenance costs and improve the reliability of the Company’s equipment for the benefit of its professional drivers and customers.

To simplify driver and mechanic training, control the cost of spare parts and tire inventory and provide for a more efficient vehicle maintenance program, the Company purchases tractors and trailers manufactured to its specifications. The Company has in place a preventive maintenance program intended to minimize equipment downtime and enhance sale or trade-in values.

The Company finances the purchase of revenue equipment through its cash flows from operations, revolving credit agreement, capital lease arrangements, operating lease agreements and proceeds from sales or trades of used equipment. Substantially all of the Company’s tractors and trailers are pledged to secure its obligations under financing arrangements.

During 2016, all Company and independent contractor tractors were equipped with PeopleNet in-cab technology, enabling two-way communications between the Company and its drivers, through both standardized and freeform messaging, including electronic logging. The Company has proactively installed ELDs on 100% of its tractor fleet. This technology enables USA Truck to dispatch drivers efficiently in response to customers’ requests, to provide real-time information to customers about the status of their shipments and to provide documentation supporting accessorial charges. Accessorial charges are charges to customers for additional services such as loading, unloading or equipment delays. In addition, the Company utilizes satellite-based equipment tracking devices and cargo sensors on virtually all of its trailers. These tracking devices provide the Company with visibility on the locations and load status of its trailers.

Safety and Risk Management

The Company emphasizes safe work habits as a core value throughout the entire organization, and provides proactive training and education relating to safety concepts, processes and procedures. The Company conducts pre-employment, random, reasonable suspicion and post-accident alcohol and substance abuse testing in accordance with the Department of Transportation (“DOT”) regulations and the Company’s own policies.

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Safety training for new drivers begins in orientation, when newly hired team members are taught safe driving and work techniques that emphasize the Company's commitment to safety. Upon completion of orientation, new student drivers are required to undergo on-the-road training for four to six weeks with experienced commercial motor vehicle drivers who have been selected for their professionalism and commitment to safety and who are trained to communicate safe driving techniques to new drivers. New drivers who graduate from the program must also successfully complete post-training classroom and road testing before being assigned to their own tractor. Additionally, all Company drivers participate in on-going training that focuses on collision and injury prevention, among other safety concepts.

The primary risks for which the Company is insured are cargo loss and damage, general liability, personal injury, property damage, workers' compensation and employee medical expenses. USA Truck also self-insures for a portion of claims exposure in each of these areas. The Company's self-insurance retention levels are $0.5 million for workers' compensation claims per occurrence, $0.05 million for cargo loss and damage claims per occurrence and $1.0 million for bodily injury and property damage claims per occurrence. For medical benefits, the Company self-insures up to $0.25 million per plan participant per year with an aggregate claim exposure limit determined by the Company's year-to-date claims experience and its number of covered team members. The Company maintains insurance above the amounts for which it self-insures, subject to certain limits, with licensed insurance carriers. The Company has excess general, auto and employer's liability coverage in amounts substantially exceeding minimum legal requirements. The Company is completely self-insured for physical damage to its own tractors and trailers, except that the Company carries catastrophic physical damage coverage to protect against natural disasters.

Although the Company believes the aggregate insurance limits should be sufficient to cover reasonably expected claims, it is possible that one or more claims could exceed the Company's aggregate coverage limits. An unexpected loss or changing conditions in the insurance market could adversely affect premium levels. As a result, the Company's insurance and claims expense could increase, or USA Truck could raise its self-insured retention or decrease the Company's aggregate coverage limits when its policies are renewed or replaced. If these costs increase, if reserves are increased, if claims in excess of coverage limits are experienced, or if a claim is experienced where coverage is not provided, the Company's results of operations and financial condition in any one quarter or annual period could be materially and adversely affected.

Team Members

As of December 31, 2016, the Company had approximately 2,000 team members, of which about 72% were Company drivers. No team members are subject to union contracts or part of a collective bargaining unit. The Company believes team member relations to be good.

Recruitment, training, and retention of a professional driver workforce, the Company's most valuable asset, are essential to the Company's continued growth and fulfillment of customer needs. USA Truck hires qualified professional drivers who hold a valid commercial driver's license, satisfy applicable federal and state safety performance and measurement requirements, and meet USA Truck's hiring parameters. These guidelines relate primarily to safety history, road test evaluations, and various other evaluations, which include physical examinations and mandatory drug and alcohol testing. In order to attract and retain safe drivers who are committed to customer service and safety, the Company focuses its operations for drivers around a collaborative and supportive team environment. The Company provides comfortable, late model equipment, direct communication with senior management, competitive wages and benefits, and other incentives intended to encourage driver safety, retention, and long-term employment. The Company values its relationship with its drivers and structures its driver retention model with a focus on a long-term career with USA Truck. Drivers are compensated on a per mile basis, based on the length of haul and a predetermined number of miles. Drivers are also compensated for accessorial services provided to customers. Drivers and other employees are encouraged to participate in the Company's 401(k) program, and Company-sponsored health, life, and dental plans. The Company believes these factors help in attracting, recruiting, and retaining professional drivers in a competitive driver market.

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Independent Contractors

In addition to Company drivers, USA Truck enters into contracts with independent contractors, who provide a tractor and a driver and are responsible for all operating expenses in exchange for a fixed rate per mile. As of December 31, 2016, the Company had contracts with 286 independent contractors, which was an 8.3% increase compared to the prior year end. The Company intends to further increase the size of its independent contractor fleet to approximately 20% to 25% of its fleet in 2017.

Competition

The trucking industry includes both private fleets and for-hire carriers. Private fleets consist of trucks owned and operated by shippers that move their own goods. For-hire carriers include both truckload and less-than-truckload operations. The for-hire segment is highly competitive and includes thousands of carriers, none of which dominates the market. This segment is characterized by many small carriers having revenues of less than $1 million per year and as few as one truck and relatively few carriers with revenues exceeding $100 million per year.

USA Truck competes primarily with other truckload carriers, private fleets and, to a lesser extent, railroads and less-than-truckload carriers. The principal competitive factors in the truckload segment of the industry are service and price, with rate discounting becoming particularly important during economic downturns or periods of uncertainty. USA Truck's focus is to differentiate itself primarily on the basis of service rather than rates. Although an increase in the size of the market would benefit all truckload carriers, management believes that successful carriers are likely to grow by offering additional services to its customers based on customer needs and acquiring a greater market share.

Environmental Regulation

In 2011, the National Highway Traffic Safety Administration ("NHTSA") and the EPA adopted final rules that established the first-ever fuel economy and greenhouse gas standards for medium- and heavy-duty vehicles. These standards apply to model years 2014 to 2018, which are required to achieve an approximate 20 percent reduction in fuel consumption by 2018, which equates to approximately four fewer gallons of fuel used for every 100 miles traveled. In 2016 the EPA adopted new stricter greenhouse gas standards that will apply to trailers beginning with model year 2018 and tractors beginning with model year 2021. The NHTSA additionally adopted stricter fuel consumption standards in 2016 with voluntary standards beginning with model year 2018 trailers and mandatory standards beginning with model year 2021 trailers. The Company believes these requirements could result in increased new tractor prices and additional parts and maintenance costs incurred to retrofit its tractors with technology to achieve compliance with such standards, which could adversely affect its operating results and profitability,

particularly if such costs are not offset by potential fuel savings. The Company cannot predict, however, the extent to which its operations and productivity will be impacted.

The California Air Resources Board ("CARB") also adopted emission control regulations that will apply to all heavy-duty tractors that pull 53-foot or longer box-type trailers within the State of California. The tractors and trailers subject to these CARB regulations must be either EPA SmartWay certified or equipped with low-rolling resistance tires and retrofitted with SmartWay-approved aerodynamic technologies. The Company currently purchases Smart Way certified equipment in its new tractor and trailer acquisitions. Enforcement of these CARB regulations for 2011 model year equipment began in January 2010 and will be phased in over several years for older equipment. In addition, in February 2017 CARB proposed California phase 2 standards that generally align with the federal standards that apply to model year 2018 to 2021 tractors, with some minor additional requirements, and as proposed would stay in place even if the federal standards are affected by action from the Trump administration. We will continue monitoring our compliance with the CARB regulations. Federal and state lawmakers also have proposed potential limits on carbon emissions under a variety of climate-change proposals. Compliance with such regulations has increased the cost of our new tractors, may increase the cost of any new trailers that will operate in California, may require us to retrofit certain of our pre-2011 model year trailers that operate in California, and could impair equipment productivity and increase our operating expenses, including with respect to our Plus Power fleet. These adverse effects, combined with the uncertainty as to the reliability of the newly designed diesel engines and the residual values of these vehicles, could materially increase our costs or otherwise adversely affect our business or operations.

Other Regulation

The Company’s operations are regulated and licensed by various United States federal and state, Canadian provincial, and Mexican federal agencies. Interstate motor carrier operations are subject to safety requirements prescribed by the DOT. Matters such as weight and equipment dimensions are also subject to United States federal and state regulation and Canadian provincial regulations. The Company operates in the United States pursuant to operating authority granted by the DOT, in various Canadian provinces pursuant to operating authority granted by the Ministries of Transportation and Communications in such provinces, and within Mexico pursuant to operating authority granted by Secretaria de Comunicaciones y Transportes. To the extent that the Company conducts operations outside the United States, it is subject to the Foreign Corrupt Practices Act, which prohibits United States companies and their intermediaries from bribing foreign officials for the purpose of obtaining or retaining favorable treatment.

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The DOT, through the Federal Motor Carrier Safety Administration (the “FMCSA”), imposes safety and fitness regulations on the Company and its drivers, including rules that restrict driver hours-of-service. In December 2011, the FMCSA published its 2011 Hours-of-Service Final Rule (the “2011 Rule”). The 2011 Rule requires drivers to take 30-minute breaks after eight hours of consecutive driving and reduces the total number of hours a driver is permitted to work during each week from 82 hours to 70 hours. The 2011 Rule provides that the 34-hour restart may only be used once per week and must include two rest periods between one a.m. and five a.m. (together, the “2011 Restart Restrictions”).

