Experience
Response
Opportunity

USA TRUCK®

Annual Report 2000

Company Profile

USA Truck is a medium haul, common and contract carrier specializing in truckload quantities of general commodities. The company operates in the 48 contiguous United States and the Canadian provinces of Ontario and Quebec and in Mexico through the gateway city of Laredo, Texas.

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To Our Stockholders

USA Truck took some lumps during the year 2000. Our Company posted $227 million in revenues last year, our twelfth consecutive year of sales growth. However, our profit decreased 98.9% to $94,000, or $.01 per fully diluted share.

While we are not proud of our bottom line, we are proud of our reaction to the adversity we faced last year. Our management team has thoroughly studied the issues contributing to last year's substandard performance. Based on what we found, we have implemented a recovery plan that specifically targets both our strengths and our weaknesses.

What we found was that a series of external economic events – an unprecedented tightening in the labor market, a sagging used tractor market, skyrocketing fuel prices, steadily climbing interest rates and a slowing economy – catalyzed by our November 1, 1999 acquisition of CCC Express, Inc., came together in 2000 to adversely affect our net income.

We have implemented an aggressive recovery plan with very specific goals in response. The plan is centered on a substantial driver pay increase that was effective October 1, 2000, the crux of which is to improve the quality and amount of driving experience of newly hired drivers.

The payback should come in the form of drastically reduced driver turnover and reduction of related cost, fewer and less expensive accidents, better utilization and more consistent customer service. We are proud to announce that we manned our last available tractor on February 15, 2001, ahead of the February 28 goal.

USA Truck continues to wage war on costs with an in-depth benchmarking program to compare our current profitability to that of prior years. We have identified areas where costs other than those related to driver quality have crept up on us. Concerted efforts are being made to bring those costs back in line with historical performance.

We see the labor market loosening in 2001, further strengthening our driver hiring position. Coupled with declining interest rates and an under-capacity in the industry forecasted by many analysts, we believe this plan will return us to the circle of top truckload carriers in terms of profitability.

We also said goodbye to one of our original six Officers, Breck Speed, who retired in October 2000, after 12 years as Chairman of the Board. His presence and his many years of experience in the trucking business will be missed. We wish him well in his retirement. Mr. Speed will continue as a Director of the Company.

Thank you for your support and stay tuned…we think the best is yet to come.

President, Chief Executive Officer
and Chairman

Selected Financial Data

(Dollars in thousands except per share amounts)

	Year Ended December 31,				
	2000	1999	1998	1997	1996
Operating Revenue	**$226,585**	$166,363	$145,216	$129,507	$108,313
Operating Income	**5,795**	15,836	18,960	14,169	6,252
Net Income	**94**	8,642	10,497	7,903	3,382
Diluted Earnings Per Share	**.01**	.92	1.11	0.83	0.35
Total Assets	**189,919**	182,040	119,611	113,518	86,330
Long – Term Obligations	**65,660**	64,453	19,058	27,057	15,867
Stockholders' Equity	**69,981**	70,108	62,734	52,373	44,424
Operating Ratio	**97.4%**	90.5%	86.9%	89.1%	94.2%
Total Tractors (end of period)	**1,759**	1,713	1,132	1,007	862
Total Trailers (end of period)	**3,400**	3,525	2,004	1,928	1,510
Average Miles Per Tractor Per Week	**2,190**	2,404	2,441	2,475	2,407

Price Range of Common Stock

The Company's Common Stock trades on The Nasdaq Stock Market under the symbol: USAK.

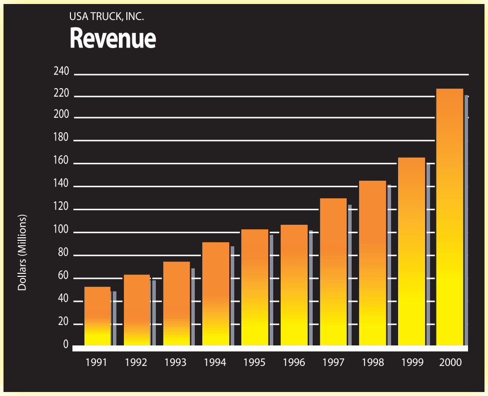
	Sales Price			Sales Price	
2000	High	Low	1999	High	Low
1st Quarter	**$ 8.81**	**$ 7.25**	1st Quarter	$10.44	$10.19
2nd Quarter	**$ 7.94**	**$ 5.38**	2nd Quarter	$ 9.38	$ 9.16
3rd Quarter	**$ 7.19**	**$ 5.38**	3rd Quarter	$ 9.25	$ 8.88
4th Quarter	**$ 6.50**	**$ 5.19**	4th Quarter	$ 8.13	$ 7.75

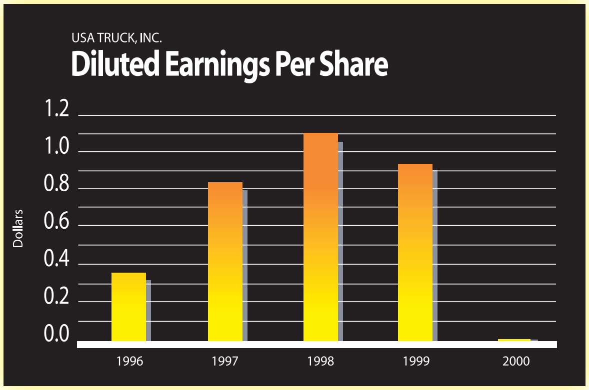
The high and low sales prices for the Common Stock as reported on Nasdaq on March 7, 2001 were $6.00 and $5.94, respectively. As of that date, the Company had 240 stockholders of record, including brokerage firms and other nominees. The Company estimates that there were approximately 1,940 beneficial owners of its Common Stock as of that date. The Company has never paid a cash dividend on its Common Stock. It is the current intention of the Company's Board of Directors to retain earnings to finance the growth of the Company rather than pay cash dividends. Any future payments of cash dividends will depend upon the financial condition, results of operations and capital commitments of the Company as well as other factors deemed relevant by the Board of Directors. Covenants contained in the Company's General Line of Credit may limit the Company's ability to pay dividends.

Report Card

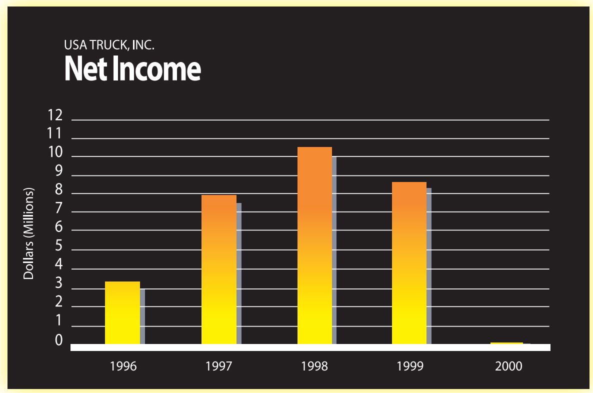
USA Truck once again achieved record revenues of $226,585,437 in 2000, the 12th consecutive year we've grown. We will continue to penetrate the Mexican, logistics and dedicated service markets in search of new revenue streams. We will continue to examine operations in order to serve present customers more efficiently.

It was a tough year for the entire truckload segment. Several factors and events conspired against the trucking industry, making 2000 a lean year. A tight labor market drove costs of recruiting and retaining qualified drivers to never-before-seen heights. We have responded with one of the most competitive driver pay packages in the industry. The used tractor market made a sharp down turn due to a record number of bankruptcies and business failures within the trucking industry. We responded by forming our own used equipment sales department in order to capture a greater percentage of return on our used revenue equipment. Skyrocketing fuel prices cut deeply into 2000 profits. We have responded with a computerized

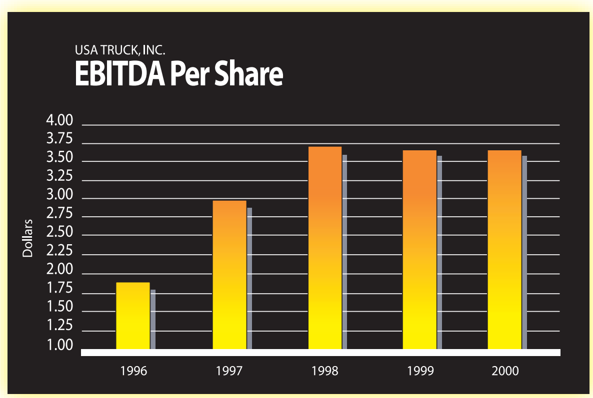




fuel surcharge recovery program that is already performing well. We are also upgrading our fleet with the more aerodynamic and fuel optimized Freightliner Columbia class tractors. Rising interest rates also put a crunch on our bottom line due to the debt servicing costs associated with our November 1, 1999 acquisition of CCC Express, Inc. Even with the added cost caused by the rate hike, our acquisition of CCC Express Inc. continues to benefit the operational potential of USA Truck and allows us to spread our fixed costs over a much larger revenue base.



All of these factors together culminated in a net income of $94,061, or $0.01 per diluted share.



Despite the reduced profit, USA Truck posted strong earnings before interest, taxes, depreciation and amortization (EBITDA) during 2000, generating over $32 million, or $3.50 per share. This number is a strong indication of our company's ability to meet its operating, or variable, cash needs.

Man and Machine

The Scouting Report

Just as a thoroughbred horse needs a jockey or the space shuttle requires an astronaut, tractors cannot operate without their drivers. These impressive, sophisticated marvels of engineering cannot generate revenue without a professional behind the wheel. Equipment utilization is the load-bearing wall in the structure that is the truckload industry. Tractors must keep rolling to produce stockholder value.

Unmanned tractors played a pivotal role in 2000 for USA Truck. The coincidence of two events accentuated this problem for us. First, we inherited unmanned tractors in the acquisition of CCC Express, Inc. on November 1, 1999. Then an overheating economy pushed the national unemployment rate to record lows, further tightening the available pool of drivers. Near full-employment in 2000 meant that recruiting qualified drivers, never an easy proposition, became more difficult with stiffer competition from every quarter of the marketplace. In addition to hiring drivers, retention became a more precarious task as we were forced to compete with multiple industries in the booming economy for the services of our drivers.

We battled the problem with brute force by funneling more and more resources into our student recruiting arena. However, by the third quarter, our unmanned tractors approached 14% of our fleet. We responded with a new strategy.

The Game Plan

USA Truck undertook a comprehensive study of its driver pay package and that of the industry. We meticulously crafted a package that would be both highly competitive and specifically address our driver quality standards. The result was a pay package, unveiled October 1, 2000, that is one of the finest in the industry. Driver rolls have increased dramatically and the quality and experience of the drivers in the USA Truck fleet has risen accordingly.

Our new package included a nickel per mile raise for all one-year drivers (traditionally the most volatile group) and the overall pay scale reaches 43 cents per mile – the highest in the entire truckload industry. The effects were immediate and dramatic. By year-end we had cut the unmanned number of tractors nearly in half, turnover was reduced substantially and the number of experienced drivers hired has continued to increase each month.

We set some aggressive goals to make certain that we pay for the plan through cost savings in several areas. The crux of the plan is built around hiring a higher percentage of

experienced over-the-road drivers, supplemented with a small percentage of inexperienced student drivers. Our new pay package made it possible to address the need to find more drivers while simultaneously making it possible to increase driver quality. In the face of a treacherous driver shortage we were actually able to become more selective in our overall hiring process. As the overall effect of our new pay package continues to influence the quality of our drivers, USA Truck's drivers are again the premier force in the truckload segment.

We expect our more experienced, professional driving force to improve tractor utilization, reduce accident frequency and severity, vastly reduce recruiting and retention costs and provide a higher level of service for our customers. Initial indications are confirming our expectations.

