UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
or
☐ Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarter ended September 30, 2021

Commission File Number 0-15010

MARTEN TRANSPORT, LTD.
(Exact name of registrant as specified in its charter)

Delaware (State of incorporation)	39-1140809 (I.R.S. employer identification no.)
129 Marten Street Mondovi, Wisconsin 54755 (Address of principal executive offices)	715-926-4216 (Registrant's telephone number)

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

Title of each class:	**Trading symbol:**	**Name of each exchange on which registered:**
COMMON STOCK, PAR VALUE $.01 PER SHARE	**MRTN**	**THE NASDAQ STOCK MARKET LLC (NASDAQ GLOBAL SELECT MARKET)**

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

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☒	Accelerated filer ☐
Smaller reporting company ☐	Non-accelerated filer ☐
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares outstanding of the Registrant's Common Stock, par value $.01 per share, was 82,942,839 as of October 25, 2021.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

MARTEN TRANSPORT, LTD.
CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands, except share information)	September 30, 2021	December 31, 2020
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 83,900	$ 66,127
Receivables:		
Trade, net	99,686	83,426
Other	6,208	4,202
Prepaid expenses and other	22,150	21,903
Total current assets	211,944	175,658
Property and equipment:		
Revenue equipment, buildings and land, office equipment and other	957,708	930,123
Accumulated depreciation	(267,808)	(275,950)
Net property and equipment	689,900	654,173
Other noncurrent assets	1,539	1,805
Total assets	$ 903,383	$ 831,636
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 33,687	$ 25,702
Insurance and claims accruals	41,128	39,595
Accrued and other current liabilities	32,667	24,497
Accrued dividends	44,789	-
Total current liabilities	152,271	89,794
Deferred income taxes	120,689	121,098
Noncurrent operating lease liabilities	336	411
Total liabilities	273,296	211,303
Stockholders' equity:		
Preferred stock, $.01 par value per share; 2,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, $.01 par value per share; 192,000,000 shares authorized; 82,942,839 shares at September 30, 2021, and 82,705,005 shares at December 31, 2020, issued and outstanding	829	827
Additional paid-in capital	85,539	85,070
Retained earnings	543,719	534,436
Total stockholders' equity	630,087	620,333
Total liabilities and stockholders' equity	$ 903,383	$ 831,636

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

MARTEN TRANSPORT, LTD.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

(In thousands, except per share information)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Operating revenue	$ 251,280	$ 216,011	$ 706,768	$ 647,041
Operating expenses (income):				
Salaries, wages and benefits	81,091	74,797	229,385	221,034
Purchased transportation	52,861	37,066	138,629	113,676
Fuel and fuel taxes	33,909	24,268	94,853	73,433
Supplies and maintenance	11,685	12,440	33,867	36,501
Depreciation	25,371	25,580	76,598	76,979
Operating taxes and licenses	2,606	2,749	8,036	8,003
Insurance and claims	10,501	11,243	31,338	35,160
Communications and utilities	2,181	1,999	6,320	5,961
Gain on disposition of revenue equipment	(4,536)	(2,128)	(11,859)	(5,899)
Gain on disposition of facility	-	(1,718)	-	(1,718)
Other	7,115	5,315	18,589	16,223
Total operating expenses	222,784	191,611	625,756	579,353
Operating income	28,496	24,400	81,012	67,688
Other	(8)	(17)	(27)	(127)
Income before income taxes	28,504	24,417	81,039	67,815
Income taxes expense	7,230	6,373	20,341	17,919
Net income	$ 21,274	$ 18,044	$ 60,698	$ 49,896
Basic earnings per common share	$ 0.26	$ 0.22	$ 0.73	$ 0.61
Diluted earnings per common share	$ 0.26	$ 0.22	$ 0.73	$ 0.60
Dividends paid per common share	$ -	$ 0.04	$ 0.08	$ 0.093
Dividends declared per common share	$ 0.54	$ 0.04	$ 0.62	$ 0.093

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

MARTEN TRANSPORT, LTD.
CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(In thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Total Stock-holders' Equity
Balance at December 31, 2020	82,705	$ 827	$ 85,070	$ 534,436	$ 620,333
Net income	-	-	-	18,006	18,006
Issuance of common stock from share-based payment arrangement exercises and vesting of performance unit awards	70	1	160	-	161
Employee taxes paid in exchange for shares withheld	-	-	(547)	-	(547)
Share-based payment arrangement compensation expense	-	-	336	-	336
Dividends paid on common stock	-	-	-	(3,311)	(3,311)
Balance at March 31, 2021	82,775	828	85,019	549,131	634,978
Net income	-	-	-	21,418	21,418
Issuance of common stock from share-based payment arrangement exercises, deferred compensation plan distributions and vesting of performance unit awards	106	1	335	-	336
Employee taxes paid in exchange for shares withheld	-	-	(706)	-	(706)
Share-based payment arrangement compensation expense	-	-	930	-	930
Dividends paid on common stock	-	-	-	(3,315)	(3,315)
Balance at June 30, 2021	82,881	829	85,578	567,234	653,641
Net income	-	-	-	21,274	21,274
Issuance of common stock from share-based payment arrangement exercises, deferred compensation plan distributions and vesting of performance unit awards	62	-	61	-	61
Employee taxes paid in exchange for shares withheld	-	-	(673)	-	(673)
Share-based payment arrangement compensation expense	-	-	573	-	573
Accrued dividends on common stock	-	-	-	(44,789)	(44,789)
Balance at September 30, 2021	82,943	$ 829	$ 85,539	$ 543,719	$ 630,087

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

MARTEN TRANSPORT, LTD.
CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(In thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Total Stock-holders' Equity
Balance at December 31, 2019	82,055	$ 821	$ 79,465	$ 517,303	$ 597,589
Net income	-	-	-	13,718	13,718
Repurchase and retirement of common stock	(53)	(1)	(596)	-	(597)
Issuance of common stock from share-based payment arrangement exercises and vesting of performance unit awards	259	3	1,052	(1)	1,054
Employee taxes paid in exchange for shares withheld	-	-	(437)	-	(437)
Share-based payment arrangement compensation expense	-	-	246	-	246
Dividends paid on common stock	-	-	-	(2,193)	(2,193)
Balance at March 31, 2020	82,261	823	79,730	528,827	609,380
Net income	-	-	-	18,134	18,134
Issuance of common stock from share-based payment arrangement exercises and vesting of performance unit awards	401	4	3,360	(1)	3,363
Share-based payment arrangement compensation expense	-	-	726	-	726
Dividends paid on common stock	-	-	-	(2,205)	(2,205)
Balance at June 30, 2020	82,662	827	83,816	544,755	629,398
Net income	-	-	-	18,044	18,044
Issuance of common stock from share-based payment arrangement exercises and vesting of performance unit awards	19	-	181	-	181
Share-based payment arrangement compensation expense	-	-	392	-	392
Dividends paid on common stock	-	-	-	(3,307)	(3,307)
Balance at September 30, 2020	82,681	$ 827	$ 84,389	$ 559,492	$ 644,708