In December 2014, the 2015 Omnibus Appropriations bill was signed into law. Among other things, the legislation provided temporary relief from the 2011 Restart Restrictions while the FMCSA conducted a study to determine whether such restrictions had a positive result on driver safety (the “Study”), and essentially reverted to the more straightforward 34-hour restart rule that was in effect before the 2011 Rule became effective. In December 2016, a short-term funding bill was signed into law that directly ties the reinstatement of the 2011 Restart Restrictions to the outcome of the Study and requires the Study to demonstrate that the 2011 Restart Restrictions offer a “statistically significant improvement” in safety related matters in order for the 2011 Restart Restrictions to be reinstated. If the 2011 Restart Restrictions are reinstated, the Company may experience a decrease in production similar to that experienced during 2013 and 2014 when the 2011 Restart Restrictions were in effect.

There are two methods of evaluating the safety and fitness of carriers. The first method is the application of a safety rating that is based on an onsite investigation and affects a carrier’s ability to operate in interstate commerce. The Company currently has a satisfactory DOT safety rating under this method, which is the highest available rating under the current safety rating scale. If the Company were to receive a conditional or unsatisfactory DOT safety rating, it could adversely affect the Company’s business, as some of its existing customer contracts require a satisfactory DOT safety rating. In January 2016, the FMCSA published a Notice of Proposed Rulemaking outlining a revised safety rating measurement system, which would replace the current methodology. Under the proposed rules, the current three safety ratings of “satisfactory,” “conditional,” and “unsatisfactory” would be replaced with a single safety rating of “unfit.” Moreover, data from roadside inspections and the results from all investigations would be used to determine a carrier’s fitness on an ongoing basis. This would replace the current methodology of determining a carrier’s fitness based solely on infrequent comprehensive onsite reviews. The proposed rules underwent a 90-day public comment period, which led to a determination by the FMCSA that a Supplemental Notice of Proposed Rulemaking would be necessary in 2017. It is therefore uncertain when or if a final rule could be published or whether the rule will become subject to further legislative reviews and delays.

In addition to the safety rating system, the FMCSA has adopted the Compliance Safety Accountability program (“CSA”) as an additional safety enforcement and compliance model that evaluates and ranks fleets on certain safety-related standards. The CSA program analyzes data from roadside inspections, moving violations, crash reports from the last two years, and investigation results. The data is organized into seven categories. Carriers are grouped by category with other carriers that have a similar number of safety events (e.g., crashes, inspections, or violations) and carriers are ranked and assigned a rating percentile to prioritize them for interventions if they are above a certain threshold. Currently, these scores do not have a direct impact on a carrier’s safety rating. However, the occurrence of unfavorable scores in one or more categories may (i) affect driver recruiting and retention by causing high-quality drivers to seek

employment with other carriers, (ii) cause the Company's customers to direct their business away from the Company and to carriers with higher fleet safety rankings (iii), subject the Company to an increase in compliance reviews and roadside inspections, or (iv) cause the Company to incur greater than expected expenses in its attempts to improve unfavorable scores, any of which could adversely affect the Company's results of operations and profitability.

Under CSA, these scores were initially made available to the public in five of the seven categories. However, pursuant to the Fixing America's Surface Transportation Act, which was signed into law in December 2015, the FMCSA is required to remove from public view the previously available CSA scores while it reviews the reliability of the scoring system. During this period of review by the FMCSA, the Company will continue to have access to its own scores and will still be subject to intervention by the FMCSA when such scores are above the intervention thresholds. The Company continues to maintain a satisfactory rating with the DOT, and will continue to promote improvement of scores in all seven categories with ongoing reviews of all safety-related policies, programs and procedures for their effectiveness.

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In 2015, the FMCSA issued final rules that would require nearly all carriers, including the Company, to install ELDs in their tractors to electronically monitor truck miles and enforce hours-of-service. The final rule was published in December 2015, and requires the use of ELDs by nearly all carriers by December 2017. The Company has proactively installed ELDs on 100% of its tractor fleet.

In the aftermath of the September 11, 2001 terrorist attacks, federal, state and municipal authorities implemented and continue to implement various security measures, including checkpoints and travel restrictions on large trucks. The Transportation Security Administration (the “TSA”) has adopted regulations that require determination by the TSA that each driver who applies for or renews his license for carrying hazardous materials is not a security threat.

In November 2015, the FMCSA published its final rule related to driver coercion, which took effect in January 2016. Under this rule, carriers, shippers, receivers, or transportation intermediaries that are found to have coerced drivers to violate certain FMCSA regulations (including hours-of-service rules) may be fined up to $16,000 for each offense.

In August 2016, the NHTSA and FMCSA published a Notice of Proposed Rulemaking proposing to establish regulations requiring a speed limiting device on trucks with a gross vehicle weight over 26,000 pounds to cap maximum truck speeds at 60, 65 or 68 mph. The proposed rules underwent a 90-day public comment period ending in December 2016, but no further action has been announced. Because the proposed rules could become subject to further legislative reviews and delays, it is uncertain if or when these proposed rules could take effect. If these rules become effective, it could result in a decrease in fleet production, which could adversely affect the Company’s results of operations and profitability.

In December 2016, FMCSA and DOT published the Commercial Driver’s License Drug and Alcohol Clearinghouse rule as mandated by the Moving Ahead for Progress in the 21st Century Act. The rule establishes and mandates a query to the Clearinghouse by employers and prospective employers to determine if current or prospective drivers have had any drug/alcohol positives or refusals. The rule went into effect in January 2017 and mandates compliance by January 2020 to allow time for the design and implementation of the clearinghouse IT systems. When compliance becomes mandatory, it could result in a decrease in driver availability and adversely affect the Company’s operations.

For further discussion regarding such laws and regulations, refer to the “Risk Factors” section under Part 1, Item 1A of this Form 10-K.

Seasonality

In the trucking industry, revenue has historically followed a seasonal pattern for various commodities and customer businesses. Peak freight demand has historically occurred in the months of September, October and November. After the December holiday season and during the remaining winter months, freight volumes are typically lower as many customers reduce shipment levels. Operating expenses have historically been higher in the winter months due primarily to decreased fuel efficiency, increased cold weather-related maintenance costs of revenue equipment and increased insurance and claims costs attributed to adverse winter weather conditions. Revenue can also be impacted by weather, holidays and the number of business days that occur during a given period, as revenue is directly related to the available working days of shippers.

Available Information

USA Truck was incorporated in Delaware in September 1986 as a wholly owned subsidiary of ABF Freight System, Inc., and was purchased by management in December 1988. The initial public offering of the Company's common stock was completed in March 1992.

The Company's principal offices are located at 3200 Industrial Park Road, Van Buren, Arkansas 72956, and its telephone number is (479) 471-2500.

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The Company maintains a website where additional information regarding USA Truck's business and operations may be found. The website address is www.usa-truck.com. The website provides certain investor information available free of charge, including the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, stock ownership reports filed under Section 16 of the Exchange Act, and any amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. The website also includes Interactive Data Files required to be posted pursuant to Rule 405 of SEC Regulation S-T. Information provided on the Company website is not incorporated by reference into this Form 10-K, and you should not consider information on our website to be part of this Form 10-K.

ITEM 1A. RISK FACTORS

The following risks and uncertainties may cause our actual results, business, financial condition and cash flows to differ from those anticipated in the forward-looking statements included in this Form 10-K. You should not place undue reliance on forward-looking statements made herein because such statements speak only to the date they were made. We undertake no obligation or duty to revise or update any forward-looking statements contained herein to reflect subsequent events or circumstances or the occurrence of unanticipated events, except as required by law. Also refer to the Cautionary Note Regarding Forward-Looking Statements in Part I of this Form 10-K.

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

The truckload industry is highly cyclical, and our business is dependent on a number of factors that may have a materially adverse effect on our results of operations, many of which are beyond our control. We believe that some of the most significant of these factors include (i) excess tractor and trailer capacity in the trucking industry in comparison with shipping demand; (ii) declines in the resale value of used equipment, (iii) strikes, work stoppages, or work slowdowns at our facilities or at customer, port, border crossing, or other shipping-related facilities; (iv) increases in interest rates, fuel taxes, tolls, and license and registration fees; and (v) rising costs of healthcare.

We are affected by (i) recessionary economic cycles, such as the period from 2007 through 2009 and the 2016 freight environment, which was characterized by weak demand and downward pressure on rates; (ii) changes in customers' inventory levels and in the availability of funding for their working capital; and (iii) downturns in our customers' business cycles, particularly in market segments and industries, such as retail and manufacturing, where we have significant customer concentration, and regions of the country, such as the Midwest and Southeast, where we have a significant amount of business. Economic conditions may adversely affect our customers and their demand for and ability to pay for our services. We may be required to increase our allowance for doubtful accounts for customers encountering adverse economic conditions. These economic conditions may adversely affect our ability to execute our turnaround plan.

Economic conditions that decrease shipping demand or increase the supply of available tractors and trailers can exert downward pressure on rates and equipment utilization, thereby decreasing asset productivity. The risks associated with these factors are heightened when the United States economy is weakened. Some of the principal risks during such times, which risks we have experienced during prior recessionary periods, are as follows:

- we may experience low overall freight levels, which may reduce our asset utilization;
- freight patterns may change as supply chains are redesigned, resulting in an imbalance between our capacity and our customers' freight demand;
- customers may bid out freight or select competitors that offer lower rates in an attempt to lower their costs, and we might be forced to lower our rates or lose freight;
- we may be forced to accept more loads from freight brokers, where freight rates are typically lower, or may be forced to incur more non-revenue generating miles to obtain loads; and
- lack of access to current sources of capital, leading to an inability to secure financing on satisfactory terms, or at all.

We are subject to cost increases that are outside our control that could materially reduce our profitability if we are unable to increase our rates sufficiently. Such costs include, but are not limited to, increases in fuel prices, driver and office employee wages, purchased transportation costs, taxes, interest rates, tolls, license and registration fees, insurance and claims, revenue equipment and related maintenance, tires and other components, and healthcare and other benefits for our employees. Further, we may not be able to appropriately adjust our costs to changing market demands. In order to maintain high variability in our business model, it is necessary to adjust staffing levels to changing market demands. In periods of rapid change, it is more difficult to match our staffing level to our business needs.

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Changing impacts of regulatory measures could adversely impact our operating efficiency and productivity, decrease our operating revenues and profitability, and result in higher operating costs. In addition, declines in the resale value of revenue equipment can also affect our profitability and cash flows. From time to time, various U.S. federal, state, or local taxes could also increase, including taxes on fuels. We cannot predict whether, or in what form, any such increase applicable to us will be enacted, but such an increase could adversely affect our results of operations.