Management monitors progress towards each of our specific goals monthly, weekly and in some instances even daily. Driver turnover, the mix of

Man and Machine

The Game Plan

experienced drivers and students as well as equipment utilization are constantly tracked in order to recognize trends as they develop. This is made possible by our sophisticated computer capacity that is able to process and analyze operational data as soon as it is recorded. The plan was implemented to put USA Truck back on the road toward solid growth, a strong bottom line and a healthy return on our stockholders' investment. Now, as ever, we are committed to making these fundamentals happen for the continued growth of our company.

Other programs are in place to make drivers' lives at USA Truck more rewarding and comfortable. We have rededicated our efforts to enhance the overall training of our entire Operations staff. A new series of video courses was put into place in order to remind Operations personnel of the importance of interpersonal driver relations. We have also begun to use an interactive CD-ROM developed by Truckload Carrier Association called "Daily Dispatch Challenge." This 'flight simulator' approach allows dispatchers to experience a variety of high pressure scenarios in which driver relations becomes an integral part of dispatch problem solving. Our Driver Relations area maintains close personal contact with our drivers, responding to individual needs. As USA Truck continues to grow, it is paramount that drivers are still given the opportunity to express their concerns in a meaningful way.

The most visible aspect of our overall response to the driver shortage of 2000 is the modernization of our tractor fleet. Just as every jockey would love the opportunity to work with Secretariat, few astronauts would volunteer for a trip to the aging Mir space station. Truck drivers are no different. USA Truck has long provided its drivers with outstanding tractors updated with the most recent

Man and Machine

The Game Plan

technology. This commitment to ride the wave of technological advancement, however, has always been tempered by our concern for quality. The increased comfort and drivability of the Columbia class tractor is one of the major reasons we have been able to attract some of the best drivers in the country.

Beginning in November of 2000, we committed ourselves to purchasing the new Freightliner Columbia class tractor. The Columbia provides many creature comforts that our older tractors did not, without a substantial increase in price.

The reception of the Columbia class by our drivers has been overwhelming. Driving is a more demanding lifestyle than most people engage in, and the chance to give our drivers more comfort on the road has been a success. Simple things like armrests, improved road vision and more comfortable on-the-road living areas have improved overall driver satisfaction. That means better driver retention and ultimately lower recruiting costs.

Make no mistake, USA Truck has responded to the experience of 2000 and positioned itself to return to the top of the industry by addressing our most precious resources - our drivers.

Rocket Fuel

The Scouting Report

The meteoric rise in the price of oil, well publicized in 2000, hit the trucking industry hard and USA Truck was no exception. Our average cost per gallon of diesel fuel jumped $.33 in 2000 from 1999's price level. The added pre-tax cost of that price increase was approximately $3.1 million after fuel surcharge recoveries.

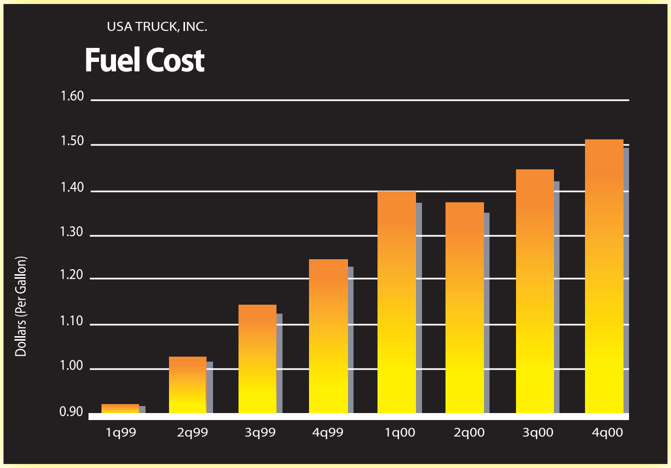
The Game Plan

There is very little that can be done about the price of fuel. This said, however, very effective measures can be taken to minimize the effect of fuel prices on our bottom line. Since the fluctuation in fuel costs is an everyday concern of the trucking industry we feel very strongly that our responses to the fuel market of 2000 will only strengthen profitability in the future.

The most obvious tool to recover losses caused by fuel prices is the "fuel surcharge" added to freight billings. The surcharge only applies to revenue miles. Therefore, we continually strive to minimize the number of empty and out-of-route miles logged by our fleet. USA Truck invested in computer software technology designed to automatically calculate and bill fuel surcharges to our customers while also plotting optimum routes to minimize empty miles. Our new technology also serves as an immediate measurement and report system. This addition leads to more accurate and efficient fuel surcharge collections.

We continue to maintain a strict governing policy of 63 miles per hour for the entire fleet. We believe this maximum speed gives us the optimum mix of fuel efficiency and driver satisfaction, while allowing USA Truck to make on-time deliveries and still be an industry leader in fuel economy. Another method of controlling fuel cost

is by creating efficiencies in overall fuel consumption. Options that improve fuel economy are specified in our new Columbia class tractor orders. The aerodynamic body design of the new Columbia and new advances governing miles per hour contributes to optimum fuel efficiencies on the open road. In addition, the Columbia class features "Optimized Idle" settings which further increase fuel efficiencies. Each tractor



engine monitors its own internal power requirements which can dramatically decrease the fuel consumed while stationary.

Each of our trucks is also equipped with QUALCOMM's SensorTRACS® which

allows us to capture fuel consumption data instantly. With this SensorTRACS® satellite technology, data from every truck in our fleet can be monitored for efficiency regardless of a tractor's location. USA Truck places a premium on holding down the high costs of fuel. We will continue to take advantage of new means to conserve fuel as they become available

The Scouting Report

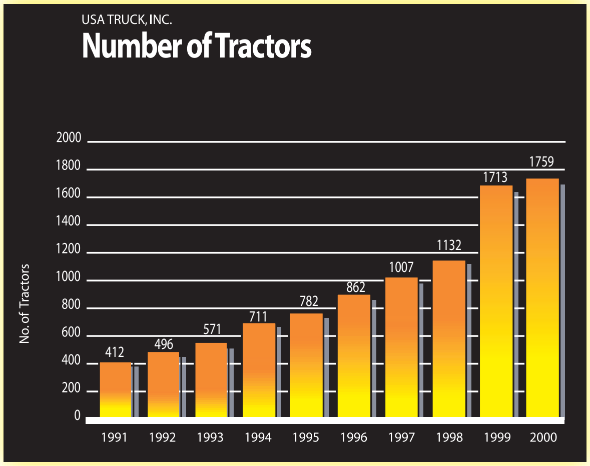
After the success of our responses to the unmanned tractor and fuel price issues, we turned our attention to the free-falling used tractor market. Overcapacity in the industry and lower new tractor orders drove down the prices dealers were willing to pay for trade-ins during 2000. We were able to minimize our equipment losses to approximately $150,000 on trades in 2000 despite unfavorable economic forces.

In addition, the weak market has been further exacerbated by an additional flood of used vehicles brought on by a record number of bankruptcies and business failures within the trucking industry. We remain a healthy and viable company and have managed to position ourselves to take advantage of future opportunities and capture the true value of our assets.

The Game Plan

USA Truck has taken several steps to reduce the effects of a floundering used tractor market. We decided on a two-pronged response for both short and long term results. First, we have developed an area within our Maintenance Department with a mandate to sell used equipment directly to current and potential buyers. The obvious benefit is the reduction of dealerships brokering our transactions. We are now able to capture a higher percent of each transaction value. Another benefit of our used truck sales department is that we have positioned ourselves to respond quickly in a market known to fluctuate. By eliminating the dealer factor, USA Truck now has more control over its resources. We have already experienced success and expect more to follow as we become even more familiar in the direct sale used revenue equipment marketplace.

In addition to our used equipment sales department, we adjusted the depreciation on a portion of our fleet on October 1, 2000. This accounting adjustment more accurately reflects a market that has undergone massive changes. In terms of profitability, fiscal loss on trade for some used tractors has been reduced.



The Scouting Report

The new millennium greeted the U.S. economy with a virtual roller coaster ride. A rapidly expanding economy early in the year soon gave way to plummeting stock markets. The Federal Reserve Board countered the unstable and apparently overheating economy with multiple increases in the prime lending rate. Unfortunately, these federal hikes came just on the heels of USA Truck's acquisition of CCC Express, Inc. on November 1, 1999. The increased interest rates coupled with our acquisition debt increased our interest expense to $5.4 million in 2000, compared to $1.7 million in debt maintenance a year earlier.

Due to the rate increases, the U.S. economy began to slow and this cooling period had a dramatic impact on the entire trucking industry. Many companies were completely unprepared for the change in economic climate and as a result, a record number of trucking companies were forced to file for bankruptcy or close their doors during 2000.

The Game Plan

Like fuel prices, we have little control over interest rates. What we do have control over, however, is the amount of debt we maintain. We have been working diligently to reduce our debt and will continue to do so during 2001. In addition to our own response to this issue, additional relief has already come in a series of interest rate cuts by the Federal Reserve Board in early 2001.

We have streamlined our customer payment process by taking advantage of Electronic Data Interchange. EDI allows us to make direct billing arrangements with customers which has improved cash flow. Other improvements include our institution of a more efficient organizational structure and the constant infusion of technology to optimize billing and collection. Further, we have held the line on cash outflows and depreciation expenses by limiting capital expenditures to revenue generating assets.

USA Truck is optimistic about the future. Our past experience and know-how has allowed us to grow each year, and this same experience has helped us steer ourselves through the year 2000. We have addressed the confluence of factors that impinged on last year's profitability by responding in ways that make our company stronger. We have done more than survive a lean year, we have positioned ourselves to take advantage of future opportunities. We believe our recovery plans and the responses we have already made make USA Truck worthy of that optimism.

Ten Year Statistical History

Balance Sheet Statistics

(Dollars in thousands)	2000	1999	1998	1997
Current assets	$ 41,739	$ 39,449	$ 20,459	$ 20,292
Total assets	189,919	182,040	119,611	113,518
Current liabilities	30,357	28,278	21,151	20,762
Long-term debt - less current maturities	65,660	64,453	19,058	27,057
Total liabilities	119,938	111,932	56,877	61,145
Total shareholders' equity	69,981	70,108	62,734	52,373

Income Statement Statistics

(Dollars in thousands - except per share amounts)	2000	1999	1998	1997
Revenue	$ 226,585	$ 166,363	$ 145,216	$ 129,507
Operating expenses	220,790	150,526	126,256	115,339
Operating income	5,795	15,837	18,960	14,168
Other expenses, net	5,640	1,624	1,780	1,187
Income before income taxes	155	14,213	17,180	12,981
Income taxes	61	5,571	6,683	5,078
Net income	$ 94	$ 8,642	$ 10,497	$ 7,903
Diluted or primary (*) shares outstanding	9,260,011	9,354,441	9,465,971	9,484,570
Diluted or primary (*) earnings per share	$ 0.01	$ 0.92	$ 1.11	$ 0.83
Revenue - year-to-year change	36.2%	14.6%	12.1%	19.6%
Operating ratio	97.4%	90.5%	86.9%	89.1%

Financial Statistics

(Dollars in thousands - except per share amounts)	2000	1999	1998	1997
EBIT	$ 5,562	$ 15,869	$ 18,895	$ 14,361
EBIT per share	0.60	1.7	2.01	1.54
EBITDA	32,355	34,460	35,074	27,969
EBITDA per share	3.50	3.70	3.73	2.99
Operating cash flow per share	3.15	1.45	3.03	3.02
Book value per share	7.53	7.47	6.65	5.59
Return on average assets	0.1%	5.7%	9.0%	7.9%
Return on average equity	0.1%	13.0%	18.2%	16.3%
Funded debt to total capital	51.2%	51.1%	27.2%	36.2%
Maintenance and repairs to fixed assets	8.0%	6.1%	6.4%	7.0%
Times interest earned	1.0	9.6	11.0	10.4
Revenue per non-driver	$ 464	$ 355	$ 418	$ 379