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

MARTEN TRANSPORT, LTD.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Nine Months Ended September 30, 2021	2020
Cash flows provided by operating activities:		
Operations:		
Net income	$ 60,698	$ 49,896
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	76,598	76,979
Tires in service amortization	4,858	4,937
Gain on disposition of revenue equipment	(11,859)	(5,899)
Gain on disposition of facility	-	(1,718)
Deferred income taxes	(409)	3,868
Share-based payment arrangement compensation expense	1,839	1,364
Changes in other current operating items:		
Receivables	(14,805)	16,847
Prepaid expenses and other	(3,076)	(2,317)
Accounts payable	7,502	1,315
Insurance and claims accruals	1,533	4,900
Accrued and other current liabilities	5,030	4,535
Net cash provided by operating activities	127,909	154,707
Cash flows used for investing activities:		
Revenue equipment additions	(157,301)	(138,457)
Proceeds from revenue equipment dispositions	58,525	46,872
Buildings and land, office equipment and other additions	(3,330)	(4,697)
Proceeds from buildings and land, office equipment and other dispositions	-	2,573
Other	(36)	(39)
Net cash used for investing activities	(102,142)	(93,748)
Cash flows used for financing activities:		
Dividends paid on common stock	(6,626)	(7,705)
Repurchase and retirement of common stock	-	(597)
Issuance of common stock from share-based payment arrangement exercises, deferred compensation plan distributions and vesting of performance unit awards	558	4,598
Employee taxes paid in exchange for shares withheld	(1,926)	(437)
Net cash used for financing activities	(7,994)	(4,141)
Net change in cash and cash equivalents	17,773	56,818
Cash and cash equivalents:		
Beginning of period	66,127	31,461
End of period	$ 83,900	$ 88,279
Supplemental non-cash disclosure:		
Dividends declared and not yet paid	$ 44,789	$ -
Change in property and equipment not yet paid	$ 692	$ 2,355
Operating lease assets and liabilities acquired	$ -	$ 88
Supplemental disclosure of cash flow information:		
Cash paid for:		
Income taxes	$ 17,214	$ 5,543
Interest	$ -	$ -

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

(1) Consolidated Condensed Financial Statements

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial statements, and therefore do not include all information and disclosures required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, such statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary to fairly present our consolidated financial condition, results of operations and cash flows for the interim periods presented. The results of operations for any interim period do not necessarily indicate the results for the full year. The unaudited interim consolidated condensed financial statements should be read with reference to the consolidated financial statements and notes to consolidated financial statements in our 2020 Annual Report on Form 10-K.

(2) Earnings per Common Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands, except per share amounts)	2021	2020	2021	2020
Numerator:				
Net income	$ 21,274	$ 18,044	$ 60,698	$ 49,896
Denominator:				
Basic earnings per common share - weighted-average shares	82,907	82,672	82,835	82,472
Effect of dilutive stock options	465	607	545	626
Diluted earnings per common share - weighted-average shares and assumed conversions	83,372	83,279	83,380	83,098
Basic earnings per common share	$ 0.26	$ 0.22	$ 0.73	$ 0.61
Diluted earnings per common share	$ 0.26	$ 0.22	$ 0.73	$ 0.60

Options totaling 339,450 and 328,550 equivalent shares for the three-month and nine-month periods ended September 30, 2021, respectively, and 181,650 and 288,150 equivalent shares for the three-month and nine-month periods ended September 30, 2020, respectively, were outstanding but were not included in the calculation of diluted earnings per share because including the options in the denominator would be antidilutive, or decrease the number of weighted-average shares, due to their exercise prices exceeding the average market price of the common shares, or because inclusion of average unrecognized compensation expense in the calculation would cause the options to be antidilutive.

Unvested performance unit awards totaling 66,912 equivalent shares for each of the three-month and nine-month periods ended September 30, 2021, and 43,923 and 96,423 equivalent shares for the three-month and nine-month periods ended September 30, 2020, respectively, were considered outstanding but were not included in the calculation of diluted earnings per share because inclusion of average unrecognized compensation expense in the calculation would cause the performance units to be antidilutive.

(3) Long-Term Debt

We maintain a credit agreement that provides for an unsecured committed credit facility with an aggregate principal amount of $30.0 million which matures in August 2023. At September 30, 2021, there was no outstanding principal balance on the facility. As of that date, we had outstanding standby letters of credit to guarantee settlement of self-insurance claims of $18.5 million and remaining borrowing availability of $11.5 million. At December 31, 2020, there was also no outstanding principal balance on the facility. As of that date, we also had outstanding standby letters of credit of $17.0 million on the facility. This facility bears interest at a variable rate based on the London Interbank Offered Rate or the lender's Prime Rate, in each case plus/minus applicable margins. The interest rate for the facility that would apply to outstanding principal balances was 0.78% at September 30, 2021.

Our credit facility prohibits us from paying, in any fiscal year, stock redemptions and dividends in excess of 25% of our net income from the prior fiscal year. Waivers allowing stock redemptions and dividends in excess of the 25% limitation in total amounts of up to $80 million in 2021 and of up to $60 million in 2020 were obtained from the lender in August 2021 and November 2020, respectively. This facility also contains restrictive covenants which, among other matters, require us to maintain compliance with cash flow leverage and fixed charge coverage ratios. We were in compliance with all covenants at September 30, 2021 and December 31, 2020.

(4) Related Party Transactions

We purchase fuel and tires and obtain related services from Bauer Built, Inc., or BBI. Jerry M. Bauer, the chairman of the board and chief executive officer of BBI, is one of our directors. We paid BBI $234,000 in the first nine months of 2021 and $166,000 in the first nine months of 2020 for fuel, tires and related services. In addition, we paid $1.5 million in the first nine months of 2021 and $1.7 million in the first nine months of 2020 to tire manufacturers for tires that were provided by BBI. BBI received commissions from the tire manufacturers related to these purchases.

(5) Share Repurchase Program

In August 2019, our Board of Directors approved and we announced an increase from current availability in our existing share repurchase program providing for the repurchase of up to $34 million, or approximately 1.8 million shares, of our common stock, which was increased by our Board of Directors to 2.7 million shares in August 2020 to reflect the three-for-two stock split effected in the form of a stock dividend on August 13, 2020. The share repurchase program allows purchases on the open market or through private transactions in accordance with Rule 10b-18 of the Exchange Act. The timing and extent to which we repurchase shares depends on market conditions and other corporate considerations. The repurchase program does not have an expiration date.

We repurchased and retired 53,064 shares of common stock for $597,000 in the first quarter of 2020. We did not repurchase any shares in the rest of 2020 or in the first nine months of 2021. As of September 30, 2021, future repurchases of up to $33.4 million, or approximately 2.6 million shares, were available in the share repurchase program.

(6) Dividends

In 2010, we announced that our Board of Directors approved a regular cash dividend program to our stockholders, subject to approval each quarter. A quarterly cash dividend of $0.04 per share of common stock was paid in each of the first two quarters of 2021 which totaled $6.6 million. We declared cash dividends in August 2021 which were paid in October 2021 totaling $44.8 million which consisted of a special dividend of $0.50 per common share, along with a quarterly cash dividend of $0.04 per share of common stock. In 2020, we paid quarterly cash dividends of $0.027 per share of common stock in each of the first two quarters and of $0.04 per share of common stock in the third quarter which totaled $7.7 million.

Our ability to pay cash dividends is currently limited by restrictions contained in our revolving credit facility, which prohibits us from paying, in any fiscal year, stock redemptions and dividends in excess of 25% of our net income from the prior fiscal year. Waivers allowing stock redemptions and dividends in excess of the 25% limitation in total amounts of up to $80 million in 2021 and of up to $60 million in 2020 were obtained from the lender in August 2021 and November 2020, respectively.

(7) Accounting for Share-based Payment Arrangement Compensation

We account for share-based payment arrangements in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, 718, *Compensation – Stock Compensation*. During the first nine months of 2021, there were no significant changes to the structure of our stock-based award plans. Pre-tax compensation expense related to stock options and performance unit awards recorded in the first nine months of 2021 and 2020 was $1.8 million and $1.4 million, respectively.