In addition, we cannot predict future economic conditions, fuel price fluctuations, or how consumer confidence could be affected by actual or threatened armed conflicts or terrorist attacks, government efforts to combat terrorism, military action against a foreign state or group located in a foreign state, or heightened security requirements. Enhanced security measures in connection with such events could impair our operating efficiency and productivity and result in higher operating costs.

We operate in a highly competitive and fragmented industry, and numerous competitive factors could impair our ability to improve our results of operations.

Numerous competitive factors present in our industry could impair our ability to maintain or improve our current profitability and could have a materially adverse effect on our results of operations. These factors include the following:

- We compete with many other truckload carriers of varying sizes and, to a lesser extent, with less-than-truckload carriers, railroads, and other transportation and logistics companies, many of which have access to more equipment and greater capital resources than we do.

- Many of our competitors periodically reduce their freight rates to gain business, especially during times of reduced growth rates in the economy or overcapacity, which may limit our ability to maintain or increase freight rates or maintain significant growth in our business.

- Some of our customers also operate their own private trucking fleets, and they may decide to transport more of their own freight.

- Many customers reduce the number of carriers they use by selecting so-called "core carriers" as approved service providers or by engaging dedicated providers, and in some instances we may not be selected.

- Many customers periodically accept bids from multiple carriers for their shipping needs, and this process may depress freight rates or result in the loss of some of our business to competitors.

The trend toward consolidation in the trucking industry may create large carriers with greater financial resources and other competitive advantages relating to their size, and we may have difficulty competing with these larger carriers.

The market for qualified drivers is increasingly competitive, and our inability to attract and retain drivers could reduce our equipment utilization or cause us to increase compensation, both of which would adversely affect our profitability.

Competition from non-asset-based and other logistics and freight brokerage companies may adversely affect our customer relationships and freight rates.

Economies of scale that may be passed on to smaller carriers by procurement aggregation providers may improve their ability to compete with us.

Advances in technology may require us to increase investments in order to remain competitive, and our customers may not be willing to accept higher freight rates to cover the cost of these investments.

Higher fuel prices and, in turn, higher fuel surcharges to our customers may cause some of our customers to consider freight transportation alternatives, including rail transportation.

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We face various risks associated with stockholder activists, which may be disruptive to our business.

Activist stockholders have in the past advocated for certain changes at USA Truck and may attempt to gain representation on or control of our board of directors, through a proxy contest or other means, the possibility of which may create uncertainty regarding our future. These perceived uncertainties may make it more difficult to attract and retain qualified personnel, raise customer concerns, or cause volatility in the price of our common stock. The presence of such activist stockholders, a potential proxy contest, or an activist stockholder lawsuit also may create a significant distraction for our management team and require us to expend significant time and resources, depending on the nature of the activists' agendas, and could interfere with our ability to execute our turnaround plan and other strategic initiatives. Although we are not currently aware of any activist stockholders who own a substantial portion of our stock at this time, we cannot assure you that we will be able to agree to favorable terms with activist stockholders that might acquire an interest in our Company.

Certain provisions of our corporate documents and Delaware law could deter acquisition proposals and make it difficult for a third party to acquire control of the Company.

Provisions in our Restated and Amended Certificate of Incorporation ("Certificate of Incorporation") may discourage, delay, or prevent a change of control or changes in our board of directors or management that our stockholders may consider favorable. For example, our Certificate of Incorporation authorizes the board of directors to issue up to 1,000,000 shares of "blank check" preferred stock. Without stockholder approval, our board of directors has the authority to attach special rights, including voting and dividend rights, to this preferred stock, which could make it more difficult for a third party to acquire the Company. Our Certificate of Incorporation also provides:

- for a classified board of directors, whereby directors serve for staggered three-year terms, making it more difficult for a third party to obtain control of the board of directors through a single proxy contest;

- that vacancies on the board of directors may be filled only by the remaining directors in office, even if only one director remains in office;

- that directors may only be removed for "cause" and only by the affirmative vote of the holders of at least a majority of our outstanding common stock;

- that the affirmative vote of the holders of at least 66 2/3% of the voting power of our outstanding common stock is required to approve any merger or consolidation with any other business entity that requires approval of the stockholders;

that stockholders can only act by written consent if such consent is signed by the holders of at least 66 2/3% of our outstanding common stock; and

that each of the provisions set forth above may only be amended by the holders of at least 66 2/3% of our outstanding common stock.

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Our Amended and Restated Bylaws also require advance notice of all stockholder proposals, including nominations for election as director, and provide that a special meeting of stockholders may be called only by the Chairman of the Board, the Chief Executive Officer, the President, or by a majority of the entire board of directors. We have in the past adopted a stockholder rights plan, which was voluntarily terminated by the board of directors in April 2014, and may in the future adopt new stockholder rights plans. We are also subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law. Under these provisions, if anyone becomes an "interested stockholder," we may not enter into a "business combination" with that person for three years without special approval, which could discourage a third party from making a takeover offer and could delay or prevent a change of control. For purposes of Section 203, "interested stockholder" means, generally, someone owning 15% or more of our outstanding voting stock during the prior three years, subject to certain exceptions as described in Section 203. These provisions will apply even if the change may be considered beneficial by some of our stockholders, and thereby negatively affect the price that investors might be willing to pay in the future for our common stock. In addition, to the extent that these provisions discourage an acquisition of our Company or other change of control transaction, they could deprive stockholders of opportunities to realize takeover premiums for their shares of our common stock.

We could become subject to unsolicited takeover proposals, which may be disruptive to our business.

The trading price of our common stock is currently at a level that we believe may make us a target for an unsolicited takeover proposal. We have in the past been subject to unsolicited takeover proposals and could become subject to such proposals in the future. Responding to such proposals, exploring the availability of alternative transactions that reflect our full intrinsic value and instituting legal action in connection therewith has in the past created a significant distraction for our management team and required us to expend significant time and resources, and we believe any future unsolicited proposals would cause similar disruptions to our business. Such proposals may disrupt our business by causing uncertainty among current and potential employees, suppliers, and customers, which could negatively impact our financial condition, results of operations and strategic initiatives and cause volatility in our stock price. These consequences, alone or in combination, may have a materially adverse effect on our business. Although, we have entered into a change of control/severance plan with certain of our officers and members of our management team, the change of control arrangements may not be adequate to allow us to retain critical employees during a time when a change of control is being proposed or is imminent.

Our indebtedness and capital and operating lease obligations could adversely affect our ability to respond to changes in our industry or business.

Our level of indebtedness and lease obligations has increased in recent periods. As a result of our level of debt, capital leases, operating leases, and encumbered assets, we believe:

- our vulnerability to adverse economic conditions and competitive pressures is heightened;

- we will continue to be required to dedicate a substantial portion of our cash flows from operations to lease and interest payments and repayment of debt, limiting the availability of cash for other purposes;

- our flexibility in planning for, or reacting to, changes in our business and industry will be limited;

- our results of operations and cash flows are sensitive to fluctuations in interest rates because some of our debt obligations are subject to variable interest rates, and future borrowings and lease financing arrangements will be affected by any such fluctuations;

- our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, or other purposes may be limited; and

- we may be required to issue additional equity securities to raise funds, which would dilute the ownership position of our stockholders

Our financing obligations could negatively impact our future operations, our ability to satisfy our capital needs, or our ability to engage in other business activities. We also cannot assure you that additional financing will be available to us when required or, if available, will be on terms satisfactory to us.

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Our revolving credit agreement and other financing arrangements contain certain covenants, restrictions, and requirements that we may be unable to comply with. A default could result in the acceleration of all or part of any outstanding indebtedness, which could have an adverse effect on our financial condition, liquidity, results of operations, and the market price of our common stock.

In February 2015, we entered into a new senior secured revolving credit agreement (the “Credit Facility”) with a group of lenders and Bank of America, N.A., as agent. We also have other financing arrangements.

The Credit Facility contains a single springing financial covenant, which requires us to maintain a consolidated fixed charge coverage ratio of at least 1.0 to 1.0. The financial covenant springs only in the event excess availability under the Credit Facility drops below 10% of the lenders’ total commitments under the Credit Facility. We may be subject to certain additional restrictions in the event excess availability under the Credit Facility drops below 20% of the lenders' total commitments under the Credit Facility. The fixed charge ratio is affected by our level of earnings and is adversely affected by operating losses and other charges such as severance costs and impairment charges. In recent periods, we have incurred operating losses, severance and restructuring costs and impairment charges relating to, among others, a decline in the appraised value of our Company-owned revenue equipment fleet. Future operating losses, severance and restructuring actions and further declines in the appraised value of our Company-owned revenue equipment fleet would adversely affect our fixed charge ratio and could impair our ability to make further borrowings under our Credit Facility.

The Credit Facility contains certain restrictions and covenants related to, among other things, dividends, liens, acquisitions and dispositions, affiliate transactions, and the incurrence of other indebtedness. The Credit Facility is secured by a pledge of substantially all of our assets, with the exclusion of any real estate or revenue equipment financed outside the Credit Facility. The Credit Facility includes usual and customary events of default for a facility of this nature and provides that, upon the occurrence and continuation of an event of default, payment of all amounts payable under the Credit Facility may be accelerated, and the lenders’ commitments may be terminated.

If we fail to comply with any of our financing arrangement covenants, restrictions, or requirements, we would be in default under the relevant agreement. In the event of any such default, if we failed to obtain replacement financing or amendments to, or waivers under, the applicable financing arrangements, existing lenders could cease to make further advances, declare existing debt to be immediately due and payable, fail to renew letters of credit, impose significant restrictions and requirements on our operations, institute foreclosure proceedings against collateralized assets, or impose significant fees. If acceleration occurs, it may be difficult or expensive to refinance the accelerated debt and the issuance of additional equity securities could dilute stock ownership. Even if new financing can be procured, more stringent borrowing terms could mean that credit is not available to us on acceptable terms. A default under these financing arrangements could cause a materially adverse effect on the liquidity, financial condition, and results of operations.

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

The truckload industry is capital intensive, and our policy of operating newer equipment requires us to expend significant amounts annually. We expect to pay for projected capital expenditures with funds provided by operations, borrowings under the Credit Facility, proceeds from the sale of used revenue equipment, and capital and operating leases. We base our equipment purchase and replacement decisions on a number of factors, including the state of the economic environment, new equipment prices, the used equipment market, demand for freight services, prevailing interest rates, technological improvements, regulatory changes, cost per mile, fuel efficiency, equipment durability, equipment specifications, and driver comfort.