Operating Statistics

	2000	1999	1998	1997
Total tractors (end of period)	1,759	1,713	1,132	1,007
Average months in service - tractors	23	23	19	19
Total trailers (end of period)	3,400	3,525	2,004	1,928
Average months in service - trailers	43	46	39	33
Trailer to tractor ratio	1.9:1	2.1:1	1.8:1	1.9:1
Average miles per tractor per week	2,404	2,405	2,441	2,475
Drivers	1,667	1,600	1,057	962
Non-drivers	488	469	347	342
Total employees	2,155	2,069	1,404	1,304
Driver to non-driver ratio	3.42	3.41	3.05	2.81

December 31,

1996	1995	1994	1993	1992	1991
$ 16,825	$ 16,008	$ 12,516	$ 11,371	$ 8,860	$ 10,987
86,330	78,980	66,435	54,711	41,846	38,566
15,193	13,295	10,764	8,627	7,829	10,056
15,867	13,361	9,427	10,898	7,023	20,022
41,906	35,823	27,790	24,233	17,147	31,487
44,424	43,157	38,645	30,478	24,699	7,079

Year Ended December 31,

1996	1995	1994	1993	1992	1991
$ 108,313	$ 102,400	$ 92,511	$ 75,875	$ 63,038	$ 52,538
102,061	91,961	78,625	65,853	55,167	46,731
6,252	10,439	13,886	10,022	7,871	5,807
717	646	801	679	1,093	2,462
5,535	9,793	13,085	9,343	6,778	3,345
2,153	3,756	5,018	3,764	2,724	1,342
3,382	$ 6,037	$ 8,067	$ 5,579	$ 4,054	$ 2,003
9,619,919	10,028,478	9,903,682	9,873,665	9,150,214 *	7,200,000 *
0.35	$ 0.60	$ 0.81	$ 0.57	$ 0.44 *	$ 0.28 *
5.8%	10.7%	21.9%	20.4%	20.0%	15.0%
94.2%	89.8%	85.0%	86.8%	87.5%	88.9%

Year Ended December 31,

1996	1995	1994	1993	1992	1991
$ 6,265	$ 10,592	$ 13,866	$ 10,052	$ 8,021	$ 5,709
0.66	1.09	1.37	1.00	0.88	0.79
18,104	21,737	22,991	17,524	14,858	11,640
1.91	2.24	2.28	1.75	1.62	1.62
1.57	1.85	2.08	1.31	1.32	0.99
4.68	4.44	3.99	3.16	2.70	0.98
4.1%	8.3%	13.3%	11.6%	10.1%	5.3%
7.7%	14.8%	23.3%	20.2%	25.5%	33.0%
31.5%	25.8%	22.6%	29.5%	25.2%	75.5%
8.9%	8.7%	8.7%	9.3%	10.1%	9.5%
8.6	13.3	17.8	14.2	6.5	2.4
372	$ 402	$ 390	$ 383	$ 354	$ 313

December 31,

1996	1995	1994	1993	1992	1991
862	782	711	571	496	412
23	19	17	18	25	22
1,510	1,378	1,202	1,023	840	705
34	32	31	35	37	43
1.8:1	1.8:1	1.7:1	1.8:1	1.7:1	1.7:1
2,407	2,382	2,565	2,551	2,508	2,404
922	778	712	563	508	418
291	255	237	198	178	168
1,213	1,033	949	761	686	586
3.17	3.05	3.00	2.84	2.85	2.49

Directors and Officers

Robert M. Powell
President, Chief Executive Officer and Chairman

Jerry D. Orler
Vice President, Finance, Chief Financial Officer,
Secretary and Director

George R. Jacobs
Vice President, Operations and Director

Patrick N. Majors
Vice President, Sales

Dwain R. Key
Vice President, Dedicated Services/Logistics

Gary I. Davis
Vice President, Maintenance

Jerry W. Cottingham
Vice President, Dedicated Services/Logistics Sales

Roland S. Boreham
Director (Chairman of the Board,
Baldor Electric Company)

Jim L. Hanna
Director (President, Hanna Oil and Gas)

Joe D. Powers
Director (Chairman of the Advisory Board of
Regions Bank of Fort Smith, Arkansas)

Bobby W. Caldwell
Treasurer

Clifton R. Beckham
Controller

Breck Speed
Director

Corporate information

This annual report and the statements contained herein are submitted for the general information of stockholders of the Company and are not intended to induce any sale or purchase of securities or to be used in connection therewith.

The 2000 Annual Report filed with the Securities and Exchange Commission on Form 10-K is available to stockholders upon request by writing to the Secretary at the executive offices.

AUDITORS
Ernst & Young LLP
425 West Capitol, Suite 3600
Little Rock, Arkansas 72201

TRANSFER AGENT AND REGISTRAR
Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016-3572

CORPORATE HEADQUARTERS
3200 Industrial Park Road
Van Buren, Arkansas 72956
Telephone: 501-471-2500

ANNUAL MEETING
May 2, 2001
10 a.m.
USA Truck, Inc.
3200 Industrial Park Road
Van Buren, Arkansas 72956

COMMON STOCK
Traded on The Nasdaq Stock Market
under the Symbol: USAK

WEB SITE
http://www.usa-truck.com

Upon written request of any stockholder, the Company will furnish without charge a copy of the Company's 2000 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, including the financial statements and schedules thereto. The written request should be sent to Jerry D. Orler, Secretary of the Company, at the Company's executive offices, 3200 Industrial Pak Road, Van Buren, Arkansas 72956. The written request must state that as of March 7, 2001 the person making the request was a beneficial owner of shares of the common stock of the Company.

Business

General

USA Truck, Inc. (the "Company" or "USA Truck") is engaged in the transportation of general commodity freight in interstate and foreign commerce. Operations are conducted primarily east of the Rocky Mountains, but the Company holds authority to transport and does transport freight between all points in the continental United States, other than intrastate, and between all points in the U.S., on the one hand, and the Canadian provinces of Ontario and Quebec, on the other. The Company also provides the U.S. and Canadian portions of shipments between points in the U.S. and Canadian provinces of Ontario and Quebec, on the one hand, and points in Mexico, on the other. The Company transfers freight to, or receives freight from, Mexican carriers at the U.S.-Mexico border in Laredo, Texas. Revenue from foreign countries represents less than 6% of total revenues of the Company for each of the past three years. The principal types of freight transported include automotive parts and materials, tires, paper and paper products, glass, retail store merchandise, chemicals, aluminum and manufacturing materials and supplies. USA Truck does not transport Class A or Class B explosives, garbage, radioactive materials or hazardous wastes.

USA Truck transports freight in truckload quantities from individual shippers to single or multiple destinations on an as-needed basis. Its business consists primarily of medium haul shipments, more than 700 but less than 1,000 miles. For 1998, 1999, and 2000, the average length of haul for Company tractors was 916 miles, 908 miles, and 871 miles, respectively.

The Company's principal offices are located at 3200 Industrial Park Road, Van Buren, Arkansas 72956, and its telephone number is (501) 471-2500.

Business Strategy

USA Truck's principal competitive strength is its ability and commitment to consistently provide superior service to shippers. Although price is a primary concern to all shippers, many of the Company's customers are high-volume shippers that require a flexible and dependable source of motor carrier service tailored to specific needs, including pickup or delivery within narrow time windows. The Company's strategy is to provide a premium service to meet these needs and to charge compensating rates for such service. This approach has found increasing acceptance.

The Company is committed to prompt freight pickup, consistent on-time delivery, and twenty-four hours a day, seven days a week dispatching. It has taken a number of steps to meet these commitments. In particular, the Company (i) adheres to strict maintenance and cleaning schedules to avoid breakdowns and delays; (ii) provides detailed routing instructions for, and maintains satellite communications with, drivers to expedite delivery; (iii) maintains trailer pools at strategic locations to minimize the time between customer order and pickup; and (iv) provides extra trailers to high volume shippers for loading and unloading at their convenience.

USA Truck utilizes cost-efficient communications throughout its operations. The Company provides EDI (electronic data interchange) arrangements with several of its largest customers, providing them with access through their computer systems to current information on the status of their shipments. Beginning in the third quarter of 1997, the Company began installing two-way, satellite based mobile messaging and position-locating equipment in all of its tractors. This equipment is designed to fulfill customers' heightened need for real-time transit information as well as provide the Company with an enhanced and cost-effective method of communications between its drivers and its operations personnel. The system provides fleet managers the ability to contact drivers virtually anywhere in the Company's market area. These capabilities are intended to shorten response time to customers, as well as to allow drivers uninterrupted rest time while awaiting assignment. The installation of the equipment was completed in the fourth quarter of 1997.

The Company has designed its own management information software systems, which it operates on a mainframe computer. This system became operational during the second quarter of 1997, when the Company's software was migrated to its mainframe computer. Prior to that, the Company used a mainframe computer through a contractual agreement with a third party. The Company has also designed its own e-commerce software systems, which operate on several platforms and connect to the Company's mainframe computer and the internet. Through this expanded business-to-business ("B2B") system, USA Truck's customers can check equipment availability and track the progress of their loads through the Company's web site. Although the Company prefers direct relationships with its shippers, marketing activity through third party logistics ("3PL") providers is encouraged. Many of these 3PL providers offer daily load posting which is conducted through e-commerce.

These communication and data processing capabilities enhance operating efficiency by providing immediate access to detailed information concerning equipment, cargo, customer locations, credit history, billing arrangements and specific customer requirements. They also permit the Company to respond quickly and accurately to customers' requests and assist in balancing equipment availability throughout its market area. Management believes these information software systems and computer hardware will be sufficient to support the Company's expansion plans at least through 2002 without substantial additional expenditures in the data processing area.

Acquisition

On November 1, 1999, pursuant to an Asset Purchase Agreement (the "Asset Purchase Agreement") dated October 31, 1999, the Company acquired substantially all the assets of CARCO Carrier Corporation, an Arkansas corporation, which operated under the name CCC Express, Inc. ("CCC"), for a purchase price of $35.3 million. The purchase price, which was subject to certain post-closing adjustments, consisted of (i) a cash payment of approximately $3.0 million; (ii) the assumption of approximately $6.5 million of liabilities including equipment notes held by Bank Boston, Mellon U.S. Leasing and Banc of America Leasing & Capital LLC and (iii) the refinancing with Banc One Leasing Corporation and Deposit Guaranty National Bank of approximately $25.8 million in other debt secured by equipment. The cash portion of the purchase price was paid with available cash and proceeds of borrowings under the Company's credit facilities with Deposit Guaranty National Bank. The purchase price was equal to the net book value of CCC on the closing date, as adjusted in accordance with the Asset Purchase Agreement, plus $2.0 million.

The acquired operations include a fleet of 498 tractors and 1,103 dry van trailers, which the Company has used in its truckload motor carrier business. The acquisition equated to an increase of 43% in the tractor fleet of the Company, which operated 1,149 tractors and 2,266 dry van trailers before the transaction. As part of the transaction, the Company also assumed three leases for dedicated shop and fuel facilities.

Marketing and Sales

The Company focuses its marketing efforts on customers with demanding requirements and heavy shipping needs within the regions where the Company operates. This permits the Company to concentrate available equipment in its primary service area, enabling it to be more responsive to customer needs. USA Truck's Marketing and Operations Departments have primary responsibility for developing and implementing the Company's marketing strategy and retaining customer accounts.

The Marketing Department solicits and responds to customer orders and maintains close customer contact regarding service requirements and rates. A high percentage of the Company's business is from repeat customers. For the year ended December 31, 2000, at least 92% of USA Truck's operating revenues were derived from customers that were customers of the Company prior to 2000.