(8) Termination of Deferred Compensation Plan

On May 5, 2020, our Compensation Committee and Board of Directors approved the termination of our Deferred Compensation Plan. The plan was an unfunded, nonqualified deferred compensation plan designed to allow board elected officers and other select members of our management designated by our Compensation Committee to save for retirement on a tax-deferred basis. The termination was effective May 5, 2021. All shares of Company common stock within the plan will be distributed by May 5, 2022.

(9) Fair Value of Financial Instruments

The carrying amounts of cash equivalents, accounts receivable and accounts payable approximate fair value because of the short maturity of these instruments.

(10) Commitments and Contingencies

We are committed to new revenue equipment purchases of $16.5 million and a building construction obligation of $2.9 million through the remainder of 2021. Operating lease obligation expenditures through 2025 total $670,000.

We self-insure, in part, for losses relating to workers' compensation, auto liability, general liability, cargo and property damage claims, along with employees' health insurance with varying risk retention levels. We maintain insurance coverage for per-incident and total losses in excess of these risk retention levels in amounts we consider adequate based upon historical experience and our ongoing review, and reserve currently for the estimated cost of the uninsured portion of pending claims.

We are also involved in other legal actions that arise in the ordinary course of business. In the opinion of management, based upon present knowledge of the facts, it is remote that the ultimate outcome of any such legal actions will have a material adverse effect upon our long-term financial position or results of operations.

(11) Revenue and Business Segments

We account for our revenue in accordance with FASB ASC 606, *Revenue from Contracts with Customers*. We combine our five current operating segments into four reporting segments (Truckload, Dedicated, Intermodal and Brokerage) for financial reporting purposes. These four reporting segments are also the appropriate categories for the disaggregation of our revenue under FASB ASC 606.

We have strategically transitioned from a refrigerated long-haul carrier to a multifaceted business offering a network of refrigerated and dry truck-based transportation capabilities across our five distinct business platforms – Truckload, Dedicated, Intermodal, Brokerage and MRTN de Mexico.

The primary source of our operating revenue is provided by our Truckload segment through a combination of regional short-haul and medium-to-long-haul full-load transportation services. We transport food and other consumer packaged goods that require a temperature-controlled or insulated environment, along with dry freight, across the United States and into and out of Mexico and Canada. Our agreements with customers are typically for one year.

Our Dedicated segment provides customized transportation solutions tailored to meet individual customers' requirements, utilizing temperature-controlled trailers, dry vans and other specialized equipment within the United States. Our agreements with customers range from three to five years and are subject to annual rate reviews.

Generally, we are paid by the mile for our Truckload and Dedicated services. We also derive Truckload and Dedicated revenue from fuel surcharges, loading and unloading activities, equipment detention and other accessorial services. The main factors that affect our Truckload and Dedicated revenue are the rate per mile we receive from our customers, the percentage of miles for which we are compensated, the number of miles we generate with our equipment and changes in fuel prices. We monitor our revenue production primarily through average Truckload and Dedicated revenue, net of fuel surcharges, per tractor per week. We also analyze our average Truckload and Dedicated revenue, net of fuel surcharges, per total mile, non-revenue miles percentage, the miles per tractor we generate, our fuel surcharge revenue, our accessorial revenue and our other sources of operating revenue.

Our Intermodal segment transports our customers' freight within the United States utilizing our refrigerated containers and our temperature-controlled trailers, each on railroad flatcars for portions of trips, with the balance of the trips using our tractors or, to a lesser extent, contracted carriers. The main factors that affect our Intermodal revenue are the rate per mile and other charges we receive from our customers.

Our Brokerage segment develops contractual relationships with and arranges for third-party carriers to transport freight for our customers in temperature-controlled trailers and dry vans within the United States and into and out of Mexico through Marten Transport Logistics, LLC, which was established in 2007 and operates pursuant to brokerage authority granted by the United States Department of Transportation, or DOT. We retain the billing, collection and customer management responsibilities. The main factors that affect our Brokerage revenue are the rate per mile and other charges that we receive from our customers.

Operating results of our MRTN de Mexico business which offers our customers door-to-door service between the United States and Mexico with our Mexican partner carriers is reported within our Truckload and Brokerage segments.

Our customer agreements are typically for one-year terms except for our Dedicated agreements which range from three to five years with annual rate reviews. Under FASB ASC 606, the contract date for each individual load within each of our four reporting segments is generally the date that each load is tendered to and accepted by us. For each load transported within each of our four reporting segments, the entire amount of revenue to be recognized is a single performance obligation and our agreements with our customers detail the per-mile charges for line haul and fuel surcharges, along with the rates for loading and unloading, stop offs and drops, equipment detention and other accessorial services, which is the transaction price. There are no discounts that would be a material right or consideration payable to a customer. We are required to recognize revenue and related expenses over time, from load pickup to delivery, for each load within each of our four reporting segments. We base our calculation of the amount of revenue to record in each period for individual loads picking up in one period and delivering in the following period using the number of hours estimated to be incurred within each period applied to each estimated transaction price. Contract assets for this estimated revenue which are classified within prepaid expenses and other within our consolidated condensed balance sheets were $2.6 million and $1.5 million as of September 30, 2021 and December 31, 2020, respectively. We had no impairment losses on contract assets in the first nine months of 2021 or in 2020. We bill our customers for loads after delivery is complete with standard payment terms of 30 days.

We account for revenue of our Intermodal and Brokerage segments and revenue on freight transported by independent contractors within our Truckload and Dedicated segments on a gross basis because we are the principal service provider controlling the promised service before it is transferred to each customer. We are primarily responsible for fulfilling the promise to provide each specified service to each customer. We bear the primary risk of loss in the event of cargo claims by our customers. We also have complete control and discretion in establishing the price for each specified service. Accordingly, all such revenue billed to customers is classified as operating revenue and all corresponding payments to carriers for transportation services we arrange in connection with brokerage and intermodal activities and to independent contractor providers of revenue equipment are classified as purchased transportation expense within our consolidated condensed statements of operations.

The following table sets forth for the periods indicated our operating revenue and operating income by segment. We do not prepare separate balance sheets by segment and, as a result, assets are not separately identifiable by segment.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2021	2020	2021	2020
Operating revenue:				
Truckload revenue, net of fuel surcharge revenue	$ 86,889	$ 85,074	$ 254,441	$ 254,897
Truckload fuel surcharge revenue	12,728	8,549	36,032	28,058
Total Truckload revenue	99,617	93,623	290,473	282,955
Dedicated revenue, net of fuel surcharge revenue	68,826	69,002	202,955	200,237
Dedicated fuel surcharge revenue	13,336	9,335	37,565	28,564
Total Dedicated revenue	82,162	78,337	240,520	228,801
Intermodal revenue, net of fuel surcharge revenue	22,716	19,991	64,193	59,127
Intermodal fuel surcharge revenue	4,031	1,985	10,150	6,830
Total Intermodal revenue	26,747	21,976	74,343	65,957
Brokerage revenue	42,754	22,075	101,432	69,328
Total operating revenue	$ 251,280	$ 216,011	$ 706,768	$ 647,041
Operating income:				
Truckload	$ 11,670	$ 10,546	$ 36,282	$ 28,367
Dedicated	8,521	11,024	28,074	31,009
Intermodal	2,840	1,304	6,151	3,564
Brokerage	5,465	1,526	10,505	4,748
Total operating income	$ 28,496	$ 24,400	$ 81,012	$ 67,688

Truckload segment depreciation expense was $12.9 million and $13.4 million, Dedicated segment depreciation expense was $10.6 million and $10.5 million, Intermodal segment depreciation expense was $1.6 million and $1.4 million, and Brokerage segment depreciation expense was $260,000 and $271,000 in the three-month periods ended September 30, 2021 and 2020, respectively.