While we do not have plans to acquire significant amounts of equipment in 2017, absent an improvement in economic conditions, in the future, if we are unable to generate sufficient cash from operations or obtain borrowing on favorable terms, we may be forced to further limit our growth, enter into less favorable financing arrangements, or operate revenue equipment for longer periods, any of which could have a materially adverse effect on our results of operations.

We self-insure for a portion of our claims exposure, which could significantly increase the volatility of, and decrease the amount of, our earnings.

Our business results in a number of claims and litigation related to personal injuries, property damage, workers' compensation, healthcare, and other issues. We self-insure a portion of our claims exposure, which could increase the volatility of, and decrease the amount of, our earnings, and could have a materially adverse effect on our results of operations. Our future insurance and claims expenses may exceed historical levels, which could reduce our earnings. We currently accrue amounts for liabilities based on our assessment of claims that arise and our insurance coverage for the periods in which the claims arise and we evaluate and revise these accruals from time-to-time based on additional information. Due to our high self-insured amounts, we have significant exposure to fluctuations in the number and severity of claims and the risk of being required to accrue or pay additional amounts if our estimates are revised or the claims ultimately prove to be more severe than originally assessed. At certain times in the past, we have had to adjust our reserves, and future significant adjustments may occur. Further, our self-insured retention levels could change and result in more volatility than in recent years.

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We maintain insurance for most risks above the amounts for which we self-insure with licensed insurance carriers. If any claim were to exceed our coverage, or fall outside the aggregate coverage limit, we would bear the excess or uncovered amount, in addition to our self-insured amount. Although we believe our aggregate insurance limits are sufficient to cover reasonably expected claims, it is possible that one or more claims could exceed those limits. Insurance carriers have recently raised premiums for the trucking industry. Our insurance and claims expense could increase if we have a similar experience at renewal, or we could find it necessary to raise our self-insured retention or decrease our aggregate coverage limits when our policies are renewed or replaced. Should these expenses increase, we become unable to find excess coverage in amounts we deem sufficient, we experience a claim in excess of our coverage limits, we experience a claim for which we do not have coverage, or we have to increase our reserves, there could be a materially adverse effect on our results of operations and financial condition.

Healthcare legislation and cost inflation also could negatively impact financial results by increasing annual employee healthcare costs going forward. In addition, rising healthcare costs could force us to make changes to existing benefits program, which could negatively impact our ability to attract and retain employees.

Fluctuations in the price or availability of fuel, the volume and terms of diesel fuel purchase commitments, surcharge collection, and hedging activities may increase our costs of operations.

Fuel is one of our largest operating expenses. Diesel fuel prices fluctuate greatly due to factors beyond our control, such as political events, terrorist activities, armed conflicts, commodity futures trading, devaluation of the dollar against other currencies, and hurricanes and other natural or man-made disasters, each of which may lead to an increase in the cost of fuel. Fuel prices also are affected by the rising demand for fuel in developing countries, and could be materially adversely affected by the use of crude oil and oil reserves for purposes other than fuel production and by diminished drilling activity. Such events may lead not only to increases in fuel prices, but also to fuel shortages and disruptions in the fuel supply chain. Because our operations are dependent upon diesel fuel, significant diesel fuel cost increases, shortages, or supply disruptions could materially adversely affect our business, financial condition and results of operations.

Fuel also is subject to regional pricing differences and is often more expensive in certain areas where we operate. Increases in fuel costs, to the extent not offset by rate per mile increases or fuel surcharges, have a materially adverse effect on our results of operations. While we have fuel surcharge programs in place with a majority of our customers, which historically have helped us offset the majority of the negative impact of rising fuel prices associated with loaded or billed miles, we also incur fuel costs that cannot be recovered, such as those associated with non-revenue generating miles or time when our engines are idling. Moreover, the terms of each customer’s fuel surcharge program vary, and certain customers have sought to modify the terms of their fuel surcharge programs to minimize recoverability for fuel price increases. In addition, because our fuel surcharge recovery lags behind changes in fuel prices, our fuel surcharge recovery may not capture the increased costs we pay for fuel, especially when prices are rising. This could lead to fluctuations in our levels of reimbursement, which have occurred in the past. There can be no assurance that such fuel surcharges can be maintained indefinitely or will be sufficiently effective.

From time to time, we have used hedging contracts and volume purchase arrangements to attempt to limit the effect of price fluctuations. Hedging arrangements effectively allow us to pay a fixed rate for fuel on gallons hedged that is determined based on the market rate at the time we enter into the hedge. In times of falling diesel fuel prices, our costs will not be reduced to the same extent they would have reduced if we had not entered into the hedging contracts and we may incur significant expense in connection with our obligation to make cash payments under such contracts. Accordingly, in times of falling diesel fuel prices, our results of operations and cash flows could also be materially adversely affected.

Volatility in the used equipment market could have a materially adverse effect on our business, financial condition, results of operations.

A decreased demand for used revenue equipment could adversely affect our operating results. As we continually replace our equipment, we rely on the used equipment market to extract remaining value out of our used equipment. The market for used equipment is impacted by several factors, including the demand for freight, the supply of used equipment, the availability of financing, the presence of buyers for export to foreign countries, and, to a lesser extent, commodity prices for scrap metal. A depressed market for used equipment could require us to dispose of our revenue equipment at depressed values or to record losses on disposal or impairments of the carrying values of our revenue equipment that is not protected by residual value arrangements. If there is a deterioration of resale prices, it could have a materially adverse effect on our business, financial condition, and results of operations. A deterioration of demand for used equipment could make it more difficult to dispose of and replace older equipment and may reduce our ability to refresh our fleet, both of which could negatively impact our results of operations.

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Increased prices for new revenue equipment, design changes of new engines, decreased availability of new revenue equipment, and the failure of manufacturers to meet their sale or trade-back obligations to us could have a materially adverse effect on our business, financial condition, results of operations.

We are subject to risk with respect to higher prices for new tractors. We have experienced an increase in prices for new tractors over the past few years, and the resale value of the tractors has not increased to the same extent. Prices have increased and may continue to increase, due, in part, to government regulations applicable to newly manufactured tractors and diesel engines, higher commodity prices, and the pricing discretion of equipment manufacturers. In addition, we have recently equipped our tractors with safety, aerodynamic, and other options that increase the price of new equipment. More restrictive EPA emissions standards have required vendors to introduce new engines. These regulations have increased the cost of our new tractors and could impair equipment productivity, result in lower fuel mileage, and increase our operating expenses. Our business could be harmed if we are unable to continue to obtain an adequate supply of new tractors and trailers for these or other reasons. As a result, we expect to continue to pay increased prices for equipment and incur additional expenses and related financing costs for the foreseeable future. Furthermore, reduced equipment efficiency and lower fuel mileage may result from new engines designed to reduce emissions, thereby increasing our operating expenses.

Tractor and trailer vendors may reduce their manufacturing output in response to lower demand for their products in economic downturns or shortages of component parts. A decrease in vendor output may have a materially adverse effect on our ability to purchase a quantity of new revenue equipment that is sufficient to sustain our desired growth rate and to maintain a late-model fleet. Moreover, an inability to obtain an adequate supply of new tractors or trailers could have a materially adverse effect on our business, financial condition, and results of operations.

We have a recent history of net losses and may be unsuccessful in maintaining or increasing profitability.

We have reported a net loss in three of the last five years. Achieving profitability depends upon numerous factors, including the ability to increase average base revenue per tractor, increase utilization, improve driver retention, and control operating expenses. We may not be able to achieve profitability in the future, which could negatively impact our liquidity and financial position.

We may not be successful in implementing our realigned management team's operating procedures, and cost savings initiatives as part of our turnaround plan.

As part of our turnaround plan, we have implemented changes to our management team and structure, as well as operating procedures. These changes may not be successful or may not achieve the desired results. Additional training

or different personnel may be required, which may result in additional expense, delays in obtaining results, or disruptions to operations. Some of these implemented changes include customer service and driver management changes and cost savings initiatives. These changes and initiatives may not improve our results of operations, including asset productivity, tractor utilization, driver retention and base revenue per mile. In addition, we may not be successful in achieving the expected savings in our cost structure, including the areas of equipment maintenance, equipment operating costs, insurance and claims and fuel economy. In such event, our revenue, financial results, and ability to operate profitably could be negatively impacted. Further, our operating results could be negatively affected by a failure to further penetrate our existing customer base, cross-sell our services, pursue new customer opportunities, and manage the operations and expenses of our USAT Logistics business. There is no assurance we will be successful in achieving our turnaround plan. If we are unsuccessful in implementing our turnaround plan, our financial condition, results of operations, and cash flows could be adversely affected.

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Management and key employee turnover or failure to attract and retain qualified management and other key personnel, could have a materially adverse effect on our business, financial condition, and results of operations.

We depend on the leadership and expertise of our executive management team and other key personnel to design and execute our strategic and operating plans, including our current efforts to improve the profitability of our Trucking segment and grow our USAT Logistics segment. Our management team has experienced significant changes in recent years and may continue to experience change. Turnover, planned or otherwise, in key leadership positions could adversely impact our ability to manage our business efficiently and effectively, and such turnover can be disruptive and distracting to management, may lead to additional departures of existing personnel, and could have a materially adverse effect on our results of operations. We must recruit, develop and retain a core group of managers to realize our goal of expanding our operations, improving our earnings consistency, and positioning ourselves for long-term operating revenue growth.

Increases in driver compensation or difficulties attracting and retaining qualified drivers could have a materially adverse effect on our profitability and the ability to maintain or grow our fleet.

Like many truckload carriers, we experience substantial difficulty in attracting and retaining sufficient numbers of qualified drivers, which includes the engagement of independent contractors, as reflected recently in our unseated tractor count. The truckload industry periodically experiences a shortage of qualified drivers, particularly during periods of economic expansion, in which alternative employment opportunities are more plentiful and freight demand increases, or during periods of economic downturns, in which unemployment benefits might be extended and financing is limited for independent contractors who seek to purchase equipment or for students who seek financial aid for driving school. Regulatory requirements, including those related to safety ratings, ELDs and hours of service (“HOS”) changes, and an improved economy could further reduce the number of eligible drivers or force us to increase driver compensation to attract and retain drivers. We have seen evidence that stricter HOS regulations adopted by the DOT have tightened, and may continue to tighten, the market for eligible drivers, and the required implementation of ELDs in December 2017 may further tighten the market. We believe the shortage of qualified drivers and intense competition for drivers from other trucking companies will create difficulties in maintaining or increasing the number of our drivers and may restrain our ability to engage a sufficient number of drivers and independent contractors, and our inability to do so could negatively impact our operations. Further, the compensation we offer our drivers and independent contractor expenses are subject to market conditions, and we may find it necessary to increase driver compensation and/or become subject to increased independent contractor expenses in future periods.