USA Truck establishes rates through individual negotiations with customers and through contracts tailored to the specific needs of shippers.

For the year ended December 31, 2000, the Company's ten largest customers accounted for 31% of revenues and its three largest customers accounted for approximately 15% of revenues, with more than 2,300 other customers accounting for the balance. No customer accounted for more than 10% of revenues.

Customers are generally required to have credit approval before dispatch. The Company bills customers at or shortly after pickup, and, for the last three years, receivables collection has averaged approximately 33 days from the billing date.

Operations

The Operations Department consists of two primary divisions: the Load Coordinator Group and the Fleet Manager Group. Load coordinators are responsible for efficiently matching available equipment with customer needs, and they serve as the contact with customers' receiving and shipping personnel. Load coordinators also have primary responsibility for minimizing empty miles, and they work closely with the Marketing Department to increase equipment utilization.

The average distance between loads as a percentage of total miles (empty mile factor) is a standard measurement in the truckload industry. The empty mile factor generally decreases as average length of haul and density of trucks in an area increase. The Company's commitment to on-time pickup often requires a tractor to travel farther to complete a pickup than it would have to travel if the Company delayed the pickup until a tractor became available in the area. USA Truck's empty mile factor was 9.16% for the year ended December 31, 2000.

Fleet managers supervise fleets of approximately 58 drivers each and serve as the drivers' primary contact with the Company. Fleet managers monitor the location of equipment and direct its movement in the most efficient and safe manner practicable.

Safety

USA Truck's safety program is designed to meet the Company's goal of an accident-free working environment and to enforce governmental safety regulations. The Company controls the maximum speed of its tractors with electronic governing equipment, and all its tractors are equipped with anti-lock braking systems.

The evaluation of safety records is one of several criteria used by USA Truck to hire driver employees. Safe equipment handling techniques are an important part of new driver training. The Company also conducts pre-employment, random and post-accident drug testing in accordance with Department of Transportation ("DOT") regulations.

Revenue Equipment

During 2000, the Company acquired 470 new tractors (a net increase of 20) and 453 new trailers (a net decrease of 125). The Company purchased 267 fewer new tractors and 197 fewer trailers in 2000 than anticipated in response to the shortage of qualified drivers in the truckload industry. At December 31, 2000, USA Truck operated 1,738 conventional sleeper tractors and 3,400 van trailers. 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 buys tractors and trailers manufactured to its specifications. In deciding which equipment to buy, it considers a number of factors, including safety, economy, resale value and driver comfort. Most of the Company's tractors are equipped with Detroit Diesel Series 60 12.7-liter engines, air-ride suspension, and anti-lock brakes. The Company's equipment is maintained through a strict preventive maintenance program designed to minimize equipment downtime and to enhance trade-in value.

The Company's current policy is to replace most tractors within 42 months from the date of purchase, which permits the Company to maintain substantial warranty coverage throughout the period of ownership. USA Truck replaces its tractors and trailers based on various factors, including the used equipment market, prevailing interest rates, technological improvements, fuel efficiency and durability.

Beginning with the November 1995 trailer purchases, the Company began converting its trailer fleet from 48-foot long and 102 inches wide trailers to 53-foot long and 102 inches wide trailers. Because of this conversion process and additional trailers required to serve Mexico, the Company's trailer to tractor ratio was 2.0-to-1 at December 31, 2000. Management believes that a 2.0-to-1 ratio is ideal for the Company's operations, in that it promotes efficiency and provides the flexibility needed to serve customer needs. As of December 31, 2000, 2,848 of the 3,400 trailers in the Company's trailer fleet were 53-foot models. All future purchases of trailers will be 53-foot models. The Company is undertaking this conversion in order to meet its customers' requirements and to continue to provide an efficient balance between trailer capacity and weight and length limitations in the various states and Canada.

During 2001 and 2002, the Company plans to acquire 517 and 647 new tractors and 224 and 360 new trailers, respectively. These acquisitions and the disposals during the year will result in a net decrease of 18 and a net increase of 252 tractors and net increases of 187 and 360 trailers, respectively. As of February 16, 2001, contracts had been executed for the acquisition of all 517 tractors and 224 trailers to be acquired in 2001. Although these contracts fix the price at which the Company may acquire this equipment, the Company has the right in its discretion to decrease or increase the number of tractors or trailers to be purchased during the year at agreed prices. If the terms of the contracts are carried out, the Company could recognize an after-tax, non-cash loss from such sales of up to $0.5 million during 2001. Most of these losses are expected to occur in the fourth quarter of that year on certain groups of tractors. They result from the sale of such tractors by the Company at prices that will likely be below the depreciated cost of such tractors as carried on the Company's books. The low sales prices for such vehicles result from an unusually poor used tractor market caused, for the most part, by oversupply of vehicles. During the fourth quarter of 2000, the Company increased the depreciation rate on its tractors, which resulted in a slightly increased charge to net income for 2000. Provided the Company can secure better pricing, it will attempt to limit these losses by obtaining direct sales which could yield prices closer to book values on these tractors and reduce these contractual capital losses.

Trademark

USA Truck's name and logo are registered with the United States Patent and Trademark Office, the Canadian Trade Marks Office, and the Mexican Industrial Property Institute. During 2000, the Company registered its trademark for its logistics division with the United States Patent and Trademark Office. The Company believes its trademarks have significant value and are important to its marketing efforts. The trademark registration in each country is renewable indefinitely at the option of the Company.

Properties

The Company owns its headquarters in Van Buren, Arkansas, located on 63 acres. This site has approximately 84,000-square feet of office, training, and driver housing space within two structures, a 12,000-square foot maintenance facility and a 2,500-square foot dock. In the second quarter of 1997, the Company completed construction of a new 57,000-square foot corporate headquarters next to its existing headquarters facility in Van Buren, Arkansas. The previously existing 27,000-square foot facility has been partially refurbished and will continue to be refurbished over the next several years to house additional training, maintenance and support services. This facility also contains aboveground fuel tanks with a capacity of 40,000 gallons.

The Company operates a maintenance and driver facility in West Memphis, Arkansas, situated on roughly 32 acres with 29 acres of paved tractor and trailer parking behind fence, a 17,200-square foot shop, an eight-lane drive through fueling station containing aboveground fuel tanks with a capacity of 37,000 gallons and drivers' sleeping quarters that can house 36 drivers. During 1998, the Company expanded the shop by 7,200 square feet and added four additional lanes to its drive through fueling station. The drivers' quarters also include a recruiting office and driver training center for new drivers. The Company owns 29 of the 32 acres and leases the remainder under a long-term lease agreement with an initial term ending in November 2044. Located at the intersection of I-40 and I-55, this facility is an ideal location for these activities.

In August 1995, the Company completed construction of and began operating its maintenance and driver facility in Shreveport, Louisiana, with 15 acres of paved tractor and trailer parking behind fence, a 12,000-square foot shop, a two-lane drive through fueling station containing aboveground fuel tanks with a capacity of 37,000 gallons and drivers' sleeping quarters that can house 32 drivers. The drivers' quarters also include a recruiting office and driver training center for new drivers. The facility is located on 20 acres of land owned by the Company near I-20 on US Hwy. 80 and is strategically located near several major customers in the area.

In June 1996, USA Truck began operating its maintenance and driver facility in Vandalia, Ohio, with approximately eight acres of paved tractor and trailer parking behind fence, a 2,400-square foot shop, a one-lane drive through fueling station containing a below-ground fuel tank with a capacity of 10,000 gallons and drivers' sleeping quarters that can house 22 drivers. The drivers' quarters also include a sales and recruiting office. The Company owned facility is located near I-75 & I-70 and is strategically located for these activities. The Company plans to purchase property near this current facility, which will allow the Company to build a new maintenance facility and expand its ability to service its equipment and house drivers at this location.

With the exception of the Vandalia, Ohio facility mentioned above, management believes that its facilities will be sufficient for its operations at least through 2001.

Selected Financial Data

The following table sets forth, for the periods and at the dates indicated, selected financial data of the Company. The data should be read in conjunction with the financial statements and related notes contained in this Annual Report.

	Year Ended December 31,				
	2000	1999	1998	1997	1996
	(In thousands, except per share amounts)				
Statement of Operations Data:					
Operating revenues	**$ 226,585**	$ 166,363	$ 145,216	$ 129,507	$ 108,313
Operating expenses and costs:					
Salaries, wages and employee benefits	**91,454**	70,198	61,297	53,122	45,122
Operations and maintenance	**71,567**	42,480	33,401	34,189	31,064
Operating taxes and licenses	**4,248**	3,005	2,547	2,160	1,964
Insurance and claims	**14,318**	7,987	7,250	6,773	6,422
Communications and utilities	**2,802**	2,000	1,469	1,828	1,612
Depreciation and amortization	**26,793**	18,592	16,179	13,608	11,839
Other	**9,608**	6,265	4,113	3,659	4,038
	220,790	150,527	126,256	115,339	102,061
Operating income	**5,795**	15,836	18,960	14,168	6,252
Other expenses (income):					
Interest expense	**5,408**	1,655	1,715	1,380	730
Loss (gain) on disposal of assets	**150**	(9)	(37)	(2)	(9)
Other, net	**82**	(23)	102	(191)	(4)
	5,640	1,623	1,780	1,187	717
Income before income taxes	**155**	14,213	17,180	12,981	5,535
Income taxes	**61**	5,571	6,683	5,078	2,153
Net Income	**$ 94**	$ 8,642	$ 10,497	$ 7,903	$ 3,382
Basic:					
Net income per share	**$ .01**	$ .93	$ 1.12	$ 0.84	$ 0.36
Average shares outstanding	**9,254**	9,324	9,400	9,356	9,463
Diluted:					
Net income per share	**$ .01**	$ .92	$ 1.11	$ 0.83	$ 0.35
Average shares outstanding	**9,260**	9,354	9,466	9,485	9,620
Cash dividends per share	**--**	–	–	–	–
Balance Sheet Data (at end of year):					
Current assets	**$ 41,739**	$ 39,449	$ 20,459	$ 20,292	$ 16,825
Current liabilities	**30,357**	28,277	21,151	20,762	15,193
Total assets	**189,919**	182,040	119,611	113,518	86,330
Long-term debt, less current maturities	**65,660**	64,453	19,058	27,057	15,867
Stockholders' equity	**69,981**	70,108	62,734	52,373	44,424

Management's Discussion and Analysis

The following table sets forth the percentage relationship of certain items to operating revenues for the years indicated:

	Year Ended December 31,		
	2000	1999	1998
Operating revenues	**100.0%**	100.0%	100.0%
Operating expenses and costs:			
Salaries, wages and employee benefits	**40.4**	42.2	42.2
Operations and maintenance	**31.6**	25.5	23.0
Operating taxes and licenses	**1.9**	1.8	1.8
Insurance and claims	**6.3**	4.8	5.0
Communications and utilities	**1.2**	1.2	1.0
Depreciation and amortization	**11.8**	11.2	11.1
Other	**4.2**	3.8	2.8
	97.4	90.5	86.9
Operating income	**2.6**	9.5	13.1
Other expenses (income):			
Interest expense	**2.4**	1.0	1.2
Loss on disposal of assets	**0.1**	–	–
Other, net	**--**	–	0.1
	2.5	1.0	1.3
Income before income taxes	**0.1**	8.5	11.8
Income tax expense	**--**	3.3	4.6
Net income	**0.1%**	5.2%	7.2%

Results of Operations

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Operating revenues increased 36.2% to $226.6 million in 2000 from $166.4 million in 1999 , resulting from increased business with existing customers, additional business from new customers and the acquisition of CCC Express on November 1, 1999. Average revenue per mile increased to $1.18 in 2000 from $1.13 in 1999. The empty mile factor decreased to 9.16% of paid miles in 2000 from 9.26% of paid miles in 1999. There was a 35.3% increase in the number of shipments to 199,611 in 2000 from 147,484 in 1999. This volume improvement was made possible by an increase of 42.4% in the average number of tractors operated during 1999 from 1,223 to 1,740 during 2000. The net effect of the volume increase and the Company's continuing fleet expansion was a decrease of 8.9% in miles per tractor per week from 2,404 in 1999 to 2,190 in 2000.