Truckload segment depreciation expense was $39.0 million and $41.3 million, Dedicated segment depreciation expense was $32.0 million and $30.7 million, Intermodal segment depreciation expense was $4.7 million and $4.1 million, and Brokerage segment depreciation expense was $840,000 and $939,000 in the nine-month periods ended September 30, 2021 and 2020, respectively.

(12) Use of Estimates

We must make estimates and assumptions to prepare the consolidated condensed financial statements in conformity with U.S. generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities in the consolidated condensed financial statements and the reported amount of revenue and expenses during the reporting period. These estimates are primarily related to insurance and claims accruals and depreciation. Ultimate results could differ from these estimates.

(13) Subsequent Event

On October 3, 2021, we detected a cyberattack that accessed and encrypted files on servers utilized in the provision of our business. The unauthorized access also included the download of certain data files.

Promptly upon discovery of the incident, we launched an investigation and engaged legal counsel and industry-leading incident response professionals. We have notified law enforcement and will provide any notices that may be required by applicable law. While the investigation of the incident is ongoing, we have implemented a series of containment and remediation measures to address this situation and reinforce the security of our information technology systems. As a result, we were able to restore full functionality to our information technology systems quickly with minimal disruptions to our operations.

Based on our preliminary assessment and on the information currently known, we do not believe the incident will have a material impact on our business, operations or financial results. Nonetheless, the investigation indicates that certain employee data may have been at risk during the event and, out of an abundance of caution, we are offering our employees with credit monitoring and identity restoration services at no cost for two years.

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

The following discussion and analysis of our financial condition and results of operations should be read together with the selected consolidated financial data and our consolidated condensed financial statements and the related notes appearing elsewhere in this report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to those included in our Form 10-K, Part I, Item 1A for the year ended December 31, 2020. We do not assume, and specifically disclaim, any obligation to update any forward-looking statement contained in this report.

Overview

We have strategically transitioned from a refrigerated long-haul carrier to a multifaceted business offering a network of refrigerated and dry truck-based transportation capabilities across our five distinct business platforms – Truckload, Dedicated, Intermodal, Brokerage and MRTN de Mexico.

The primary source of our operating revenue is provided by our Truckload segment through a combination of regional short-haul and medium-to-long-haul full-load transportation services. We transport food and other consumer packaged goods that require a temperature-controlled or insulated environment, along with dry freight, across the United States and into and out of Mexico and Canada. Our agreements with customers are typically for one year.

Our Dedicated segment provides customized transportation solutions tailored to meet each individual customer's requirements, utilizing temperature-controlled trailers, dry vans and other specialized equipment within the United States. Our agreements with customers range from three to five years and are subject to annual rate reviews.

Generally, we are paid by the mile for our Truckload and Dedicated services. We also derive Truckload and Dedicated revenue from fuel surcharges, loading and unloading activities, equipment detention and other accessorial services. The main factors that affect our Truckload and Dedicated revenue are the rate per mile we receive from our customers, the percentage of miles for which we are compensated, the number of miles we generate with our equipment and changes in fuel prices. We monitor our revenue production primarily through average Truckload and Dedicated revenue, net of fuel surcharges, per tractor per week. We also analyze our average Truckload and Dedicated revenue, net of fuel surcharges, per total mile, non-revenue miles percentage, the miles per tractor we generate, our fuel surcharge revenue, our accessorial revenue and our other sources of operating revenue.

Our Intermodal segment transports our customers' freight within the United States utilizing our refrigerated containers and our temperature-controlled trailers, each on railroad flatcars for portions of trips, with the balance of the trips using our tractors or, to a lesser extent, contracted carriers. The main factors that affect our Intermodal revenue are the rate per mile and other charges we receive from our customers.

Our Brokerage segment develops contractual relationships with and arranges for third-party carriers to transport freight for our customers in temperature-controlled trailers and dry vans within the United States and into and out of Mexico through Marten Transport Logistics, LLC, which was established in 2007 and operates pursuant to brokerage authority granted by the DOT. We retain the billing, collection and customer management responsibilities. The main factors that affect our Brokerage revenue are the rate per mile and other charges that we receive from our customers.

Operating results of our MRTN de Mexico business which offers our customers door-to-door service between the United States and Mexico with our Mexican partner carriers is reported within our Truckload and Brokerage segments.

In addition to the factors discussed above, our operating revenue is also affected by, among other things, the United States economy, inventory levels, the level of truck and rail capacity in the transportation market, a contracting driver market, severe weather conditions and specific customer demand.

Our operating revenue increased $59.7 million, or 9.2%, in the first nine months of 2021 from the first nine months of 2020. Our operating revenue, net of fuel surcharges, increased $39.4 million, or 6.8%, compared with the first nine months of 2020. Truckload segment revenue, net of fuel surcharges, decreased 0.2% from the first nine months of 2020 due to a reduction in our average number of tractors, despite an increase in our average revenue per tractor. Dedicated segment revenue, net of fuel surcharges, increased 1.4% from the first nine months of 2020 primarily due to an increase in our average number of tractors. Intermodal segment revenue, net of fuel surcharges, increased 8.6% from the first nine months of 2020 primarily due to an increase in revenue per load. Brokerage segment revenue increased 46.3% primarily due to an increase in revenue per load in the first nine months of 2021. Fuel surcharge revenue increased to $83.7 million in the first nine months of 2021 from $63.5 million in the first nine months of 2020, primarily due to higher fuel costs.

Our profitability is impacted by the variable costs of transporting freight for our customers, fixed costs, and expenses containing both fixed and variable components. The variable costs include fuel expense, driver-related expenses, such as wages, benefits, training, and recruitment, and independent contractor costs, which are recorded under purchased transportation. Expenses that have both fixed and variable components include maintenance and tire expense and our cost of insurance and claims. These expenses generally vary with the miles we travel, but also have a controllable component based on safety, fleet age, efficiency and other factors. Our main fixed costs relate to the acquisition and subsequent depreciation of long-term assets, such as revenue equipment and operating terminals. We expect our annual cost of tractor and trailer ownership will increase in future periods as a result of higher prices of new equipment, along with any increases in fleet size. Although certain factors affecting our expenses are beyond our control, we monitor them closely and attempt to anticipate changes in these factors in managing our business. For example, fuel prices have significantly fluctuated over the past several years. We manage our exposure to changes in fuel prices primarily through fuel surcharge programs with our customers, as well as through volume fuel purchasing arrangements with national fuel centers and bulk purchases of fuel at our terminals. To help further reduce fuel expense, we have installed and tightly manage the use of auxiliary power units in our tractors to provide climate control and electrical power for our drivers without idling the tractor engine, and also have improved the fuel usage in the temperature-control units on our trailers. For our Intermodal and Brokerage segments, our profitability is impacted by the percentage of revenue which is payable to the providers of the transportation services we arrange. This expense is included within purchased transportation in our consolidated condensed statements of operations.

