

MARTEN TRANSPORT LTD  
Form 10-Q  
May 10, 2010

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

**Quarterly Report Under Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**For the Quarter ended March 31, 2010**

**Commission File Number 0-15010**

**MARTEN TRANSPORT, LTD.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of incorporation)

**39-1140809**  
(I.R.S. employer  
identification no.)

**129 Marten Street, Mondovi, Wisconsin 54755**

(Address of principal executive offices)

**715-926-4216**

(Registrant's telephone number)

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 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  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 Exchange Act Rule 12b-2). Yes  No

The number of shares outstanding of the Registrant's Common Stock, par value \$.01 per share, was 21,920,575 as of May 5, 2010.

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

## MARTEN TRANSPORT, LTD.

## CONSOLIDATED CONDENSED BALANCE SHEETS

(Unaudited)

(In thousands, except share information)	March 31, 2010	December 31, 2009
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,347	\$ 5,410
Marketable securities	118	118
Receivables:		
Trade, net	48,756	45,434
Other	3,083	4,382
Prepaid expenses and other	10,796	12,328
Deferred income taxes	5,693	5,172
Total current assets	72,793	72,844
Property and equipment:		
Revenue equipment, buildings and land, office equipment and other	504,554	491,127
Accumulated depreciation	(144,465)	(149,670)
Net property and equipment	360,089	341,457
Other assets	526	537
<b>TOTAL ASSETS</b>	<b>\$ 433,408</b>	<b>\$ 414,838</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Checks issued in excess of cash balances	\$ 923	\$ 1,671
Accounts payable and accrued liabilities	40,102	31,896
Insurance and claims accruals	18,908	19,222
Current maturities of long-term debt	1,428	1,428
Total current liabilities	61,361	54,217
Long-term debt, less current maturities	7,736	71
Deferred income taxes	84,861	85,643
Total liabilities	153,958	139,931
Stockholders' equity:		
Marten Transport, Ltd. stockholders' equity:		
Preferred stock, \$.01 par value per share; 2,000,000 shares authorized; no shares issued and outstanding		
Common stock, \$.01 par value per share; 48,000,000 shares authorized; 21,920,575 shares at March 31, 2010, and 21,885,073 shares at December 31, 2009, issued and outstanding	219	219
Additional paid-in capital	76,987	76,477
Retained earnings	200,372	196,480
Total Marten Transport, Ltd. stockholders' equity	277,578	273,176
Noncontrolling interest	1,872	1,731
Total stockholders' equity	279,450	274,907
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ 433,408</b>	<b>\$ 414,838</b>

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The accompanying notes are an integral part of these consolidated condensed financial statements.

## MARTEN TRANSPORT, LTD.

## CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share information)	Three Months Ended March 31,	
	2010	2009
OPERATING REVENUE	\$ 125,812	\$ 121,955
OPERATING EXPENSES (INCOME):		
Salaries, wages and benefits	32,402	36,102
Purchased transportation	27,759	22,752
Fuel and fuel taxes	27,593	21,866
Supplies and maintenance	9,010	9,818
Depreciation	13,037	13,433
Operating taxes and licenses	1,505	1,676
Insurance and claims	3,852	5,521
Communications and utilities	813	1,065
Gain on disposition of revenue equipment	(199)	(471)
Other	3,006	2,942
Total operating expenses	118,778	114,704
OPERATING INCOME	7,034	7,251
NET INTEREST (INCOME) EXPENSE	(106)	31
INCOME BEFORE INCOME TAXES	7,140	7,220
Less: Income before income taxes attributable to noncontrolling interest	56	116
INCOME BEFORE INCOME TAXES ATTRIBUTABLE TO MARTEN TRANSPORT, LTD.	7,084	7,104
PROVISION FOR INCOME TAXES	3,192	3,051
NET INCOME	\$ 3,892	\$ 4,053
BASIC EARNINGS PER COMMON SHARE	\$ 0.18	\$ 0.19
DILUTED EARNINGS PER COMMON SHARE	\$ 0.18	\$ 0.18

The accompanying notes are an integral part of these consolidated condensed financial statements.