Operating expenses and costs as a percentage of revenues rose to 97.4% in 2000 from 90.5% in 1999. This change resulted primarily from an increase, on a percent of revenue basis, in operations and maintenance cost, insurance and claims cost, depreciation and amortization expense and other expenses. These increases were partially offset by a decrease, on a percent of revenue basis, in salaries, wages and employee benefits. The percentage increase, relative to revenues, in operations and maintenance cost was primarily the result of a an increase of 33.2 cents per gallon in the average cost of fuel in 2000 compared to 1999, combined with a decrease in fuel efficiency to 6.31 average miles per gallon in 2000 from 6.46 in 1999. The increase in insurance and claims cost, as a percentage of revenue and in actual dollars, resulted from an increase in the number of accidents during 2000 compared to 1999. The increase in depreciation and amortization expense, as a percent of revenue, resulted from a decline in tractor utilization from 1999 to 2000, as mentioned above. The increase in other expenses, as a percentage of revenue, resulted primarily from higher recruiting and training costs brought about by a higher driver turnover rate and increased competition for drivers. The percentage decrease, relative to salaries, wages and employee benefits expense for 2000 compared to 1999 was due to the reduction in management and executive incentives for 2000, which are based on the profitability of the Company, the effects of fuel surcharges and the elimination of a substantial portion of drivers' incentives earned during the fourth quarter of 2000 which resulted from a change in the drivers' pay package, except for drivers in the Company's dedicated services division, that eliminated incentive pay and overall, increased mileage based pay by 16%. Because salaries, wages and employee benefits expense consumes a larger portion of revenue than do other expenses, it is affected to a larger extent by the fuel surcharges included in revenue rate increases.

As a result of the foregoing factors, operating income decreased 63.4% to $5.8 million, or 2.6% of revenue, in 2000 from $15.8 million or, 9.5% of revenues, in 1999.

Interest expense increased to $5.41 million from $1.65 million in 1999, resulting primarily from a substantial increase in borrowings following the acquisition of CCC Express on November 1, 1999.

The Company had other expense, net of $83,000 during 2000 compared to other income, net of $23,000 in 1999. This increase in other expense, net was due to a variety of factors, no single one of which accounted for more than half of the increase.

As a result of the above factors, income before taxes decreased to $155,000, or 0.1% of revenues, in 2000 from $14.2 million, or 8.5% of revenues, in 1999.

The Company's effective tax rate was 39.2% in 2000 and 1999. The effective rates varied from the statutory Federal tax rate of 34% primarily due to state income taxes and certain non-deductible expenses.

As a result of the aforementioned factors, net income decreased to $94,000, or 0.1% of revenues, in 2000 from $8.6 million, or 5.2% of revenues in 1999, representing a decrease in diluted net income per share to $.01 from $.92. The number of shares used in the calculation of diluted net income per share for 2000 and 1999 were 9,260,011 and 9,354,441.

The principal means of competition in the truckload segment of the industry are service and rates, with rate discounting being particularly intense during economic downturns in order to maintain desired revenue levels. Although the Company competes primarily on the basis of its service provided to its customers rather than rates charged, rate discounting continues to be a factor in obtaining and retaining business. The number of firms competing in the truckload segment of the industry has increased dramatically since the deregulation of the industry in 1980. Also, a depressed economy tends to increase the competitive pressure placed on rate and service from alternative modes of transportation such as less-than-truckload and railroads. The Company's management believes that the truckload segment of the market has reached a certain level of maturity as the market exists currently and that the Company's further growth in the truckload segment of the industry is likely to be attained by increasing its market share rather than through an increase in the overall size of the market.

The Company experienced higher driver turnover and a reduction in equipment utilization as well as increased insurance costs in the first three quarter of 2000 because of large number of students and inexperienced drivers hired during this period. In order to combat this trend, the Company issued a 16% driver pay increase on October 1, 2000. With this pay increase, the Company eliminated incentive pay from its pay package except for drivers in its dedicated services division. This pay increase was implemented in order to dramatically improve driver recruiting efforts by attracting more experienced drivers than in the past and improve driver retention by offering a more competitive pay package than most other companies in the truckload segment of the industry. This pay raise will increase driver wages by approximately 3% of revenue annually. Management has set goals for recruiting, retention, driver and equipment utilization and claims cost to be achieved in order to recover this additional wage cost. More experienced drivers will also help the Company provide superior customer service.

Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

Operating revenues increased 14.6% to $166.4 million in 1999 from $145.2 million in 1998, resulting from increased business with existing customers, additional business from new customers and the acquisition of CCC Express on November 1, 1999. Average revenue per mile increased to $1.13 in 1999 from $1.12 in 1998. The empty mile factor decreased to 9.26% of paid miles in 1999 from 9.78% of paid miles in 1998. There was a 15.1% increase in the number of shipments to 147,484 in 1999 from 128,179 in 1998. This volume improvement was made possible by an increase of 15.6% in the average number of tractors operated from 1,058 in 1998 to 1,223 in 1999. The net effect of the volume improvement and the Company's continuing fleet expansion was a decrease of 1.5% in miles per tractor per week from 2,441 in 1998 to 2,404 in 1999.

Operating expenses and costs as a percentage of revenues rose to 90.5% in 1999 from 86.9% in 1998. This change resulted primarily from an increase, on a percent of revenue basis, in operations and maintenance cost, communications and utilities, and other expenses. These increases were partially offset by a decrease, on a percent of revenue basis, in insurance and claims.

The percentage increase, relative to revenues, in operations and maintenance cost was primarily the result of an increase of 10 cents per gallon in the average cost of fuel in 1999 compared to 1998, offset by an increase in fuel efficiency to 6.46 average miles per gallon in 1999 from 6.41 in 1998. The increase in communications and utilities expense, as a percentage of revenue and in actual dollars, reflects the usage credits issued with the purchase of Qualcomm units in 1997 being used to reduce rates in 1998. The increase in other expenses, as a percentage of revenue, resulted primarily from higher recruiting costs brought about by a higher driver turnover rate and increased competition for drivers. The percentage decrease, relative to revenues, in insurance and claims expense was due to a decrease in the number and severity of accidents in 1999 compared to 1998.

As a result of the foregoing factors, operating income decreased 16.5% to $15.8 million, or 9.5% of revenue, in 1999 from $19.0 million or, 13.1% of revenues, in 1998.

Interest expense decreased 3.5% to $1.65 million from $1.72 million in 1998, resulting primarily from reduction in borrowings for most of the year offset by a substantial increase in borrowings following the acquisition of CCC Express on November 1, 1999.

The Company had other income, net of $23,000 during 1999 compared to other expense, net of $102,000 in 1998. This increase in other income, net was due to a variety of factors, no single one of which accounted for more than half of the increase.
As a result of the above factors, income before taxes decreased 17.3% to $14.2 million, or 8.5% of revenues, in 1999 from $17.2 million, or 11.8% of revenues, in 1998.

The Company's effective tax rate increased to 39.2% in 1999 from 38.9% in 1998. The effective rates varied from the statutory Federal tax rate of 34% primarily due to state income taxes and certain non-deductible expenses.

As a result of the aforementioned factors, net income decreased 17.7% to $8.6 million, or 5.2% of revenues, in 1999 from $10.5 million, or 7.2% of revenues in 1998, representing a decrease of 17.1% in diluted net income per share to $.92 from $1.11. The number of shares used in the calculation of diluted net income per share for 1999 and 1998 were 9,354,441 and 9,465,971.

Inflation

The effect of inflation on operating costs has been minimal in recent years. Most of the Company's operating expenses are inflation sensitive, with increases in inflation generally resulting in increased operating costs and expenses. The effect of inflation-driven cost increases on the Company's overall operating costs would not be expected to be greater for the Company than for its competitors.

Seasonality

In the trucking industry generally, revenues decrease as customers reduce shipments during the winter holiday season and as inclement weather impedes operations. At the same time, operating expenses increase, due primarily to decreased fuel efficiency and increased maintenance costs. Future revenues could be impacted if customers reduce shipments due to temporary plant closings, which historically have occurred during July and December.

Fuel Availability and Cost

The motor carrier industry is dependent upon the availability of diesel fuel, and fuel shortages or increases in fuel taxes or fuel costs have adversely affected, and may in the future adversely affect the profitability of USA Truck. Fuel prices have fluctuated widely and fuel taxes have generally increased in recent years. The Company has not experienced difficulty in maintaining necessary fuel supplies, and in the past the Company generally has been able to recover most of the increases in fuel costs and fuel taxes from customers through increased freight rates. Diesel prices increased during 2000 and there can be no assurance when diesel prices will decrease to price levels experienced in recent periods. There also can be no assurance that the Company will be able to recover any future increases in fuel costs and fuel taxes through increased rates.

Operational Data

The following table sets forth certain operational information for the last three fiscal years:

	Year Ended December 31,		
	2000	1999	1998
Total loads moved during the year	**199,611**	147,484	128,179
Average number of tractors operated during the year	**1,740**	1,223	1,058
Number of tractors operated at year end	**1,738**	1,713	1,132
Number of trailers operated at year end	**3,400**	3,524	2,004
Total tractor miles during the year	**220,210,709**	169,587,327	148,590,937

Liquidity and Capital Resources

On April 28, 2000, the Company signed a new senior credit facility (the "Senior Credit Facility") that provides a working capital line of credit of $60.0 million, including letters of credit not exceeding $5.0 million. The Company repaid all amounts due under the General Line of Credit in the amount of $36.1 million and subsequently terminated the General Line of Credit. Bank of America, N.A. is the agent bank and SunTrust Bank and Firstar Bank, N.A. are participants in the Senior Credit Facility. As of December 31, 2000, approximately $23.9 million was available under the Senior Credit Facility. This credit facility matures on April 28, 2005, prior to which time, subject to certain conditions, the amount outstanding can be converted at any time, at the Company's option, to a four-year term loan requiring 48 equal monthly principal payments plus interest. The Senior Credit Facility bears variable interest based on the lenders prime rate, or federal funds rate plus 1/2% or LIBOR plus a certain percentage, which is determined based on the Company's attainment of certain financial ratios. The effective interest rate on the Company's borrowings under the credit facility for the year ending December 31, 2000 was 7.92%. A quarterly commitment fee is payable on the unused credit line and bears a rate which is determined based on the Company's attainment of certain financial ratios. As of December 31, 2000 the rate was 1/5%. This credit facility is collateralized by accounts receivable and all otherwise unencumbered equipment. See Note 5 to the Financial Statements.

The continued growth of the Company's business has required significant investments in new equipment. USA Truck has financed revenue equipment purchases with cash flows from operations and through borrowings under the Company's General Line of Credit or Senior Credit Facility, conventional financing and lease-purchase arrangements. The Company has generally met its working capital needs with cash flows from operations and occasionally with borrowings under the General Line of Credit or Senior Credit Facility. The Company has relied significantly on the General Line of Credit or Senior Credit Facility to meet working capital requirements since the acquisition of the assets of CCC Express. The Company uses the Senior Credit Facility to minimize fluctuations in cash flow needs and to provide flexibility in financing revenue equipment purchases. Cash flows from operations were $29.2 million for 2000 and $13.6 million for 1999.