Our operating income improved 19.7% to $81.0 million in the first nine months of 2021 from $67.7 million in the first nine months of 2020. Our operating expenses as a percentage of operating revenue, or “operating ratio,” improved to 88.5% in the first nine months of 2021 from 89.5% in the first nine months of 2020. Operating expenses as a percentage of operating revenue, with both amounts net of fuel surcharges, improved to 87.0% in the first nine months of 2021 from 88.4% in the first nine months of 2020. Our net income improved 21.6% to $60.7 million, or $0.73 per diluted share, in the first nine months of 2021 from $49.9 million, or $0.60 per diluted share, in the first nine months of 2020.

Our business requires substantial, ongoing capital investments, particularly for new tractors and trailers. At September 30, 2021, we had $83.9 million of cash and cash equivalents, $630.1 million in stockholders’ equity and no long-term debt outstanding. In the first nine months of 2021, net cash flows provided by operating activities of $127.9 million were primarily used to purchase new revenue equipment, net of proceeds from dispositions, in the amount of $98.8 million, to pay cash dividends of $6.6 million, and to construct and upgrade regional operating facilities in the amount of $2.4 million, resulting in a $17.8 million increase in cash and cash equivalents. We estimate that capital expenditures, net of proceeds from dispositions, will be approximately $35 million for the remainder of 2021. A quarterly cash dividend of $0.04 per share of common stock was paid in each of the first two quarters of 2021 which totaled $6.6 million. We declared cash dividends in August 2021 which were paid in October 2021 totaling $44.8 million which consisted of a special dividend of $0.50 per common share, along with a quarterly cash dividend of $0.04 per share of common stock. We believe our sources of liquidity are adequate to meet our current and anticipated needs for at least the next twelve months. Based upon anticipated cash flows, existing cash and cash equivalents balances, current borrowing availability and other sources of financing we expect to be available to us, we do not anticipate any significant liquidity constraints in the foreseeable future.

We continue to invest considerable time and capital resources to actively implement and promote long-term environmentally sustainable solutions that drive reductions in our fuel and electricity consumption and decrease our carbon footprint. These initiatives include (i) reducing idle time for our tractors by installing and tightly managing the use of auxiliary power units, which are powered by solar panels and provide climate control and electrical power for our drivers without idling the tractor engine, (ii) improving the energy efficiency of our newer, more aerodynamic and well-maintained tractor and trailer fleets by optimizing the equipment's specifications, weight and tractor speed, equipping our tractors with automatic transmissions, converting the refrigeration units in our refrigerated trailers to the new, more-efficient CARB refrigeration units along with increasing the insulation in the trailer walls and installing trailer skirts, and using ultra-fuel efficient and wide-based tires, and (iii) upgrading all of our facilities to indoor and outdoor LED lighting along with converting all of our facilities to solar power. Additionally, we are an active participant in the United States EPA SmartWay Transport Partnership, in which freight shippers, carriers, logistics companies and other voluntary stakeholders partner with the EPA to measure, benchmark and improve logistics operations to reduce their environmental footprint.

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes discussions of operating revenue, net of fuel surcharge revenue; Truckload, Dedicated and Intermodal revenue, net of fuel surcharge revenue; operating expenses as a percentage of operating revenue, each net of fuel surcharge revenue; and net fuel expense (fuel and fuel taxes net of fuel surcharge revenue and surcharges passed through to independent contractors, outside drayage carriers and railroads). We provide these additional disclosures because management believes these measures provide a more consistent basis for comparing results of operations from period to period. These financial measures in this report have not been determined in accordance with U.S. generally accepted accounting principles (GAAP). Pursuant to Item 10(e) of Regulation S-K, we have included the amounts necessary to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures of operating revenue, operating expenses divided by operating revenue, and fuel and fuel taxes.

Results of Operations

The following table sets forth for the periods indicated certain operating statistics regarding our revenue and operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Truckload Segment:				
Revenue (in thousands)	$ 99,617	$ 93,623	$ 290,473	$ 282,955
Average revenue, net of fuel surcharges, per tractor per week[(1)]	$ 4,411	$ 3,955	$ 4,202	$ 3,865
Average tractors[(1)]	1,499	1,637	1,553	1,685
Average miles per trip	502	546	516	554
Total miles (in thousands)	35,945	41,210	111,513	125,082
Dedicated Segment:				
Revenue (in thousands)	$ 82,162	$ 78,337	$ 240,520	$ 228,801
Average revenue, net of fuel surcharges, per tractor per week[(1)]	$ 3,438	$ 3,295	$ 3,305	$ 3,304
Average tractors[(1)]	1,523	1,593	1,574	1,548
Average miles per trip	328	304	319	306
Total miles (in thousands)	31,511	33,843	95,765	98,553
Intermodal Segment:				
Revenue (in thousands)	$ 26,747	$ 21,976	$ 74,343	$ 65,957
Loads	8,257	9,306	24,885	27,736
Average tractors	139	99	140	99
Brokerage Segment:				
Revenue (in thousands)	$ 42,754	$ 22,075	$ 101,432	$ 69,328
Loads	18,251	13,670	47,167	45,058

(1) Includes tractors driven by both company-employed drivers and independent contractors. Independent contractors provided 101 and 132 tractors as of September 30, 2021 and 2020, respectively.

Comparison of Three Months Ended September 30, 2021 to Three Months Ended September 30, 2020

The following table sets forth for the periods indicated our operating revenue, operating income and operating ratio by segment, along with the change for each component:

(Dollars in thousands)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Dollar Change Three Months Ended September 30, 2021 vs. 2020	Percentage Change Three Months Ended September 30, 2021 vs. 2020
Operating revenue:				
Truckload revenue, net of fuel surcharge revenue	$ 86,889	$ 85,074	$ 1,815	2.1 %
Truckload fuel surcharge revenue	12,728	8,549	4,179	48.9
Total Truckload revenue	99,617	93,623	5,994	6.4
Dedicated revenue, net of fuel surcharge revenue	68,826	69,002	(176)	(0.3)
Dedicated fuel surcharge revenue	13,336	9,335	4,001	42.9
Total Dedicated revenue	82,162	78,337	3,825	4.9
Intermodal revenue, net of fuel surcharge revenue	22,716	19,991	2,725	13.6
Intermodal fuel surcharge revenue	4,031	1,985	2,046	103.1
Total Intermodal revenue	26,747	21,976	4,771	21.7
Brokerage revenue	42,754	22,075	20,679	93.7
Total operating revenue	$ 251,280	$ 216,011	$ 35,269	16.3%
Operating income:				
Truckload	$ 11,670	$ 10,546	$ 1,124	10.7%
Dedicated	8,521	11,024	(2,503)	(22.7)
Intermodal	2,840	1,304	1,536	117.8
Brokerage	5,465	1,526	3,939	258.1
Total operating income	$ 28,496	$ 24,400	$ 4,096	16.8%
Operating ratio(1):				
Truckload	88.3%	88.7%		
Dedicated	89.6	85.9		
Intermodal	89.4	94.1		
Brokerage	87.2	93.1		
Consolidated operating ratio	88.7%	88.7%		

(1) Represents operating expenses as a percentage of operating revenue.

Our operating revenue increased $35.3 million, or 16.3%, to $251.3 million in the 2021 period from $216.0 million in the 2020 period. Our operating revenue, net of fuel surcharges, increased $25.0 million, or 12.8%, to $221.2 million in the 2021 period from $196.1 million in the 2020 period. This increase was due to a $20.7 million increase in Brokerage revenue, a $2.7 million increase in Intermodal revenue, net of fuel surcharges, and a $1.8 million increase in Truckload revenue, net of fuel surcharges, partially offset by a $176,000 decrease in Dedicated revenue, net of fuel surcharges. Fuel surcharge revenue increased by $10.2 million to $30.1 million in the 2021 period from $19.9 million in the 2020 period.