In addition, we and many other truckload carriers suffer from a high turnover rate of drivers and independent contractors. This high turnover rate requires us to continually recruit a substantial number of drivers and independent contractors and to focus on alternative recruitment methods in order to operate existing revenue equipment. If we are unable to continue to attract and retain a sufficient number of drivers and independent contractors, we could be forced to, among other things, adjust our compensation packages, operate with fewer tractors, or increase the number of tractors without drivers and face difficulty meeting shipper demands, any of which could have a materially adverse

effect on our results of operations.

Our engagement of independent contractors to provide a portion of our capacity exposes us to different risks than we face with our tractors driven by company drivers.

Pursuant to our fuel surcharge program with independent contractors, we pay independent contractors a fuel surcharge that increases with the increase in fuel prices. A significant increase or rapid fluctuation in fuel prices could cause our costs under this program to be higher than the revenue we receive under our customer fuel surcharge programs.

Our independent contractor agreements are governed by the federal leasing regulations, which impose specific requirements on us and the independent contractors. If more stringent federal leasing regulations are adopted, independent contractors could be deterred from becoming independent contractor drivers, which could materially adversely affect our goal of growing our number of independent contractors.

Independent contractors are third-party service providers, as compared with company drivers, who are our employees. As independent business owners, they may make business or personal decisions that may conflict with our best interests. For example, if a load is unprofitable, route distance is too far from home, personal scheduling conflicts arise, or for other reasons, independent contractors may deny loads of freight from time to time. In these circumstances, we must be able to deliver the freight timely in order to maintain relationships with customers, and if we fail to meet certain customer needs or incur increased expenses to do so, this could materially adversely affect our results of operations.

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If the independent contractors we contract with are deemed by regulators or judicial process to be employees, there could be a materially adverse effect on our results of operations.

Tax and regulatory authorities, as well as independent contractors themselves, have increasingly asserted that independent contractor drivers in the trucking industry are employees, rather than independent contractors, for a variety of purposes, including income tax withholding, workers' compensation, wage and hour compensation, unemployment, and other issues. Federal legislation has been introduced in the past that would make it easier for tax and other authorities to reclassify independent contractors as employees, including legislation to increase the recordkeeping requirements for those that engage independent contractor drivers and to increase the penalties for companies who misclassify their employees and are found to have violated employees' overtime and/or wage requirements. Additionally, federal legislators have sought to (i) abolish the current safe harbor allowing taxpayers meeting certain criteria to treat individuals as independent contractors if they are following a long-standing, recognized practice, (ii) extend the Fair Labor Standards Act to independent contractors, and (iii) impose notice requirements based on employment or independent contractor status and fines for failure to comply. Some states have put initiatives in place to increase their revenue from items such as unemployment, workers' compensation, and income taxes, and a reclassification of independent contractors as employees would help states with these initiatives. Further, class actions and other lawsuits have been filed against certain members of our industry seeking to reclassify independent contractors as employees for a variety of purposes, including workers' compensation and healthcare coverage. Taxing and other regulatory authorities and courts apply a variety of standards in their determination of independent contractor status. If independent contractors we contract with or have contracted with are determined to be employees, we would incur additional exposure under federal and state tax, workers' compensation, unemployment benefits, labor, employment, and tort laws, including for prior periods, as well as potential liability for employee benefits and tax withholdings.

Developments in labor and employment law and any unionizing efforts by employees could have a materially adverse effect on our results of operations.

We face the risk that Congress, federal agencies, or one or more states could approve legislation or regulations significantly affecting our businesses and our relationship with our employees. None of our domestic employees are currently covered by a collective bargaining agreement, but any attempt by our employees to organize a labor union could result in increased legal and other associated costs. Additionally, given the National Labor Relations Board's new "speedy election" rule, our ability to timely and effectively address any unionizing efforts would be difficult. If we entered into a collective bargaining agreement with our domestic employees, the terms could materially adversely affect our costs, efficiency, and ability to generate acceptable returns on the affected operations.

Additionally, the Department of Labor recently issued a final rule raising the minimum salary basis for executive, administrative and professional exemptions for overtime payment. The rule increases the minimum salary from the current amount of $23,660 to $47,476 and non-discretionary bonus, commission and other incentive payments can be counted towards the minimum salary requirement. The rule was scheduled to go into effect on December 1, 2016, but

was enjoined by a federal district court in November 2016. If this injunction is lifted, these changes could impact the way we classify certain positions and increase our payment of overtime wages, which may have a materially adverse impact on our results of operations.

The growth of our asset-light service offering poses unique risks.

We recently began implementing a plan designed to increase the proportion of our revenue obtained from our "asset-light operations," which primarily represents our USAT Logistics segment and the independent contractors we engage. Our goal is that our asset-light operations will result in higher margins, lower capital commitments, and less risk during times of weakened economic conditions. Execution of this plan involves the risk of customer loss or deterioration if either our Trucking and USAT Logistics operations creates a customer issue that impacts the other where we have customer overlap, decreased utilization of Company equipment if loads with desirable profitability and lanes are allocated to third parties, growth impediments given our need to rely on third party providers and an independent contractor market that is contracting and subject to litigation and regulatory risks, and competitive pressures from other asset-light companies with greater financial, personnel, and technological resources. If we are unsuccessful in achieving this, it may have a materially adverse effect on our future results of operations.

Our USAT Logistics segment and our engagement of independent contractors are dependent upon the services of third-party capacity providers, including other truckload carriers. For these operations, we do not own or control the transportation assets that deliver our customers' freight, and do not employ the people directly involved in delivering the freight. These third-party providers may seek other freight opportunities or may require increased compensation in times of improved freight demand or tight trucking capacity. Our inability to secure the services of these third parties could significantly limit our ability to serve our customers on competitive terms. Additionally, if we are unable to secure sufficient equipment or other transportation services to meet our commitments to our customers or provide services on competitive terms, our operating results could be materially and adversely affected. Our ability to secure sufficient equipment or other transportation services is affected by many risks beyond our control, including equipment shortages in the transportation industry, particularly among contracted truckload carriers, interruptions in service due to labor disputes, changes in regulations impacting transportation, and changes in transportation rates. Further, we believe that the upcoming ELD mandate that is effective in December 2017 may cause a decrease in third party transportation capacity and make securing such capacity more difficult and/or expensive.

We derive a significant portion of our revenues from our major customers, the loss of one or more of which could have a materially adverse effect on our business.

We generate a significant portion of our operating revenue from our major customers. Generally, we do not have long-term contracts with our major customers. Accordingly, in response to economic conditions, supply and demand in the industry, our performance, our customers' internal initiatives, or other factors, our customers may reduce or eliminate their use of our services, or threaten to do so to gain pricing or other concessions from us.

Economic conditions and capital markets may adversely affect our customers' ability to remain solvent. Our customers' financial difficulties can negatively impact our results of operations and financial condition, especially if these customers were to delay or default on payments owed to us. A reduction in or termination of our services by one or more of our major customers could have a materially adverse effect on our results of operations.

We operate in a highly regulated industry, and changes in existing regulations or violations of existing or future regulations could have a materially adverse effect on our results of operations.

We operate in the United States pursuant to operating authority granted by the DOT, in various Canadian provinces pursuant to operating authority granted by the Ministries of Transportation and Communications, and our Mexican business activities are subject to operating authority granted by Secretaria de Comunicaciones y Transportes. Company drivers and independent contractors also must comply with the safety and fitness regulations of the DOT, including those relating to drug and alcohol testing, driver safety performance, and HOS. Matters such as weight, electronic on-board reporting, equipment dimensions, exhaust emissions, and fuel efficiency are also subject to government regulations. We also may become subject to new or more restrictive regulations relating to fuel

efficiency, exhaust emissions, HOS, ergonomics, electronic on-board reporting of operations, collective bargaining, security at ports, speed limiters, and other matters affecting safety or operating methods. Future laws and regulations may be more stringent, require changes in our operating practices, influence the demand for transportation services, or require us to incur significant additional costs. Higher costs we incur, or higher costs incurred by suppliers who pass the costs on to us, could have a materially adverse effect our results of operations. In addition, the Trump administration has indicated a desire to reduce regulatory burdens that constrain growth and productivity, and also to introduce legislation such as infrastructure spending, that could improve growth and productivity. Changes in regulations, such as those related to trailer size limits, hours-of-service, and mandating ELDs, could increase capacity in the industry or improve the position of certain competitors, either of which could negatively impact pricing and volumes, or require additional investments by us. The short and long term impacts of changes in legislation or regulations are difficult to predict and could materially adversely affect our operations. The Regulation section in Item 1 of Part I of this Annual Report on Form 10-K discusses several proposed, pending, suspended, and final regulations that could materially impact our business and operations and is incorporated by reference herein.

The CSA program adopted by the FMCSA could adversely affect our results of operations, our ability to maintain or grow our fleet, and our customer relationships.

Under the CSA, fleets are evaluated and ranked against their peers based on certain safety-related standards. As a result, our fleet could be ranked poorly as compared to peer carriers. We recruit and retain first-time drivers to be part of our driver team, and these drivers may have a higher likelihood of creating adverse safety events under CSA. The occurrence of future deficiencies could affect driver recruitment by causing high-quality drivers to seek employment with other carriers or limit the pool of drivers we are comfortable hiring or could cause our customers to direct their business away from us and to carriers with higher fleet safety rankings, either of which would adversely affect our results of operations. Additionally, competition for drivers with favorable safety backgrounds may increase, which could necessitate increases in driver-related compensation costs. Further, we may incur greater than expected expenses in our attempts to improve unfavorable scores.

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We have exceeded the established intervention thresholds in a number of the seven CSA safety-related categories. Based on these unfavorable ratings, we may be prioritized for an intervention action or roadside inspection, either of which could have a material adverse effect our results of operations. In addition, customers may be less likely to assign loads to us. We have put procedures in place in an attempt to address areas where we have exceeded the thresholds. However, we cannot assure you these measures will be effective.

Receipt of an unfavorable DOT safety rating could have a materially adverse effect on our results of operations.