The Company is a party to a lease commitment agreement (the "Equipment TRAC Lease Commitment"), dated November 19, 1997, to facilitate the leasing of tractors. The Equipment TRAC Lease Commitment was amended on October 12, 1999 to provide for available borrowings of up to $6,000,000 available during the remainder of 1999 and until October 12, 2000. Each capital lease under this lease commitment has a repayment period of either 36 or 42 months. As of December 31, 2000, capital leases in the aggregate principal amount of $20.5 million were outstanding under the Equipment TRAC Lease Commitment with an average interest rate of 5.75% per annum. During 2000, the Company entered into capital leases under this facility in the amount of $3.1 million.

As of December 31, 2000, capital leases in the aggregate principal amount of $4.6 million were outstanding under a prior lease commitment with an average interest rate of 5.26% per annum

On January 11, 2000, the Company entered into a lease commitment agreement (the "2000 TRAC Lease Commitment A"), to facilitate the leasing of tractors. The 2000 Equipment TRAC Lease Commitment A was amended on November 7, 2000 to provide for a maximum borrowing amount of approximately $16.5 million. Each capital lease will have a repayment period of 42 months. Borrowings are limited based on the amounts outstanding under capital leases entered into under this agreement. As of December 31, 2000, $8.3 million remained available under the 2000 Equipment TRAC Lease Commitment A. The interest rate on the capital leases under this lease commitment fluctuates in relation to the interest rate for the three year Treasury Note as published in The Wall Street Journal and is fixed upon execution of each lease. As of December 31, 2000, capital leases in the aggregate principal amount of $8.2 million were outstanding under this lease commitment with an average interest rate of 6.63% per annum. During, 2000, the Company entered into capital leases under this lease commitment in the amount of $9.1 million.

On January 31, 2000, the Company entered into a lease commitment agreement (the "2000 TRAC Lease Commitment B"), dated January 31, 2000, to facilitate the leasing of tractors. The 2000 Equipment TRAC Lease Commitment B was amended on October 18, 2000 to provide for a maximum borrowing amount of approximately $19.6 million. Each capital lease will have a repayment period of either 36 or 42 months. Borrowings are limited based on the amounts outstanding under capital leases entered into under this agreement. As of December 31, 2000, $12.0 million remained available under the 2000 Equipment TRAC Lease Commitment B. The interest rate on the capital leases under this lease commitment fluctuates in relation to the one year LIBOR as published in The Wall Street Journal and is fixed upon execution of a lease. As of December 31, 2000, capital leases in the aggregate principal amount of $7.6 million were outstanding under this lease commitment with an average interest rate of 6.58% per annum. During 2000, the Company entered into capital leases under this lease commitment in the amount of $8.3 million.

As of December 31, 2000, the Company had debt obligations of approximately $78.5 million, including amounts borrowed under the facilities described above, of which approximately $12.9 million were current obligations. During 2000, the Company made borrowings under the facilities described above of $89.6 million, while retiring $106.9 million in debt. The retired debt had an average interest rate of approximately 6.98%.

During the years 2001 and 2002, the Company plans to make approximately $99.9 million in capital expenditures. At December 31, 2000, USA Truck was committed to spend $41.0 million of this amount for revenue equipment in 2001, and $52.7 million of this amount is currently budgeted for revenue equipment in 2002. The commitments to purchase revenue equipment are cancelable by the Company if certain conditions are met. The balance of the expected capital expenditures will be used for maintenance and office equipment and facility improvements.

The Senior Credit Facility, the Equipment TRAC Lease Commitment A, the Equipment TRAC Lease Commitment B equipment leases and cash flows from operations should be adequate to fund the Company's operations and expansion plans through the end of 2001. There can be no assurance, however, that such sources will be sufficient to fund Company operations and all expansion plans through such date, or that any necessary additional financing will be available, if at all, in amounts required or on terms satisfactory to the Company. The Company expects to continue to fund its operations with cash flows from operations, equipment leases, the Senior Credit Facility, the Equipment TRAC Lease Commitment A, the Equipment TRAC Lease Commitment Board for the foreseeable future.

On July 9, 1998, the Company's Board of Directors authorized the Company to purchase up to 500,000 shares of its outstanding common stock over a three-year period dependent upon market conditions. Common stock purchases under the authorization may be made from time to time on the open market or in privately negotiated transactions at prices determined by the Chairman of the Board and President of the Company. This new authorization became effective in September 1998 upon the expiration of the Company's existing stock repurchase program. On May 5, 1999, the Board of Directors authorized the retirement of 100,000 shares of treasury stock that had been purchased at an aggregate cost of $.9 million. On May 3, 2000, the Board of Directors authorized the retirement of 106,733 shares of treasury stock that had been purchased at an aggregate cost of $.9 million. As of December 31, 2000, the Company had purchased 289,800 shares pursuant to this new authorization at an aggregate purchase price of $2,475,000. In addition, as of December 31, 2000, 23,232 of the remaining 131,600 repurchased shares had been resold under the Company's Employee Stock Purchase Plan. The Company may continue to purchase shares in the future if, in the view of management, the common stock is undervalued relative to the Company's performance and prospects for continued growth. Any such purchases would be funded with cash flows from operations or the Senior Credit Facility.

New Accounting Pronouncements

In 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. This statement provides guidance on the capitalization of certain costs incurred in developing or acquiring internal-use computer software. This statement was adopted in 1998 and did not have a significant impact on the Company's financial statements.

In June, 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. The Statement has been amended by SFAS No. 137 and is effective for all quarters of fiscal years beginning after June 15, 2000. It establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability at its fair value. The Company is currently evaluating the requirements of SFAS No. 133 and does not anticipate that the adoption will have a material effect on earnings or the financial position of the Company.

Quantitative and Qualitative Disclosure About Market Risk

The Company's Senior Credit Facility provides for borrowings which bear interest at variable rates based on either a prime rate, federal funds rate plus 1/2% or LIBOR plus a certain percentage which is determined based on the Company's attainment of certain financial ratios. At December 31, 2000, the Company had $34.9 million outstanding pursuant to the Senior Credit Facility. The Company believes that the effect, if any, of reasonably possible near-term changes in interest rates on the Company's financial position, results of operations, and cash flows should not be material.
All customers are required to pay for Company services in U.S. dollars. Although the Canadian Government makes certain payments, such as tax refunds, to the Company in Canadian dollars, any foreign currency exchange risk associated with such payments is insignificant.

The Company does not engage in hedging transactions relating to diesel fuel or any other commodity.

Forward-Looking Statements

This report contains forward-looking statements and information that are based on management's belief as well as assumptions made by, and information currently available to management. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will be realized. Should one or more of the risks or uncertainties underlying such expectations materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expected. Among the key factors that are not within the Company's control and that may have a direct bearing on operating results are increases in diesel prices, adverse weather conditions or driver turnover and the impact of increased rate competition or competition for qualified drivers. The Company's results may also be significantly affected by fluctuations in general economic conditions, as the Company's utilization rates are directly related to business levels of shippers in a variety of industries. Results for any specific period could also be affected by various unforeseen events, such as unusual levels of equipment failure or accident claims.

Report of Ernst & Young LLP, Independent Auditors

The Board of Directors and Stockholders
USA Truck, Inc.

We have audited the accompanying balance sheets of USA Truck, Inc. as of December 31, 2000 and 1999, and the related statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Truck, Inc. at December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Little Rock, Arkansas
January 19, 2001

Ernst + Young LLP

USA TRUCK, INC.
Balance Sheets

	December 31, 2000	December 31, 1999
Assets		
Current assets:		
Cash and cash equivalents	**$ 1,674,730**	$ 2,145,707
Receivables *(Note 5)*:		
Trade, less allowance for doubtful accounts of $303,203 in 2000 and $269,150 in 1999	**30,019,565**	26,649,235
Other	**3,853,642**	5,509,866
Inventories	**382,639**	301,907
Deferred income taxes *(Note 7)*	**1,607,633**	1,208,413
Prepaid expenses and other current assets *(Note 3)*	**4,200,618**	3,634,056
Total current assets	**41,738,827**	39,449,184
Property and equipment *(Notes 5 and 6)*:		
Land and structures	**18,519,687**	16,798,699
Revenue equipment	**170,109,906**	155,546,718
Service, office and other equipment	**14,517,040**	13,665,713
	203,146,633	186,011,130
Accumulated depreciation and amortization	**(55,417,751)**	(43,873,074)
	147,728,882	142,138,056
Other assets	**451,115**	452,448
Total assets	**$ 189,918,824**	$ 182,039,688
Liabilities and stockholders' equity		
Current liabilities:		
Bank drafts payable	**$ 1,487,086**	$ 1,116,485
Trade accounts payable	**5,870,192**	5,139,164
Accrued expenses *(Note 4)*	**10,131,717**	11,065,604
Current maturities of long-term debt *(Note 5)*	**12,867,611**	10,956,533
Total current liabilities	**30,356,606**	28,277,786
Long-term debt, less current maturities *(Notes 5 and 6)*	**65,660,268**	64,452,648
Deferred income taxes *(Note 7)*	**21,111,025**	17,008,364
Insurance and claims accruals	**2,810,214**	2,192,714
Commitments and contingencies *(Notes 6 and 12)*		
Stockholders' equity *(Notes 5 and 9)*:		
Preferred Stock, $.01 par value; 1,000,000 shares authorized; none issued-	**-**	-
Common Stock, $.01 par value; 16,000,000 shares authorized; issued 9,282,889 shares in 2000 and 9,387,041 shares in 1999	**92,829**	93,870
Additional paid-in capital	**11,318,279**	12,271,685
Retained earnings	**58,934,889**	58,840,827
Less treasury stock, at cost (59,835 shares in 2000 and 122,011 shares in 1999)	**(365,286)**	(1,098,206)
Total stockholders' equity	**69,980,711**	70,108,176
Total liabilities and stockholders' equity	**$ 189,918,824**	$ 182,039,688

See accompanying notes.

USA TRUCK, INC.
Statements of Income

	Year Ended December 31,		
	2000	1999	1998
Operating revenues	**$ 226,585,437**	$ 166,363,356	$ 145,216,121
Operating expenses and costs:			
Salaries, wages and employee benefits *(Note 8)*	**91,453,590**	70,197,581	61,296,860
Operations and maintenance	**71,567,226**	42,480,525	33,400,982
Operating taxes and licenses	**4,248,497**	3,005,166	2,547,449
Insurance and claims	**14,318,596**	7,987,208	7,249,853
Communications and utilities	**2,802,007**	1,999,548	1,468,485
Depreciation and amortization	**26,792,923**	18,591,780	16,179,143
Other	**9,607,679**	6,264,876	4,113,158
	220,790,518	150,526,684	126,255,930
Operating income	**5,794,919**	15,836,672	18,960,191
Other expenses (income):			
Interest expense	**5,407,723**	1,655,558	1,714,662
Loss (gain) on disposal of assets	**149,788**	(9,297)	(37,088)
Other, net	**82,702**	(22,588)	102,340
	5,640,213	1,623,673	1,779,914
Income before income taxes	**154,706**	14,212,999	17,180,277
Income tax (benefit) expense *(Note 7)*:			
Current	**(3,642,795)**	2,774,219	3,366,164
Deferred	**3,703,440**	2,797,278	3,316,964
	60,645	5,571,497	6,683,128
Net income	**$ 94,061**	$ 8,641,502	$ 10,497,149
Net income per share *(Notes 9 and 10)*:			
Basic earnings per share	**$0.01**	$0.93	$1.12
Diluted earnings per share	**$0.01**	$0.92	$1.11

See accompanying notes.