Truckload segment revenue increased $6.0 million, or 6.4%, to $99.6 million in the 2021 period from $93.6 million in the 2020 period. Truckload segment revenue, net of fuel surcharges, increased $1.8 million, or 2.1%, to $86.9 million in the 2021 period from $85.1 million in the 2020 period. During the 2021 period, an increase in our average revenue per tractor was partially offset by a reduction in our average number of tractors. The improvement in the operating ratio in the 2021 period was primarily due to an increase in our average revenue per tractor due to increased rates with our customers and an increase in gain on disposition of revenue equipment, partially offset by increased company driver compensation expense.

Dedicated segment revenue increased $3.8 million, or 4.9%, to $82.2 million in the 2021 period from $78.3 million in the 2020 period. Dedicated segment revenue, net of fuel surcharges, decreased 0.3% primarily due to a decrease in our average number of tractors partially offset by an increase in our average revenue per tractor. The operating ratio was negatively impacted in the 2021 period by increases in both company driver compensation expense and driver recruiting costs.

Intermodal segment revenue increased $4.8 million, or 21.7%, to $26.7 million in the 2021 period from $22.0 million in the 2020 period. Intermodal segment revenue, net of fuel surcharges, increased 13.6% from the 2020 period primarily due to an increase in revenue per load. The improvement in the operating ratio in the 2021 period was primarily due to increased rates with our customers and a decrease in the amounts payable to railroads as a percentage of our revenue.

Brokerage segment revenue increased $20.7 million, or 93.7%, to $42.8 million in the 2021 period from $22.1 million in the 2020 period primarily due to increases in both the number of loads and in revenue per load. The improvement in the operating ratio in the 2021 period was primarily due to increased rates with our customers and a decrease in the amounts payable to carriers for transportation services which we arranged as a percentage of our Brokerage revenue.

The following table sets forth for the periods indicated the dollar and percentage increase or decrease of the items in our unaudited consolidated condensed statements of operations, and those items as a percentage of operating revenue:

(Dollars in thousands)	Dollar Change Three Months Ended September 30, 2021 vs. 2020	Percentage Change Three Months Ended September 30, 2021 vs. 2020	Percentage of Operating Revenue Three Months Ended September 30, 2021	2020
Operating revenue	$ 35,269	16.3%	100.0%	100.0%
Operating expenses (income):				
Salaries, wages and benefits	6,294	8.4	32.3	34.6
Purchased transportation	15,795	42.6	21.0	17.2
Fuel and fuel taxes	9,641	39.7	13.5	11.2
Supplies and maintenance	(755)	(6.1)	4.7	5.8
Depreciation	(209)	(0.8)	10.1	11.8
Operating taxes and licenses	(143)	(5.2)	1.0	1.3
Insurance and claims	(742)	(6.6)	4.2	5.2
Communications and utilities	182	9.1	0.9	0.9
Gain on disposition of revenue equipment	(2,408)	(113.2)	(1.8)	(1.0)
Gain on disposition of facility	1,718	100.0	-	(0.8)
Other	1,800	33.9	2.8	2.5
Total operating expenses	31,173	16.3	88.7	88.7
Operating income	4,096	16.8	11.3	11.3
Other	9	52.9	-	-
Income before income taxes	4,087	16.7	11.3	11.3
Income taxes expense	857	13.4	2.9	3.0
Net income	$ 3,230	17.9%	8.5%	8.4%

Salaries, wages and benefits consist of compensation for our employees, including both driver and non-driver employees, employees' health insurance, 401(k) plan contributions and other fringe benefits. These expenses vary depending upon the size of our Truckload, Dedicated and Intermodal tractor fleets, the ratio of company drivers to independent contractors, our efficiency, our experience with employees' health insurance claims, changes in health care premiums and other factors. Salaries, wages and benefits expense increased $6.3 million, or 8.4%, in the 2021 period from the 2020 period. This increase resulted primarily from additional company driver compensation expense of $5.1 million. Other smaller increases in the components of salaries, wages and benefits, were partially offset by a decrease in employees' health insurance expense of $415,000 in the 2021 period as a result of lower self-insured medical claims.

Purchased transportation consists of amounts payable to railroads and carriers for transportation services we arrange in connection with Brokerage and Intermodal operations and to independent contractor providers of revenue equipment. This category will vary depending upon the amount and rates, including fuel surcharges, we pay to third-party railroad and motor carriers, the ratio of company drivers versus independent contractors and the amount of fuel surcharges passed through to independent contractors. Purchased transportation expense increased $15.8 million in total, or 42.6%, in the 2021 period from the 2020 period. Amounts payable to railroads and drayage carriers for transportation services within our Intermodal segment increased $182,000 to $14.1 million in the 2021 period from $13.9 million in the 2020 period. Amounts payable to carriers for transportation services we arranged in our Brokerage segment increased $16.2 million to $34.9 million in the 2021 period from $18.7 million in the 2020 period, primarily due to an increase in the cost per load within the tight freight market and growth in load volume. The portion of purchased transportation expense related to independent contractors within our Truckload and Dedicated segments, including fuel surcharges, decreased $613,000 in the 2021 period. We expect our purchased transportation expense to increase as we grow our Intermodal and Brokerage segments.

Fuel and fuel taxes increased by $9.6 million, or 39.7%, in the 2021 period from the 2020 period. Net fuel expense (fuel and fuel taxes net of fuel surcharge revenue and surcharges passed through to independent contractors, outside drayage carriers and railroads) increased $671,000, or 10.2%, to $7.3 million in the 2021 period from $6.6 million in the 2020 period. Fuel surcharges passed through to independent contractors, outside drayage carriers and railroads increased to $3.5 million from $2.2 million in the 2020 period. The United States Department of Energy, or DOE, national average cost of fuel increased to $3.36 per gallon from $2.43 per gallon in the 2020 period. This increase was a primary factor in our net fuel expense increasing to 4.1% of Truckload, Dedicated and Intermodal segment revenue, net of fuel surcharges, from 3.8% in the 2020 period. We have worked diligently to control fuel usage and costs by improving our volume purchasing arrangements and optimizing our drivers' fuel purchases with national fuel centers, focusing on shorter lengths of haul, installing and tightly managing the use of auxiliary power units in our tractors to minimize engine idling and improving fuel usage in the temperature-control units on our trailers. Auxiliary power units, which we have installed in our company-owned tractors, provide climate control and electrical power for our drivers without idling the tractor engine.

Supplies and maintenance consist of repairs, maintenance, tires, parts, oil and engine fluids, along with load-specific expenses including loading/unloading, tolls, pallets and trailer hostling. Our supplies and maintenance expense decreased $755,000, or 6.1%, from the 2020 period primarily due to lower outside repair and loading/unloading costs.

Depreciation relates to owned tractors, trailers, containers, auxiliary power units, communication units, terminal facilities and other assets. The $209,000, or 0.8%, decrease in depreciation in the 2021 period was primarily due to a decrease in the size of our fleet of tractors partially offset by increased depreciation for our refrigerated containers. We expect our annual cost of tractor and trailer ownership will increase in future periods as a result of higher prices of new equipment, which will result in greater depreciation over the useful life.

Insurance and claims consist of the costs of insurance premiums and accruals we make for claims within our self-insured retention amounts, primarily for personal injury, property damage, physical damage to our equipment, cargo claims and workers' compensation claims. These expenses will vary primarily based upon the frequency and severity of our accident experience, our self-insured retention levels and the market for insurance. The $742,000, or 6.6%, decrease in insurance and claims in the 2021 period was primarily due to decreases in the cost of our physical damage claims related to our revenue equipment and our self-insured workers' compensation claims. Our significant self-insured retention exposes us to the possibility of significant fluctuations in claims expense between periods which could materially impact our financial results depending on the frequency, severity and timing of claims.