## MARTEN TRANSPORT, LTD.

## CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS EQUITY

(Unaudited)

(In thousands)	Marten Transport, Ltd. Stockholders				Retained Earnings	Non-controlling Interest	Total Stockholders Equity
	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital				
Balance at December 31, 2008	21,830	\$ 218	\$ 75,305	\$ 180,213	\$ 1,715	\$ 257,451	
Net income				4,053		4,053	
Issuance of common stock from share-based payment arrangement exercises	22	1	87			88	
Tax benefits from share-based payment arrangement exercises			109			109	
Share-based payment arrangement compensation expense			118			118	
Income before income taxes attributable to noncontrolling interest					116	116	
Noncontrolling interest distributions and other, net					66	66	
Balance at March 31, 2009	21,852	219	75,619	184,266	1,897	262,001	
Net income				12,214		12,214	
Issuance of common stock from share-based payment arrangement exercises	33		244			244	
Tax benefits from share-based payment arrangement exercises			146			146	
Share-based payment arrangement compensation expense			468			468	
Income before income taxes attributable to noncontrolling interest					468	468	
Noncontrolling interest distributions					(634)	(634)	
Balance at December 31, 2009	21,885	219	76,477	196,480	1,731	274,907	
Net income				3,892		3,892	
Issuance of common stock from share-based payment arrangement exercises	36		160			160	
Tax benefits from share-based payment arrangement exercises			191			191	
Share-based payment arrangement compensation expense			159			159	
Income before income taxes attributable to noncontrolling interest					56	56	
Noncontrolling interest distributions and other, net					85	85	
Balance at March 31, 2010	21,921	\$ 219	\$ 76,987	\$ 200,372	\$ 1,872	\$ 279,450	

The accompanying notes are an integral part of these consolidated condensed financial statements.

## MARTEN TRANSPORT, LTD.

## CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)	Three Months Ended March 31,	
	2010	2009
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>		
Operations:		
Net income	\$ 3,892	\$ 4,053
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	13,037	13,433
Gain on disposition of revenue equipment	(199)	(471)
Deferred income taxes	(1,303)	1,706
Tax benefits from share-based payment arrangement exercises	191	109
Excess tax benefits from share-based payment arrangement exercises	(164)	(93)
Share-based payment arrangement compensation expense	159	118
Income before income taxes attributable to noncontrolling interest	56	116
Changes in other current operating items:		
Receivables	(2,023)	5,612
Prepaid expenses and other	1,532	2,122
Accounts payable and accrued liabilities	3,813	311
Insurance and claims accruals	(314)	334
Net cash provided by operating activities	18,677	27,350
<b>CASH FLOWS USED FOR INVESTING ACTIVITIES:</b>		
Revenue equipment additions	(34,948)	(17,614)
Proceeds from revenue equipment dispositions	10,017	4,775
Buildings and land, office equipment and other additions	(2,231)	(1,613)
Proceeds from buildings and land, office equipment and other dispositions	85	110
Net change in other assets	11	106
Purchases of marketable securities		(34,977)
Sales of marketable securities		22,732
Net cash used for investing activities	(27,066)	(26,481)
<b>CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES:</b>		
Borrowings under credit facility and long-term debt	27,946	
Repayment of borrowings under credit facility and long-term debt	(20,281)	
Issuance of common stock from share-based payment arrangement exercises	160	88
Excess tax benefits from share-based payment arrangement exercises	164	93
Change in net checks issued in excess of cash balances	(748)	(1,335)
Noncontrolling interest distributions and other, net	85	66
Net cash provided by (used for) financing activities	7,326	(1,088)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,063)</b>	<b>(219)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of period	5,410	2,395
End of period	\$ 4,347	\$ 2,176
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for:		
Interest	\$ 45	\$ 64
Income taxes	\$ 2,047	\$ 1,454
Non-cash investing activities:		
Change in revenue equipment not yet paid for	\$ 4,393	\$ 244



The accompanying notes are an integral part of these consolidated condensed financial statements.

**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**

**THREE MONTHS ENDED MARCH 31, 2010**

**(Unaudited)**

(1) Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial statements, and therefore do not include all information and disclosures required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, such statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary to fairly present our consolidated financial condition, results of operations and cash flows for the interim periods presented. The results of operations for any interim period do not necessarily indicate the results for the full year. The unaudited interim consolidated financial statements should be read with reference to the consolidated financial statements and notes to consolidated financial statements in our 2009 Annual Report on Form 10-K.

The accompanying unaudited consolidated condensed financial statements include the accounts of Marten Transport, Ltd., its subsidiaries and its 45% owned affiliate, MW Logistics, LLC (MWL). MWL is a third-party provider of logistics services to the transportation industry. We have applied the provisions of Financial Accounting Standards Board Accounting Standards Codification, or FASB ASC, 810, *Consolidation* to our investment in MWL and have determined that Marten is the primary beneficiary based on MWL's equity structure. All material intercompany accounts and transactions have been eliminated in consolidation. MWL has elected to be classified as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by MWL.

(2) Earnings Per Common Share

Basic and diluted earnings per common share were computed as follows:

**Three Months**