USA TRUCK, INC.
Statements of Stockholders' Equity

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance at January 1, 1998	$ 93,749	$ 12,577,336	$ 39,702,176	–	$ 52,373,261
Exercise of stock options, net (Note 10)	622	290,941	–	–	291,563
Tax benefit of stock options (Note 7)	–	53,065	–	–	53,065
Purchases of 54,750 shares of common stock into treasury	–	–	–	(585,962)	(585,962)
Sale of 7,961 shares of treasury stock to employee stock purchase plan	–	–	–	104,987	104,987
Net income for 1998	–	–	10,497,149	–	10,497,149
Balance at December 31, 1998	94,371	12,921,342	50,199,325	480,975	62,734,063
Exercise of stock options, net (Note 10)	499	278,219	–	–	278,718
Purchase of 186,600 shares of common stock into treasury	–	–	–	1,662,883	1,662,883
Sale of 11,379 shares of treasury stock to employee stock purchase plan	–	–	–	116,776	116,776
Retirement of 100,000 shares out of treasury stock	(1,000)	(927,876)	–	928,876	–
Net income for 1999	–	–	8,641,502	–	8,641,502
Balance at December 31, 1999	93,870	12,271,685	58,840,827	(1,098,206)	70,108,176
Exercise of stock options, net (Note 10)	**26**	**(21)**	**--**	**--**	**5**
Purchase of 58,200 shares of common stock into treasury	**--**	**--**	**--**	**(350,344)**	**(350,344)**
Transfer of 13,643 shares of treasury Stock to Employee Stock Purchase Plan	**--**	**--**	**--**	**128,813**	**128,813**
Retirement of 106,733 shares out of treasury stock	**(1,067)**	**(953,384)**	**--**	**954,451**	**--**
Net income for 2000	**--**	**--**	**94,061**	**--**	**94,061**
Balance at December 31, 2000	**$ 92,829**	**$ 11,318,280**	**$ 58,934,888**	**$ (365,286)**	**$ 69,980,711**

See accompanying notes.

USA TRUCK, INC.
Statements of Cash Flows

	Year Ended December 31,		
	2000	1999	1998
Operating activities			
Net income	**$ 94,061**	$ 8,641,502	$ 10,497,149
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**26,792,923**	18,591,780	16,179,143
Provision for doubtful accounts	**82,200**	121,900	30,000
Deferred income taxes	**3,703,441**	2,797,278	3,316,964
Gain on disposal of assets	**149,788**	(9,297)	(37,088)
Changes in operating assets and liabilities:			
Receivables	**(1,796,306)**	(17,186,596)	(1,363,041)
Inventories, prepaid expenses and other current assets	**(647,294)**	(609,527)	(1,103,891)
Bank drafts payable, trade accounts payable and accrued expenses	**167,742**	1,103,205	539,981
Insurance and claims accruals - long-term	**617,500**	100,100	408,000
Net cash provided by operating activities	**29,164,055**	13,550,345	28,467,217
Investing activities			
Purchases of property and equipment	**(27,011,263)**	(29,492,589)	(21,731,600)
Purchase of CCC Express, Inc.	**--**	(22,891,055)	–
Proceeds from sale of equipment	**14,898,989**	9,651,337	6,395,382
Proceeds from sale of investments	**--**	968,196	–
Decrease (increase) in other assets	**1,333**	(153,165)	31,150
Net cash used by investing activities	**(12,110,941)**	(41,917,276)	(15,305,068)
Financing activities			
Borrowings under long-term debt	**89,606,979**	55,685,310	14,325,000
Proceeds from the exercise of stock options	**5**	278,718	291,563
Proceeds from sale of treasury stock	**128,813**	116,776	104,987
Refund of security deposits	**--**	1,745,478	–
Payments to repurchase common stock	**(350,344)**	(1,662,883)	(585,962)
Principal payments on long-term debt	**(93,689,979)**	(19,595,310)	(22,800,000)
Principal payments on capitalized lease obligations	**(13,219,565)**	(7,835,094)	(6,385,405)
Net cash (used by) provided by financing activities	**(17,524,091)**	28,732,995	(15,049,817)
(Decrease) increase in cash and cash equivalents	**(470,977)**	366,064	(1,887,668)
Cash and cash equivalents:			
Beginning of year	**2,145,707**	1,779,643	3,667,311
End of year	**$ 1,674,730**	$ 2,145,707	$ 1,779,643

See accompanying notes.

USA TRUCK, INC.
Notes to Financial Statements
December 31, 2000

1. Summary of Significant Accounting Policies

Description of Business

USA Truck, Inc. (the "Company"), operates as a truckload motor carrier with operating authority to provide service throughout the continental United States and parts of Canada and Mexico.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Concentration of Credit Risk

The Company performs ongoing credit evaluations and generally does not require collateral. The Company maintains reserves for potential credit losses. Such losses have been within management's expectations.

One customer represented approximately 8% and 7% of net trade receivables as of December 31, 2000 and 1999, respectively. The same customer represented approximately 6% and 6% of revenues for the years ended December 31, 2000 and 1999, respectively.

Inventories

Inventories consist primarily of tires, fuel and supplies and are stated at the lower of cost (first-in, first-out basis) or market.

Property and Equipment

Property and equipment is recorded at cost. For financial reporting purposes, the cost of such property is depreciated principally by the straight-line method using the following estimated useful lives: structures - 5 to 39.5 years; revenue equipment - 3 to 10 years; and service, office and other equipment - 3 to 20 years. Gains and losses on asset sales are reflected in the year of disposal. Trade-in allowances in excess of book value of revenue equipment are accounted for by adjusting the cost of assets acquired. Tires purchased with revenue equipment are capitalized as a part of the cost of such equipment, with replacement tires being inventoried and expensed when placed in service.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

During 2000, the Company made certain changes in the estimated lives and salvage values of certain revenue equipment to better reflect the Company's experience as to service lives and resale values of that revenue equipment. Effective June 1, 2000, the Company changed the estimated lives and salvage values of its trailers. This change decreased depreciation expense and increased net income by approximately $563,500 during 2000. Effective October 1, 2000, the Company changed the salvage values of certain types of its tractors. This change increased depreciation expense and decrease net income by approximately $200,000 during 2000.

Claims Liabilities

The Company is self-insured up to certain limits for bodily injury, property damage, workers' compensation, and cargo loss and damage claims. Provisions are made for both the estimated liabilities for known claims as incurred and estimates for those incurred but not reported. In 2000 the Company was self-insured up to $1,000,000 per occurrence for bodily injury and property damage, up to $500,000 for workers' compensation claims, and up to $100,000 per occurrence for cargo loss and damage claims. These self-insurance arrangements are secured by $1,210,000 in letters of credit.

The workers' compensation self-insurance is secured by $100,000 in certificates of deposit maturing during 2001. The certificates of deposit are included in other assets on the balance sheet as of December 31, 2000 and 1999.

Revenue Recognition

Revenues are recognized based on a method whereby revenue is allocated between reporting periods based on relative transit time in each period and direct expenses are allocated on the same basis.

Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets include temporary differences relating to depreciation, capitalized leases and certain revenues and expenses.

Earnings Per Share

Earnings per share amounts are computed based on Financial Accounting Standards Board Statement No. 128, Earnings per Share. Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding during the year excluding any dilutive effects of options. Diluted earnings per share is computed by adjusting the weighted average shares outstanding by common stock equivalents attributable to dilutive options.

1. Summary of Significant Accounting Policies (continued)

Compensation to Employees

Stock based compensation to employees is accounted for based on the intrinsic value method under Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25). Under APB 25 because the exercise price of employee stock options equaled the market price of the underlying stock on the grant date, no compensation expense is recorded. The Company has adopted the disclosure - only provisions of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123).

Advertising Costs

The Company expenses advertising costs as they are incurred. Total advertising costs for the period ended December 31, 2000, 1999 and 1998 were $1,770,000, $1,628,000, and $1,416,000 respectively.

New Accounting Pronouncements

In 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. This statement provides guidance on the capitalization of certain costs incurred in developing or acquiring internal-use computer software. This statement was adopted in 1998 and did not have a significant impact on the Company's financial statements.

In June, 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. The Statement has been amended by SFAS No. 137 and is effective for all quarters of fiscal years beginning after June 15, 2000. It establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability at its fair value. The Company is currently evaluating the requirements of SFAS No. 133 and does not anticipate that the adoption will have a material effect on earnings or the financial position of the Company.

2. Acquisition

On November 1, 1999, pursuant to an Asset Purchase Agreement (the "Asset Purchase Agreement") dated October 31, 1999, the Company acquired substantially all the assets of CARCO Carrier Corporation, an Arkansas corporation, which operated under the name CCC Express, Inc. ("CCC"), for a purchase price of $35.3 million. The purchase price consisted of (i) a cash payment of approximately $3.0 million; (ii) the assumption of approximately $6.5 million of liabilities including equipment notes and (iii) the refinancing of approximately $25.8 million in other debt secured by equipment. Additionally, $5.9 million of the $25.8 million consisted of a non-cash transaction. The cash portion of the purchase price was paid from available cash and proceeds of borrowings under the Company's credit facilities. The purchase price was equal to the net book value of CCC on the closing date, as adjusted in accordance with the Asset Purchase Agreement, plus $2 million. In connection with the acquisition, the Company's borrowing under its General Line of Credit was increased from $20 million to $35 million effective October 28, 1999.

Notes to Financial Statements (continued)

2. Acquisition (continued)

The acquisition has been accounted for under the purchase method. Accordingly, the acquired assets and liabilities have been recorded at their estimated fair values at the date of acquisition. Operating results of the acquired business are included in the statements of income from the acquisition date.

The following pro forma summary of results of operations has been prepared as though CCC had been acquired on January 1, 1998. These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisition been made on January 1, 1998, or of results which may occur in the future.

December 31,	1999	1998
Operating revenues	**$ 222,089,793**	$ 211,937,321
Net Income	**6,127,054**	9,074,624
Basic earnings per share	**$.66**	$.97
Diluted earnings per share	**$.65**	$.96

3. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

December 31,	2000	1999
Prepaid licenses and taxes	**$ 1,484,736**	$ 1,381,345
Prepaid insurance	**1,938,554**	2,039,749
Other	**777,328**	212,962
	$ 4,200,618	$ 3,634,056

4. Accrued Expenses

Accrued expenses consist of the following:

December 31,	2000	1999
Salaries, wages, bonuses and employee benefits	**$ 2,471,160**	$ 4,352,233
Insurance and claims accruals	**5,032,871**	3,585,366
Other	**2,627,686**	3,128,005
	$ 10,131,717	$ 11,065,604

Notes to Financial Statements (continued)

5. Long-term Debt

Long-term debt consists of the following:

	December 31, 2000	December 31, 1999
Revolving credit agreement (1)	**$ 34,907,000**	$ 38,990,000
Capitalized lease obligations (2)	**43,620,879**	36,419,181
	78,527,879	75,409,181
Less current maturities	**(12,867,611)**	(10,956,533)
	$ 65,660,268	$ 64,452,648

(1) The Company's revolving credit agreement (the "Senior Credit Facility"), effective April 28, 2000, provides for available borrowings of $60,000,000, including letters of credit not exceeding $5,000,000. The Senior Credit Facility matures on April 28, 2005, prior to which time, subject to certain conditions, the remaining balance may be converted at any time at the Company's option to a term loan requiring forty-eight equal monthly principal payments plus interest. The credit facility bears variable interest based on the lenders prime rate, or federal funds rate plus 1/2% or LIBOR plus a certain percentage, which is determined based on the Company's attainment of certain financial ratios. The effective interest rate on the Company's borrowings under the credit facility for the year ending December 31, 2000 was 7.58%. A quarterly commitment fee of 1/5% per annum is payable on the unused credit line. The Senior Credit Facility is collateralized by accounts receivable and all otherwise unencumbered equipment. The Company has outstanding letters of credit of approximately $1,210,000 at December 31, 2000.