Gain on disposition of revenue equipment was $4.5 million in the 2021 period, up from $2.1 million in the 2020 period primarily due to an increase in the average gain for the tractor and trailer sales along with an increase in the number of trailers sold. Future gains or losses on dispositions of revenue equipment will be impacted by the market for used revenue equipment, which is beyond our control.

Gain on disposition of facility was $1.7 million in the 2020 period. The disposition of the facility, located in Forest Park, GA, was part of our long-term program to expand and update the footprint of our facilities throughout the United States. We held the facility as rental property since 2011 after constructing a larger facility in the area.

The $1.8 million increase in other operating expenses in the 2021 period was primarily due to increased costs associated with driver recruitment and retention.

Our operating income improved 16.8% to $28.5 million in the 2021 period from $24.4 million in the 2020 period as a result of the foregoing factors. Our operating expenses as a percentage of operating revenue, or "operating ratio," were 88.7% in each of the 2021 and 2020 periods. The operating ratio for our Truckload segment was 88.3% in the 2021 period and 88.7% in the 2020 period, for our Dedicated segment was 89.6% in the 2021 period and 85.9% in the 2020 period, for our Intermodal segment was 89.4% in the 2021 period and 94.1% in the 2020 period, and for our Brokerage segment was 87.2% in the 2021 period and 93.1% in the 2020 period. Operating expenses as a percentage of operating revenue, with both amounts net of fuel surcharges, improved to 87.1% in the 2021 period from 87.6% in the 2020 period.

Our effective income tax rate decreased to 25.4% in the 2021 period from 26.1% in the 2020 period.

As a result of the factors described above, net income improved 17.9% to $21.3 million, or $0.26 per diluted share, in the 2021 period from $18.0 million, or $0.22 per diluted share, in the 2020 period.

Comparison of Nine Months Ended September 30, 2021 to Nine Months Ended September 30, 2020

The following table sets forth for the periods indicated our operating revenue, operating income and operating ratio by segment, along with the change for each component:

	Nine Months Ended September 30,		Dollar Change Nine Months Ended September 30,	Percentage Change Nine Months Ended September 30,
(Dollars in thousands)	2021	2020	2021 vs. 2020	2021 vs. 2020
Operating revenue:				
Truckload revenue, net of fuel surcharge revenue	$ 254,441	$ 254,897	$ (456)	(0.2)%
Truckload fuel surcharge revenue	36,032	28,058	7,974	28.4
Total Truckload revenue	290,473	282,955	7,518	2.7
Dedicated revenue, net of fuel surcharge revenue	202,955	200,237	2,718	1.4
Dedicated fuel surcharge revenue	37,565	28,564	9,001	31.5
Total Dedicated revenue	240,520	228,801	11,719	5.1
Intermodal revenue, net of fuel surcharge revenue	64,193	59,127	5,066	8.6
Intermodal fuel surcharge revenue	10,150	6,830	3,320	48.6
Total Intermodal revenue	74,343	65,957	8,386	12.7
Brokerage revenue	101,432	69,328	32,104	46.3
Total operating revenue	$ 706,768	$ 647,041	$ 59,727	9.2%
Operating income:				
Truckload	$ 36,282	$ 28,367	$ 7,915	27.9%
Dedicated	28,074	31,009	(2,935)	(9.5)
Intermodal	6,151	3,564	2,587	72.6
Brokerage	10,505	4,748	5,757	121.3
Total operating income	$ 81,012	$ 67,688	$ 13,324	19.7%
Operating ratio(1):				
Truckload	87.5%	90.0%		
Dedicated	88.3	86.4		
Intermodal	91.7	94.6		
Brokerage	89.6	93.2		
Consolidated operating ratio	88.5%	89.5%		

(1) Represents operating expenses as a percentage of operating revenue.

Our operating revenue increased $59.7 million, or 9.2%, to $706.8 million in the 2021 period from $647.0 million in the 2020 period. Our operating revenue, net of fuel surcharges, increased $39.4 million, or 6.8%, to $623.0 million in the 2021 period from $583.6 million in the 2020 period. This increase was due to a $32.1 million increase in Brokerage revenue, a $5.1 million increase in Intermodal revenue, net of fuel surcharges, and a $2.7 million increase in Dedicated revenue, net of fuel surcharges, partially offset by a $456,000 decrease in Truckload revenue, net of fuel surcharges. Fuel surcharge revenue increased to $83.7 million in the 2021 period from $63.5 million in the 2020 period, primarily due to higher fuel costs.

Truckload segment revenue increased $7.5 million, or 2.7%, to $290.5 million in the 2021 period from $283.0 million in the 2020 period. Truckload segment revenue, net of fuel surcharges, decreased $456,000, or 0.2%, to $254.4 million in the 2021 period from $254.9 million in the 2020 period. The decrease was due to a reduction in our average number of tractors, despite an increase in our average revenue per tractor. The improvement in the operating ratio in the 2021 period was primarily due to an increase in our average revenue per tractor due to increased rates with our customers, along with reductions in insurance and claims expense, supplies and maintenance expense, depreciation expense and an increase in gain on disposition of revenue equipment, partially offset by increased company driver compensation expense and net fuel expense.

Dedicated segment revenue increased $11.7 million, or 5.1%, to $240.5 million in the 2021 period from $228.8 million in the 2020 period. Dedicated segment revenue, net of fuel surcharges, increased 1.4% primarily due to an increase in our average number of tractors. The increase in the operating ratio was primarily due to higher company driver compensation expense, increased driver recruiting costs and higher net fuel expense, partially offset by lower insurance and claims expense in the 2021 period.

Intermodal segment revenue increased $8.4 million, or 12.7%, to $74.3 million in the 2021 period from $66.0 million in the 2020 period. Intermodal segment revenue, net of fuel surcharges, increased 8.6% from the 2020 period primarily due to an increase in revenue per load. The improvement in the operating ratio in the 2021 period was primarily due to increased rates with our customers and a decrease in the amounts payable to railroads as a percentage of our revenue.

Brokerage segment revenue increased $32.1 million, or 46.3%, to $101.4 million in the 2021 period from $69.3 million in the 2020 period primarily due to an increase in revenue per load. The improvement in the operating ratio in the 2021 period was primarily due to increased rates with our customers and a decrease in the amounts payable to carriers for transportation services which we arranged as a percentage of our Brokerage revenue.