We currently have a satisfactory DOT rating, which is the highest available rating under the current safety rating scale. If we were to receive a conditional or unsatisfactory DOT safety rating, it could materially adversely affect our business, financial condition, and results of operations as our customers may require a satisfactory DOT safety rating, and a conditional or unsatisfactory rating could materially adversely affect or restrict our operations. The Regulation section in Item 1 of Part I of this Annual Report on Form 10-K discusses several proposed, pending, suspended, and final regulations that could materially impact our business and operations and is incorporated by reference herein.

Compliance with various environmental laws and regulations upon which our operations are subject may increase our costs of operations and non-compliance with such laws and regulations could result in substantial fines or penalties.

In addition to direct regulation under the DOT and related agencies, we are subject to various environmental laws and regulations dealing with the hauling and handling of hazardous materials, fuel storage tanks, air emissions from our vehicles and facilities, and discharge and retention of storm water. Our truck terminals often are located in industrial areas where groundwater or other forms of environmental contamination may have occurred or could occur. Our operations involve the risks of fuel spillage or seepage, environmental damage, and hazardous waste disposal, among others. We also maintain above-ground bulk fuel storage tanks and fueling islands at several of our facilities and one leased facility has below-ground bulk fuel storage tanks. A small percentage of our freight consists of low-grade hazardous substances, which subjects us to a wide array of regulations. Although we have instituted programs to monitor and control environmental risks and promote compliance with applicable environmental laws and regulations, if we are involved in a spill or other accident involving hazardous substances, if there are releases of hazardous substances we transport, if soil or groundwater contamination is found at our facilities or results from our operations, or if we are found to be in violation of applicable laws or regulations, we could be subject to cleanup costs and liabilities, including substantial fines or penalties or civil and criminal liability, any of which could have a materially adverse effect on our business and operating results. The Regulation section in Item 1 of Part I of this Annual Report on Form 10-K discusses several proposed, pending, suspended, and final regulations that could materially impact our business and operations and is incorporated by reference herein.

If we cannot effectively manage the challenges associated with doing business internationally, our operating revenue and results of operations may suffer.

A component of our operations is the business we conduct in Mexico, and to a lesser extent Canada, and we are subject to risks of doing business internationally, including fluctuations in foreign currencies, changes in the economic strength of Mexico and Canada, difficulties in enforcing contractual obligations and intellectual property rights, burdens of complying with a wide variety of international and United States export and import laws, and social, political, and economic instability. Restrictive trade policies and imposition of duties, taxes, or government royalties by foreign governments are additional risks associated with our foreign operations. Although these additional risks have been largely mitigated by the terms of NAFTA, President Trump has indicated that his administration may renegotiate the terms of NAFTA. Although it is unknown what changes might be made to NAFTA or other border policies which may be adopted, it is possible there could be more restrictive trade policies and potential increased costs, as well as increased regulatory complexities. Changes to NAFTA may adversely affect our results of operations.

Litigation may adversely affect our business, financial condition, and results of operations.

Our business is subject to the risk of litigation by employees, independent contractors, customers, vendors, government agencies, stockholders, and other parties through private actions, class actions, administrative proceedings, regulatory actions, and other processes. Recently, trucking companies have been subject to lawsuits, including class action lawsuits, alleging violations of various federal and state wage and hour laws regarding, among other things, employee meal breaks, rest periods, overtime eligibility, worker misclassification, and failure to pay for all hours worked. A number of these lawsuits have resulted in the payment of substantial settlements or damages by the defendants.

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The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend litigation may also be significant. Not all claims are covered by our insurance, and there can be no assurance that our coverage limits will be adequate to cover all amounts in dispute. To the extent we experience claims that are uninsured, exceed our coverage limits, involve significant aggregate use of our self-insured retention amounts, or cause increases in future premiums, the resulting expenses could have a materially adverse effect on our business, results of operations, financial condition, or cash flows.

We depend on the proper functioning, availability, and security of our information and communication systems, and a systems failure or unavailability or a security breach could cause a significant disruption to and adversely affect our business.

We depend heavily on the proper functioning, availability, and security of our information and communication systems, including financial reporting and operating systems, in operating our business. These systems are protected through physical and software safeguards, but are still vulnerable to fire, storm, flood, power loss, telecommunications failures, physical or software break-ins, terrorist attacks, internet failures, computer viruses, and similar events beyond our control. If the information or communication systems fail, otherwise become unavailable, or experience a security breach, manually performing functions could temporarily impact our ability to manage our fleet efficiently, to respond to customers' requests effectively, to maintain billing and other records reliably, to bill for services accurately or in a timely manner, to communicate internally and with drivers, customers, and vendors, and to prepare financial statements accurately or in a timely manner. Business interruption insurance may be inadequate to protect us in the event of a catastrophe. Any system failure, upgrade complication, security breach, or other system disruption could interrupt or delay operations, damage our reputation, impact our ability to manage our operations and report financial performance, and cause the loss of customers, any of which could have a materially adverse effect on existing and future business.

We are in the midst of a multi-year process to migrate our legacy mainframe platform and internally developed software applications to server-based platforms. We still have a few remaining systems to convert. Changes to our information technology system could result in delays, complications, or additional costs, any of which could have a materially adverse effect on our business and results of operations.

During 2014, we began to host all of our production systems at a remote data center designed to store and preserve our data. This data center replicates all production data back to the data center at our headquarters, which protects our information in the event of a fire or other significant disaster. This redundant data center allows the data related to our systems to be recovered following an incident. However, recovery of such data may not immediately restore our ability to utilize our information and communications systems. In the event such systems were significantly damaged, it could take several days before our systems regain functionality. Additionally, although we attempt to reduce the risk of disruption to our business operations should a disaster occur through redundant computer systems and networks, such as the one described above, and other backup systems, there can be no assurance that such measures will be

effective in restoring lost data or restoring the functionality of our information and communication systems.

We receive and transmit confidential data with and among our customers, drivers, vendors, employees, and service providers in the normal course of business. Despite our implementation of secure transmission techniques, internal data security measures, and monitoring tools, our information and communication systems are vulnerable to security threats and breach attempts from both external and internal sources. Any such breach could result in disruption of communications with our customers, drivers, vendors, employees, and service providers and improper access to, misappropriation of, altering, or deleting information in our systems, including customer, driver, vendor, employee, and service provider information and our proprietary business information. A security breach could damage our business operations and reputation and could cause us to incur costs associated with repairing our systems, increased security, customer notifications, lost operating revenue, litigation, regulatory action, fines and penalties and reputational damage.

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Seasonality and the impact of weather and other catastrophic events affect our operations and profitability.

Our tractor productivity decreases during the winter season because inclement weather impedes operations, and some shippers reduce their shipments after the winter holiday season. Revenue can also be affected by bad weather and holidays, since revenue is directly related to available working days of shippers. At the same time, operating expenses increase and fuel efficiency declines because of engine idling and harsh weather creating higher accident frequency, increased claims, and more equipment repairs. We may also suffer from weather-related or other unforeseen events such as tornadoes, hurricanes, blizzards, ice storms, floods, fires, earthquakes, and explosions. These events may disrupt fuel supplies, increase fuel costs, disrupt freight shipments or routes, affect regional economies, destroy our assets, or adversely affect the business or financial condition of our customers, any of which could have a materially adverse effect on our results of operations or make our results of operations more volatile.

We cannot guarantee that our share repurchase program will not negatively impact our stock price or financial condition.

Our board of directors has approved a share repurchase program under which we may purchase up to two million shares of our common stock. The specific timing, manner, price, amount and other terms of the repurchases will be at management's discretion and will depend on market conditions, corporate and regulatory requirements, and other factors. There can be no assurance that repurchases will be made at the best possible price. We are not required to repurchase shares under the repurchase program, and we may modify, suspend, or terminate the repurchase program at any time for any reason. We did not purchase any shares between September 2016 and the date of this Form 10-K. We cannot predict the impact that future repurchases, if any, of our common stock under this program will have on our stock price or earnings or loss per share. When we are operating at net loss, share repurchases increase the amount of loss per share. Important factors that could cause us to discontinue or decrease our share repurchases include, among others, unfavorable market conditions, the market price of our common stock, the nature of other investment or strategic opportunities presented to us from time to time, the rate of dilution of our equity compensation programs, the availability of funds necessary to continue purchasing stock, and provisions in our credit facility that restrict repurchases based upon availability. In addition, we have incurred indebtedness in connection with repurchases, which has reduced availability on our Credit Facility, reduced our net worth, and increased our debt-to-capitalization ratio and increased our debt to adjusted EBITDA ratio. Accordingly, our share repurchase program could adversely affect our earnings, cash flows, liquidity, and ability to refinance our Credit Facility, any of which could negatively impact our stock price or financial condition.

Uncertainty relating to piece rate legislation could result in litigation or have a material adverse effect on our operating results.

The trucking industry has been confronted with a continuous patchwork of laws at the state and local levels, related to employee rest and meal breaks. Further, driver piece rate compensation, which is an industry standard, has been attacked as not being compliant with state minimum wage laws. Both of these issues are adversely impacting the Company and motor carrier industry as a whole, with respect to the practical application of the laws; thereby resulting in additional cost. In May 2015, the Supreme Court of the United States refused to grant certiorari to Appellees in the United States Court of Appeals for the Ninth Circuit case, Dilts, et al. v. Penske Logistics, LLC, et al. Consequently, the Appeals Court decision stands, holding that California state wage and hour laws are not preempted by federal law. Existing state and local laws, as well as new laws adopted in the future, which are not preempted by federal law, may result in increased labor costs, driver turnover, reduced operational efficiencies and amplified legal exposure.

The transportation industry is subject to security requirements that could increase our costs of operation.

Because transportation assets continue to be a target of terrorist activities, federal, state and municipal governments are adopting or are considering adopting stricter security requirements that will increase operating costs and potentially slow service for businesses, including those in the transportation industry. For example, in the aftermath of the September 11, 2001, terrorist attacks, federal, state and municipal authorities implemented and continue to implement various security measures, including checkpoints and travel restrictions on large trucks. In addition, the TSA has adopted regulations that require determination by the TSA that each driver who applies for or renews his license for carrying hazardous materials is not a security threat. These regulations could reduce the pool of qualified drivers, which could require us to increase driver compensation, limit fleet growth, or allow trucks to sit idle. These regulations also could complicate the successful pairing of available equipment with hazardous material shipments, thereby increasing the Company’s response time and deadhead miles on customer shipments. These requirements are not static, but change periodically as the result of regulatory and legislative requirements, imposing additional security costs and creating a level of uncertainty for our operations. Thus, it is possible that these rules or other future security requirements could impose material costs on us or slow our service to our customers. Moreover, a terrorist attack directed at the Company or other aspects of the transportation infrastructure could disrupt our operations and adversely impact demand for our services.