The Senior Credit Facility requires the Company to meet certain financial covenants and to maintain a minimum tangible net worth of approximately $65,846,000 at December 31, 2000. The Company was in compliance with these covenants at December 31, 2000. The covenants would prohibit the payment of dividends by the Company if such payment would cause the Company to be in violation of any of the covenants. The carrying amount reported in the balance sheet for borrowings under the Line of Credit approximates its fair value since the interest rate is variable.

(2) The leases extend through February 2004 and contain renewal or fixed price purchase options. The effective interest rates on the leases range from 4.50% to 11.56% at December 31, 2000.The lease agreements require the Company to pay property taxes, maintenance and operating expenses.

The Company made interest payments of approximately $5,378,000, $1,490,000 and $1,699,000 during 2000, 1999 and 1998, respectively. The Company capitalized approximately $12,500 and $6,800 in interest as a result of construction during 2000 and 1998, respectively.

6. Leases and Commitments

Capital lease obligations of $20,421,263, $21,908,219 and $6,763,522 were incurred during the years ended December 31, 2000, 1999 and 1998, respectively.

At December 31, 2000, the future minimum payments under capitalized leases with initial terms of one year or more were $15,146,492 for 2001, $13,481,486 for 2002, $17,760,502 for 2003 and $1,349,203 for 2004. The present value of net minimum lease payments was $43,620,879 which includes the current portion of the capital leases of $12,867,611 and excludes amounts representing interest of $4,116,805.

At December 31, 2000, property and equipment included capitalized leases which had capitalized costs of $58,048,308, accumulated amortization of $14,081,766 and a net book value of $43,966,542. At December 31, 1999 property and equipment included capitalized leases which had capitalized costs of $45,526,083, accumulated amortization of $7,944,872 and a net book value of $37,581,211. Amortization of leased assets is included in depreciation and amortization expense.

Commitments to purchase revenue equipment, which are cancelable by the Company if certain conditions are met, aggregated approximately $37,974,000 at December 31, 2000.

7. Federal and State Income Taxes

Significant components of the Company's deferred tax liabilities and assets as of December 31, 2000 and 1999 are as follows:

	December 31,	
	2000	1999
Noncurrent deferred tax liabilities:		
Tax over book depreciation	**$ 21,433,405**	$ 16,904,280
Capitalized leases	**338,222**	104,084
Total noncurrent deferred tax liabilities	**21,771,627**	17,008,364
Noncurrent deferred tax assets:		
Alternative minimum tax credits	**(263,838)**	–
Net operating losses	**(396,764)**	–
Total noncurrent deferred tax assets	**(660,602)**	–
Net current deferred tax liabilities	**$ 21,111,025**	$ 17,008,364
Current deferred tax assets:		
Revenue recognition	**$ (42,661)**	$ (89,392)
Accrued expenses not deductible until paid	**(3,033,282)**	(2,389,894)
Allowance for doubtful accounts	**(115,323)**	(99,166)
Total current deferred tax assets	**(3,191,266)**	(2,578,452)
Current deferred tax liabilities:		
Prepaid expenses deductible when paid	**1,583,633**	1,370,039
Net current deferred tax assets	**$ (1,607,633)**	$ (1,208,413)

Notes to Financial Statements (continued)

7. Federal and State Income Taxes (continued)

Significant components of the provision for income taxes are as follows:

	Year Ended December 31,		
	2000	1999	1998
Current			
Federal	**$ (3,642,796)**	$ 2,406,997	$ 2,812,318
State	--	367,222	553,846
Total current	**(3,642,796)**	2,774,219	3,366,164)
Deferred			
Federal	**3,152,732**	2,350,248	2,883,617
State	**550,709**	447,030	433,347
Total deferred	**3,703,441**	2,797,278	3,316,964
Total income tax expense	**$ 60,645**	$ 5,571,497	$ 6,683,128

During 2000, 1999 and 1998, the Company made income tax payments of approximately $66,250, $3,105,300, and $3,484,000, respectively.

During 1998, the Company recognized a tax benefit of $53,065 related to stock options. This amount was added to additional paid-in capital.

In 2000, the Company generated $396,742 in a state net operating loss carry forward, which will expire in 2020. The Company also generated alternative minimum tax credits of $263,838. These credits have no expiration date.

A reconciliation between the effective income tax rate and the statutory federal income tax rate is as follows:

	Year Ended December 31,		
	2000	1999	1998
Income tax at 34% statutory federal rate	**$ 52,600**	$ 4,832,420	$ 5,841,294
Federal income tax effects of:			
State income taxes	**(7,224)**	(276,846)	(336,172)
Nondeductible expenses	**75,038**	58,846	98,131
Other	**(81,017)**	142,825	92,682
Federal income taxes	**39,397**	4,757,245	5,695,935
State income taxes	**21,248**	814,252	987,193
Total income tax expense	**$ 60,645**	$ 5,571,497	$ 6,683,128
Effective tax rate	**39.2%**	39.2%	38.9%

8. Employee Benefit Plans

The Company sponsors the USA Truck, Inc. Employees' Investment Plan, a tax deferred savings plan under section 401(k) of the Internal Revenue Code, that covers substantially all employees. Employees can contribute up to 15% of their compensation, with the Company matching 50% of the first 4% of compensation contributed by each employee. Company matching contributions were approximately $788,400, $634,000 and $652,000 for 2000, 1999 and 1998, respectively.

9. Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Year Ended December 31,		
	2000	1999	1998
Numerator:			
Net Income	**$ 94,061**	$ 8,641,502	$ 10,497,149
Denominator:			
Denominator for basic earnings per share-weighted average shares	**$ 9,253,843**	$ 9,324,037	$ 9,399,727
Effect of dilutive securities:			
Employee stock options	**6,201**	30,404	66,244
Denominator for diluted earnings per share - adjusted weighted average shares and assumed conversions	**$ 9,260,044**	$ 9,354,441	$ 9,465,971
Basic earnings per share	**$.01**	$.93	$1.12
Diluted earnings per share	**$.01**	$.92	$1.11
Anti-dilutive employee stock options	**79,600**	94,600	–

10. Common Stock Transactions

The Company has a stock option plan which provides for the granting of incentive or nonqualified options to purchase up to 800,000 shares of common stock to officers and other key employees. No options may be granted under this plan for less than the fair market value of the common stock at the date of the grant. Although the exercise period is determined when options are actually granted, no option will be exercised later than 10 years after it is granted.

The Company also has a nonqualified stock option plan for directors who are not officers or employees of the Company, which provides for the granting of options to purchase up to 25,000 shares of common stock. No options may be granted under this plan with exercise prices of less than the fair market value of the common stock at the date of grant. Although the exercise period is determined when options are actually granted, options will vest no less than six months or more than three years after the grant date and may not be exercised later than five years after the grant date.

Notes to Financial Statements (continued)

10. Common Stock Transactions (continued)

A summary of the Company's stock option activity, and related information for the years ended December 31, follows:

	2000		1999		1998	
		Weighted-Average		Weighted-Average		Weighted-Average
	Options	Exercise Price	Options	Exercise Price	Options	Exercise Price
Outstanding-beginning of year	258,200	$ 8.09	323,200	$ 7.72	356,400	$ 6.90
Granted	185,000	5.49	–	–	46,000	11.59
Exercised	(32,000)	6.25	(65,000)	6.25	(79,200)	6.30
Canceled	(10,000)	6.96	–	–	–	–
Expired	(20,600)	11.53	–	–	–	–
Outstanding-end of year	380,600	$ 6.85	258,200	$ 8.09	323,200	$ 7.72
Exercisable at end of year	104,800	$ 8.10	95,600	$ 7.85	103,000	$ 6.46

Exercise prices for options outstanding as of December 31, 2000 ranged from $5.44 to $13.00. The weighted-average fair value of options granted during 2000 and 1998 were $2.33 and $4.30. No options were granted during 1999. The weighted-average remaining contractual life of these options is 3.59 years.

No options were exercised for cash in 2000. In 1999 and 1998, 44,595 and 45,240 options, respectively, were exercised for cash. In 2000, 1999 and 1998 additional options of 30,200, 20,405 and 33,960 respectively, were exercised by the exchange of 29,419, 15,056 and 16,971 shares of stock respectively, (with a market value equal to the exercise price of the options). The exchanged shares were then canceled.

Since the Company has adopted the disclosure-only provisions of SFAS 123, no compensation cost has been recognized for the stock option plans. Had compensation cost for the Company's two stock option plans been determined based on the fair value at the grant date for awards in 2000, 1999 and 1998 consistent with the provisions of SFAS 123, the Company's pro forma net income would have been $20,808, $8,603,394 and $10,431,143, pro forma basic earnings per share would have been $.00, $.92 and $.1.11, and pro forma diluted earnings per share would have been $.00, $.92 and $1.10, respectively.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The following weighted-average assumptions were used for grants in 2000: dividend yield of 0%; expected volatility of 0.336%; risk-free interest rates range from 5.77% to 5.92% and expected lives range from 3 to 7 years. The following weighted-average assumptions were used for grants in 1999: dividend yield of 0%; expected volatility of 0.292%; risk-free interest rates range from 4.29% to 5.44% and expected lives range from 3 to 5 years. The following weighted-average assumptions were used for grants in 1998: dividend yield of 0%; expected volatility of 0.457%; risk-free interest rates range from 4.29% to 5.44% and expected lives range from 3 to 5 years.

Notes to Financial Statements (continued)

11. Quarterly Results of Operations (Unaudited)

The tables below present quarterly financial information for 2000 and 1999:

	2000 Three Months Ended			
	March 31	June 30	September 30	December 31
Operating revenues	$55,144,425	$ 58,348,467	$ 55,532,933	$ 57,559,612
Operating expenses and costs	54,344,363	54,871,633	53,434,653	58,139,869
Operating income	800,062	3,476,834	2,098,280	(580,257)
Other expenses, net	1,451,235	1,533,420	1,255,588	1,399,970
(Loss) income before income taxes	(651,173)	1,943,414	842,692	(1,980,227)
Income tax (benefit) expense	(256,788)	763,347	330,335	(776,249)
Net (Loss) income	$(394,385)	$ 1,180,067	$ 512,357	$ (1,203,978)
Average shares outstanding (basic)	9,266,229	9,297,761	9,257,973	9,222,264
Basic (loss) earnings per share	($.04)	$.13	$.06	($.13)
Average shares outstanding (diluted)	9,288,976	9,302,194	9,264,116	9,228,370
Diluted (loss) earnings per share	($.04)	$.13	$.06	($.13)

	1999 Three Months Ended			
	March 31	June 30	September 30	December 31
Operating revenues	$36,199,447	$ 38,117,504	$ 40,416,850	$ 51,629,555
Operating expenses and costs	32,063,006	33,830,877	37,330,310	47,302,491
Operating income	4,136,441	4,286,627	3,086,540	4,327,064
Other expenses, net	313,880	282,016	308,597	719,180
Income before income taxes	3,822,561	4,004,611	2,777,943	3,607,884
Income taxes	1,498,444	1,569,808	1,088,954	1,414,291
Net income	$2,324,117	$ 2,434,803	$ 1,688,989	$ 2,193,593
Average shares outstanding (basic)	9,392,817	9,373,109	9,298,377	9,257,361
Basic earnings per share	$.25	$.26	$.18	$.24
Average shares outstanding (diluted)	9,452,481	9,410,750	9,335,972	9,287,601
Diluted earnings per share	$.25	$.26	$.18	$.24

12. Litigation

The Company is not a party to any pending legal proceedings which management believes to be material to the financial condition of the Company. The Company maintains liability insurance against risks arising out of the normal course of its business.

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