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Item 1B. ***UNRESOLVED STAFF COMMENTS***

None.

Item 2. ***PROPERTIES***

USA Truck's executive offices and headquarters are located on approximately 104 acres in Van Buren, Arkansas. This facility consists of approximately 117,000 square feet of office space, training and driver facilities, and approximately 30,000 square feet of maintenance space. The headquarters also has approximately 11,000 square feet of warehouse space and two other structures with approximately 22,000 square feet of office and warehouse space which are currently leased to a third party. All of our owned properties are subject to mortgages to secure our financing arrangements.

The Company's network consists of 14 facilities, including USAT Logistics offices and one terminal facility in Laredo, Texas, which is one of the largest inland freight gateway cities between the United States and Mexico, operated by a wholly owned subsidiary, International Freight Services, Inc. As of December 31, 2016, the Company's active facilities were located in or near the following cities:

		Driver		Dispatch	Own or
Trucking facilities:	Shop	Facilities	Fuel	Office	Lease
Van Buren, Arkansas	Yes	Yes	No	Yes	Own
West Memphis, Arkansas	Yes	Yes	No	Yes	Own/Lease (2)
Vandalia, Ohio	Yes	Yes	No (1)	No	Own
Spartanburg, South Carolina	Yes	Yes	No	No	Own (3)
Laredo, Texas	Yes	Yes	No	Yes	Own/Lease (4)
USAT Logistics facilities:					
Springdale, Arkansas	No	No	No	Yes	Lease
Van Buren, Arkansas	Yes	Yes	No	Yes	Own
Roseville, California	No	No	No	Yes	Lease
Los Angeles, California	No	No	No	Yes	Lease
Jacksonville, Florida	No	No	No	Yes	Lease
Atlanta, Georgia	No	No	No	Yes	Lease
Oak Brook, Illinois	No	No	No	Yes	Lease
Plano, Texas	No	No	No	Yes	Lease
Seattle, Washington	No	No	No	Yes	Lease
Administrative facilities:					
Lebanon, Indiana	No	No	No	Yes	Lease

(1) Infrastructure is in place, but not currently utilized.
(2) USA Truck owns the terminal facility and holds an easement relating to less than one acre.
(3) USA Truck has been actively marketing the facility and expects it to be sold during 2017.
(4) USA Truck owns the terminal facility and leases an adjacent six acres for tractor and trailer parking.

Item 3. ***LEGAL PROCEEDINGS***

USA Truck is a party to routine litigation incidental to its business, primarily involving claims for personal injury and property damage incurred in the transportation of freight. Though the Company believes these claims to be routine and immaterial to its long-term financial position, adverse results of one or more of these claims could have a material adverse effect on its financial position, results of operations or cash flow in a quarter or annual reporting period.

Item 4. ***MINE SAFETY DISCLOSURES***

None.

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PART II

Item 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

USA Truck's common stock is quoted on the NASDAQ Global Select Market under the symbol "USAK." The following table sets forth, for the periods indicated, the high and low sale prices of the Company's common stock as reported by the NASDAQ Global Select Market.

	2016		2015	
Quarter Ended:	High	Low	High	Low
March 31	**$19.19**	**$11.58**	$32.14	$25.01
June 30	**21.46**	**15.03**	29.08	21.19
September 30	**20.16**	**9.96**	24.29	16.33
December 31	**10.63**	**7.65**	21.32	15.99

As of February 17, 2017, there were 152 holders of record (including brokerage firms and other nominees) of USA Truck common stock. On February 17, 2017, the closing price per share of USA Truck common stock on the NASDAQ Global Select Market was $9.485.

Dividend Policy

The Company has not paid any dividends on its common stock to date, and does not anticipate paying any dividends at the present time. The Company currently intends to retain all of its earnings, if any, for use in the expansion and development of its business and reduction of debt. The Company's Credit Facility places restrictions on its ability to pay dividends. Future payments of dividends will depend upon the Company's financial condition, results of operations, capital commitments, restrictions under then-existing agreements, legal requirements, and other factors the Company deems relevant.

Equity Compensation Plan Information

For information on USA Truck's equity compensation plans, please refer to Item 12 of Part III of this Form 10-K.

Repurchase of Equity Securities

On February 2, 2016 the Company announced the board of directors had authorized the repurchase of up to two million shares of the Company's common stock, which will expire in February 2019 unless earlier terminated or extended by the board of directors. During 2016, the Company, through a Rule 10b5-1 plan, repurchased 1,583,249 shares at an average price of $18.05 per share for an aggregate cost of approximately $28.4 million. Of the total shares repurchased during 2016, 46,262 shares were repurchased during January 2016 under a previously announced repurchase authorization. On August 9, 2016, the Company announced the board of directors halted the Rule 10b5-1 plan, with 463,013 shares remaining available for repurchase as of December 31, 2016.

Item 6. ***SELECTED FINANCIAL DATA***

The following selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," under Part II, Item 7 of this Form 10-K and the consolidated financial statements and accompanying footnotes under Part II, Item 8 of this Form 10-K (dollar amounts in thousands, except per share data).

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	Year Ended December 31,				
Consolidated statement of operations data:	**2016**	2015	2014	2013	2012
Operating revenue	**$429,099**	$507,934	$602,477	$555,005	$512,428
Operating (loss) income	**(7,516)**	23,071	17,653	(10,101)	(23,446)
Net (loss) income	**(7,699)**	11,069	6,285	(9,993)	(17,778)
Diluted (loss) earnings per share	**(0.90)**	1.06	0.60	(0.97)	(1.72)
Consolidated balance sheet data:					
Cash and cash equivalents	**$122**	$87	$205	$14	$1,742
Total assets	**294,968**	286,456	303,944	301,552	322,321
Long-term debt, capital leases and note payable, including current portion	**152,418**	101,435	117,512	128,891	138,285
Stockholders' equity	**58,463**	93,777	99,068	92,397	102,172
Total debt, less cash, to total capitalization ratio	**72.2 %**	51.9 %	54.2 %	58.2 %	56.8 %
Other financial data:					
Operating ratio	**101.8 %**	95.5 %	97.1 %	101.8 %	104.6 %
Adjusted operating ratio (1) (unaudited)	**100.4 %**	94.3 %	96.4 %	100.9 %	105.7 %

(1) See "Consolidated Reconciliations" below.

The Company reports adjusted operating ratio, which is a financial measure that is not prescribed or authorized by U.S. generally accepted accounting principles ("GAAP").

Adjusted operating ratio, as defined here, is a non-GAAP financial measure, as defined by the SEC. Management uses adjusted operating ratio as a supplement to the Company's GAAP results in evaluating certain aspects of its business, as described below. Adjusted operating ratio is not a substitute for operating margin or any other measure derived solely from GAAP measures. There are limitations to using non-GAAP measures such as adjusted operating ratio. Although management believes that adjusted operating ratio can make an evaluation of the Company's operating performance more consistent because it removes items that, in management's opinion, do not reflect its core operating performance, other companies in the transportation industry may define adjusted operating ratio differently. As a result, it may be difficult to use adjusted operating ratio or similarly named non-GAAP measures that other companies may use to compare the performance of those companies to USA Truck's performance.

Adjusted operating ratio is calculated as operating expenses less restructuring, impairment and other costs, and severance costs included in salaries, wages and employee benefits, net of fuel surcharge, as a percentage of operating revenue excluding fuel surcharge revenue.

USA Truck's board of directors and chief operating decision-makers also focus on adjusted operating ratio as an indicator of the Company's performance from period to period. Management believes fuel surcharge can be volatile and eliminating the impact of this source of revenue (by netting fuel surcharge revenue against fuel expense) affords a

more consistent basis for comparing results of operations.

Management believes its presentation of adjusted operating ratio is useful because it provides investors and securities analysts the same information that the Company uses internally for purposes of assessing its core operating performance.

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Consolidated Reconciliations

Pursuant to the requirements of Regulation G, reconciliations of non-GAAP financial measures to GAAP financial measures have been provided in the table below for operating ratio (in thousands):

Adjusted Operating Ratio

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Operating revenue	**$429,099**	$507,934	$602,477	$555,005	$512,428
Less:					
Fuel surcharge revenue	**40,929**	58,981	108,133	111,150	103,709
Base revenue	**388,170**	448,953	494,344	443,855	408,719
Operating expense	**436,615**	484,863	584,824	565,106	535,874
Adjusted for:					
Restructuring, impairment and other costs (1)	**(5,264)**	(2,742)	--	--	--
Severance included in salaries, wages and other (2)	**(839)**	--	--	--	--
Long-term claims liability reserve adjustment (3)	**--**	--	--	(5,970)	--
Fuel surcharge revenue	**(40,929)**	(58,981)	(108,133)	(111,150)	(103,709)
Adjusted operating expense	**$389,583**	$423,140	$476,691	$447,986	$432,165
Operating ratio	**101.8 %**	95.5 %	97.1 %	101.8 %	104.6 %
Adjusted operating ratio	**100.4 %**	94.3 %	96.4 %	100.9 %	105.7 %

Segment Reconciliations

Trucking Segment

	Year Ended December 31,		
	2016	2015	2014
Revenue	**$295,807**	$356,528	$424,082
Less: intersegment eliminations	**1,281**	2,048	587
Operating revenue	**294,526**	354,480	423,495
Less: fuel surcharge revenue	**32,090**	46,799	87,198
Base revenue	**$262,436**	$307,681	$336,297
Operating expense	**$309,315**	$343,392	$426,617

Adjusted for:			
Restructuring, impairment and other costs (1)	**(4,848)**	(2,742)	--
Severance included in salaries, wages and other (2)	**(839)**	--	--
Fuel surcharge revenue	**(32,090)**	(46,799)	(87,198)
Adjusted operating expense	**$271,538**	$293,851	$339,419
Operating ratio	**105.0 %**	96.9 %	100.7 %
Adjusted operating ratio	**103.5 %**	95.5 %	100.9 %

USAT Logistics Segment

	Year Ended December 31,		
	2016	2015	2014
Revenue	**$140,847**	$158,295	$192,924
Less: intersegment eliminations	**6,274**	4,841	13,942
Operating revenue	**134,573**	153,454	178,982
Less: fuel surcharge revenue	**8,839**	12,182	20,935
Base revenue	**$125,734**	$141,272	$158,047
Operating expense	**$127,300**	$141,471	$158,207
Adjusted for:			
Restructuring, impairment and other costs (1)	**(416)**	--	--
Fuel surcharge revenue	**(8,839)**	(12,182)	(20,935)
Adjusted operating expense	**$118,045**	$129,289	$137,272
Operating ratio	**94.6 %**	92.2 %	88.4 %
Adjusted operating ratio	**93.9 %**	91.5 %	86.9 %

(1) During 2016 and 2015, the Company recognized $5.3 million and $2.7 million, respectively, in restructuring, impairment and other costs relating to the termination of employment of certain executives and the closure of maintenance facilities. See "Item 8. Financial Statements and Supplementary Data – Note 15: Restructuring, impairment and other costs" in this Form 10-K for further discussion.

(2) During 2016, the Company recognized $0.7 million in severance costs included in the "Salaries, wages and employee benefits" line item relating to the resignation of certain executives and $0.1 million associated with severances for a reduction in force implemented during the fourth quarter of 2016. See "Item 8. Financial Statements and Supplementary Data – Note 15: Restructuring, impairment and other costs" in this Form 10-K for further discussion.

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Item 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read together with the Business section in Part 1, Item 1, as well as the consolidated financial statements and accompanying footnotes in Part II, Item 8, of this Form 10-K. This discussion contains forward-looking statements as a result of many factors, including those set forth under Part I, Item 1A "Risk Factors," Part I "Cautionary Note Regarding Forward-Looking Statements," and elsewhere in this report. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially from those discussed herein. MD&A summarizes the financial statements from management's perspective with respect to the Company's financial condition, results of operations, liquidity and other factors that may affect actual results.

The MD&A is organized in the following sections:

Business Overview
Executive Overview
Results of Operations
Liquidity and Capital Resources
Contractual Obligations and Commitments
Off-Balance Sheet Arrangements
Critical Accounting Estimates

Business Overview

USA Truck offers a broad range of truckload and logistics services to a diversified customer base that spans a variety of industries. The Company has two reportable segments: (i) Trucking, consisting of one-way truckload services, in which volumes typically are not contractually committed, and dedicated contract services, in which a combination of equipment and drivers is contractually committed to a particular customer, typically for a duration of at least one year, and (ii) USAT Logistics, formerly referred to as "SCS," consisting of freight brokerage and rail intermodal service offerings, in which the Company retains control of the customer relationship and contracts for the use of a third party's transportation assets. The Trucking segment provides truckload transportation, including dedicated services, of various products, goods, and materials. The Company's USAT Logistics service offering matches customer shipments with available equipment of authorized carriers and provides services that complement the Company's Trucking operations. USAT Logistics provides these services primarily to existing Trucking customers, many of whom prefer to rely on a single carrier, or a small group of carriers, to provide all their transportation solutions.

Revenue for the Company’s Trucking segment is substantially generated by transporting freight for customers, and is predominantly affected by the rates per mile received from customers, the number of tractors in operation, and the number of revenue generating miles per tractor. USA Truck enhances its Trucking operating revenue by charging for fuel surcharge, and ancillary services such as stop-off pay, loading and unloading activities, tractor and trailer detention and other similar services.

Operating expenses that have a major impact on the profitability of the Trucking segment are primarily the variable costs or mostly variable costs of transporting freight for customers. These costs include driver salaries and benefits, fuel and fuel taxes, payments to independent contractors, operating and maintenance expense and insurance and claims. In addition, the fixed or mostly fixed costs associated with non-driving personnel, terminal infrastructure, and depreciation, interest, rent, and gain or loss on disposition of revenue equipment, can significantly affect the Company’s margins to the extent revenue from this segment is spread over more or less fixed cost burden.

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To mitigate the Company's exposure to fuel price increases, it recovers from its customers additional fuel surcharges that generally recoup a majority of the increased fuel costs; however, the Company cannot assure its recovery levels experienced in the past will continue in future periods. Although its fuel surcharge program mitigates some exposure to rising fuel costs, the Company continues to have exposure to increasing fuel costs related to deadhead miles, fuel inefficiency due to engine idle time, and other factors, including the extent to which the surcharge paid by the customer is insufficient to compensate for fuel expense, particularly in times of rapidly increasing fuel prices. The main factors that affect fuel surcharge revenue are the price of diesel fuel and the number of loaded miles. The fuel surcharge is billed on a lagging basis, meaning the Company typically bills customers in the current week based on the previous week's applicable United States Department of Energy, or DOE, index. Therefore, in times of increasing fuel prices, the Company does not recover as much as it is currently paying for fuel. In periods of declining prices, the opposite is true.

The key statistics used to evaluate Trucking revenue, net of fuel surcharge, are (i) base revenue per seated tractor per week, (ii) average miles per seated tractor per week, (iii) average base revenue per loaded mile, (iv) deadhead percentage, (v) average loaded miles per trip and (vi) average number of seated tractors. In general, the Company's average miles per tractor per week, rate per mile, and deadhead percentage are affected by industry-wide freight volumes, industry-wide trucking capacity and the competitive environment, which factors are beyond the Company's control, as well as by its service levels and efficiency of its operations, over which the Company has significant control.

The USAT Logistics segment is non asset based and is dependent upon qualified employees, information systems and qualified third-party capacity providers. The largest expense related to the USAT Logistics segment is purchased transportation expense. Other operating expenses consist primarily of salaries, wages and benefits. The Company evaluates the USAT Logistics segment's financial performance by reviewing the gross margin percentage (revenue less purchased transportation expenses (net revenue) expressed as a percentage of revenue) and net revenue. The gross margin and net revenue can be impacted by fluctuations in freight volumes and industry-wide trucking capacity. USAT Logistics often achieves better gross margins during periods of imbalance between supply and demand than times of balanced supply and demand, although periods of transition to tight capacity also can compress margins.

The Company expects to continue refining the freight network toward a more optimal mix of lanes and markets in its Trucking business, work toward seating a higher percentage of the Company's fleet and growing the independent contractor fleet, and focus on improving rates, all with the goal of better utilizing Company tractors and improving key operating metrics. By focusing on these areas, management believes it will make progress on its goals of improving the Company's improving operating performance and increasing stockholder value.

Executive Overview

Our results for 2016 compared to 2015 are summarized below and were negatively impacted by a soft freight environment for both our Trucking and USAT Logistics segments. Our Trucking segment suffered from lower base revenue per loaded mile, a smaller fleet, and a high percentage of unseated tractors. The difficult operating environment also impacted our USAT Logistics segment, which experienced lower net revenue and operating income, with a similar gross margin to 2015. The Company's performance in 2016 was unacceptable, which was one of the primary reasons the management team was realigned. Our re-aligned management team has confidence in our strategy, and significant efforts are underway with the goal of returning the Company to profitability in the first half of 2017. In our Trucking segment, we are focused on seating a higher percentage of our tractor fleet, capitalizing on more aggressive sales activities and market conditions to improve base revenue yield, and growing our independent contractor fleet. At USAT Logistics, we are pursuing growth opportunities in Mexico, with our Plus Power fleet, and with our agent network. In all aspects of our business we have a relentless focus on cost controls, having taken actions in the second half of 2016 and early 2017 to reduce costs. Further, capital expenditures have been reduced substantially in an effort to reduce our balance sheet leverage ratios to acceptable levels targeted to be between 2.5x – 3.0x our total debt and capital lease obligations, net of cash, to adjusted EBITDA. Potential headwinds for 2017 are expected to include a driver pay spike with tighter regulations associated with the ELD regulatory mandate, a depressed used equipment market, fuel price increases, a tightening of the insurance markets that could increase our premiums or self-insured risks upon renewal, and margin compression and growth restrictions at USAT Logistics with reduced industry capacity associated with the ELD regulatory mandate.

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The following tables summarize the consolidated statements of operations (in thousands) and percentage of consolidated operating revenue and the percentage increase or decrease in the dollar amounts of those items compared to the prior year.

	2016			2015			
	$	% Operating Revenue	Adjusted Operating Ratio (1)	$	% Operating Revenue	Adjusted Operating Ratio (1)	% Change in Dollar Amounts
Base revenue	**$388,170**	**90.5 %**		$448,953	88.4 %		(13.5)%
Fuel surcharge revenue	**40,929**	**9.5**		58,981	11.6		(30.6)
Operating revenue	**$429,099**	**100.0 %**		$507,934	100.0 %		(15.5)
Operating expenses	**436,615**	**101.8**	**100.4 %**	484,863	95.5	94.3 %	(10.0)
Operating (loss) income	**(7,516)**	**(1.8)**	**(0.4)**	23,071	4.5	5.7	(132.6)
Other expenses:							
Interest expense	**3,178**	**0.7**		2,237	0.4		42.1
Loss on extinguishment of debt (2)	**--**	**--**		750	0.2		(100.0)
Other, net	**524**	**0.1**		743	0.1		(29.5)
Total other expenses, net	**3,702**	**0.9**		3,730	0.7		(0.8)
(Loss) income before income taxes	**(11,218)**	**(2.6)**		19,341	3.8		(158.0)
Income tax (benefit) expense	**(3,519)**	**(0.8)**		8,272	1.6		(142.5)
Net (loss) income	**$(7,699)**	**(1.8)%**		$11,069	2.2 %		(169.6)%

	2015			2014			
	$	% Operating Revenue	Adjusted Operating Ratio (1)	$	% Operating Revenue	Adjusted Operating Ratio (1)	% Change in Dollar Amounts
Base revenue	$448,953	88.4 %		$494,344	82.1 %		(9.2)%
Fuel surcharge revenue	58,981	11.6		108,133	17.9		(45.5)
Operating revenue	$507,934	100.0 %		$602,477	100.0 %		(15.7)

Operating expenses	484,863	95.5	94.3	%	584,824	97.1	96.4	%	(17.1	)
Operating income	23,071	4.5	5.7		17,653	2.9	3.6		30.7	
Other expenses:										
Interest expense	2,237	0.4			3,008	0.5			(25.6	)
Defense costs (3)	--	--			2,764	0.5			(100.0	)
Loss on extinguishment of debt (2)	750	0.2			--	--			100.0	
Other, net	743	0.1			245					