The following table sets forth for the periods indicated the dollar and percentage increase or decrease of the items in our unaudited consolidated condensed statements of operations, and those items as a percentage of operating revenue:

(Dollars in thousands)	Dollar Change Nine Months Ended September 30, 2021 vs. 2020	Percentage Change Nine Months Ended September 30, 2021 vs. 2020	Percentage of Operating Revenue Nine Months Ended September 30, 2021	2020
Operating revenue	$ 59,727	9.2%	100.0%	100.0%
Operating expenses (income):				
Salaries, wages and benefits	8,351	3.8	32.5	34.2
Purchased transportation	24,953	22.0	19.6	17.6
Fuel and fuel taxes	21,420	29.2	13.4	11.3
Supplies and maintenance	(2,634)	(7.2)	4.8	5.6
Depreciation	(381)	(0.5)	10.8	11.9
Operating taxes and licenses	33	0.4	1.1	1.2
Insurance and claims	(3,822)	(10.9)	4.4	5.4
Communications and utilities	359	6.0	0.9	0.9
Gain on disposition of revenue equipment	(5,960)	(101.0)	(1.7)	(0.9)
Gain on disposition of facility	1,718	100.0	-	(0.3)
Other	2,366	14.6	2.6	2.5
Total operating expenses	46,403	8.0	88.5	89.5
Operating income	13,324	19.7	11.5	10.5
Other	100	78.7	-	-
Income before income taxes	13,224	19.5	11.5	10.5
Income taxes expense	2,422	13.5	2.9	2.8
Net income	$ 10,802	21.6%	8.6%	7.7%

Salaries, wages and benefits expense increased $8.4 million, or 3.8%, in the 2021 period from the 2020 period. This increase resulted primarily from additional company driver compensation expense of $5.7 million and bonus compensation expense for our non-driver employees of $1.2 million. These increases, along with other smaller increases in the components of salaries, wages and benefits, were partially offset by a $865,000 decrease in employees' health insurance expense as a result of lower self-insured medical claims.

Purchased transportation expense increased $25.0 million in total, or 22.0%, in the 2021 period from the 2020 period. Amounts payable to railroads and drayage carriers for transportation services within our Intermodal segment decreased $1.6 million to $41.4 million in the 2021 period from $43.0 million in the 2020 period, primarily due to a decrease in the volume of loads moved on the rail, partially offset by higher fuel surcharges from the railroads. Amounts payable to carriers for transportation services we arranged in our Brokerage segment increased $25.7 million to $84.2 million in the 2021 period from $58.5 million in the 2020 period, primarily due to an increase in the cost per load within the tight freight market. The portion of purchased transportation expense related to independent contractors within our Truckload and Dedicated segments, including fuel surcharges, increased $914,000 in the 2021 period as the rates paid for independent contractors' services rose. We expect our purchased transportation expense to increase as we grow our Intermodal and Brokerage segments.

Fuel and fuel taxes increased by $21.4 million, or 29.2%, in the 2021 period from the 2020 period. Net fuel expense (fuel and fuel taxes net of fuel surcharge revenue and surcharges passed through to independent contractors, outside drayage carriers and railroads) increased $3.1 million, or 17.5%, to $20.7 million in the 2021 period from $17.6 million in the 2020 period. Fuel surcharges passed through to independent contractors, outside drayage carriers and railroads increased to $9.6 million from $7.6 million in the 2020 period. The DOE national average cost of fuel increased to $3.16 per gallon from $2.58 per gallon in the 2020 period. This increase was a primary factor in our net fuel expense increasing to 4.0% of Truckload, Dedicated and Intermodal segment revenue, net of fuel surcharges, from 3.4% in the 2020 period.

Our supplies and maintenance expense decreased $2.6 million, or 7.2%, from the 2020 period primarily due to lower parts, outside repair and loading/unloading costs.

Our depreciation expense decreased $381,000, or 0.5%, in the 2021 period primarily due to a decrease in the size of our fleet of tractors partially offset by increased depreciation for our refrigerated containers.

Our insurance and claims expense decreased $3.8 million, or 10.9%, in the 2021 period primarily due to decreases in the cost of our self-insured auto liability claims and our physical damage claims related to our revenue equipment, partially offset by increased insurance premiums.

Gain on disposition of revenue equipment was $11.9 million in the 2021 period, up from $5.9 million in the 2020 period primarily due to an increase in the average gain for the tractor and trailer sales and an increase in the number of tractors and trailers sold. Future gains or losses on dispositions of revenue equipment will be impacted by the market for used revenue equipment, which is beyond our control.

Gain on disposition of facility was $1.7 million in the 2020 period. The disposition of the facility, located in Forest Park, GA, was part of our long-term program to expand and update the footprint of our facilities throughout the United States. We held the facility as rental property since 2011 after constructing a larger facility in the area.

The $2.4 million increase in other operating expenses in the 2021 period was primarily due to increased costs associated with driver recruitment and retention.

Our operating income improved 19.7% to $81.0 million in the 2021 period from $67.7 million in the 2020 period as a result of the foregoing factors. Our operating expenses as a percentage of operating revenue, or "operating ratio," improved to 88.5% in the 2021 period from 89.5% in the 2020 period. The operating ratio for our Truckload segment was 87.5% in the 2021 period and 90.0% in the 2020 period, for our Dedicated segment was 88.3% in the 2021 period and 86.4% in the 2020 period, for our Intermodal segment was 91.7% in the 2021 period and 94.6% in the 2020 period, and for our Brokerage segment was 89.6% in the 2021 period and 93.2% in the 2020 period. Operating expenses as a percentage of operating revenue, with both amounts net of fuel surcharges, improved to 87.0% in the 2021 period from 88.4% in the 2020 period.

Our effective income tax rate decreased to 25.1% in the 2021 period from 26.4% in the 2020 period. The 2020 period included additional income tax expense of $1.1 million to adjust for certain discrete tax benefit reserves, which we evaluate based on the current facts, circumstances and information available.

As a result of the factors described above, net income improved 21.6% to $60.7 million, or $0.73 per diluted share, in the 2021 period from $49.9 million, or $0.60 per diluted share, in the 2020 period.

Liquidity and Capital Resources

Our business requires substantial, ongoing capital investments, particularly for new tractors and trailers. Our primary sources of liquidity are funds provided by operations and our revolving credit facility. A portion of our tractor fleet is provided by independent contractors who own and operate their own equipment. We have no capital expenditure requirements relating to those drivers who own their tractors or obtain financing through third parties.

The table below reflects our net cash flows provided by operating activities, net cash flows used for investing activities and net cash flows used for financing activities for the periods indicated.

	Nine Months Ended September 30,	
(In thousands)	2021	2020
Net cash flows provided by operating activities	$ 127,909	$ 154,707
Net cash flows used for investing activities	(102,142)	(93,748)
Net cash flows used for financing activities	(7,994)	(4,141)

In August 2019, our Board of Directors approved and we announced an increase from current availability in our existing share repurchase program providing for the repurchase of up to $34 million, or approximately 1.8 million shares, of our common stock, which was increased by our Board of Directors to 2.7 million shares in August 2020 to reflect the three-for-two stock split effected in the form of a stock dividend on August 13, 2020. The share repurchase program allows purchases on the open market or through private transactions in accordance with Rule 10b-18 of the Exchange Act. The timing and extent to which we repurchase shares depends on market conditions and other corporate considerations. The repurchase program does not have an expiration date.

We repurchased and retired 53,064 shares of common stock for $597,000 in the first quarter of 2020. We did not repurchase any shares in the rest of 2020 or in the first nine months of 2021. As of September 30, 2021, future repurchases of up to $33.4 million, or approximately 2.6 million shares, were available in the share repurchase program.

In the first nine months of 2021, net cash flows provided by operating activities of $127.9 million were primarily used to purchase new revenue equipment, net of proceeds from dispositions, in the amount of $98.8 million, to pay cash dividends of $6.6 million, and to construct and upgrade regional operating facilities in the amount of $2.4 million, resulting in a $17.8 million increase in cash and cash equivalents. In the first nine months of 2020, net cash flows provided by operating activities of $154.7 million were primarily used to purchase new revenue equipment, net of proceeds from dispositions, in the amount of $91.6 million, to pay cash dividends of $7.7 million, and to upgrade regional operating facilities in the amount of $3.3 million, resulting in a $56.8 million increase in cash and cash equivalents. Beginning in 2018, our net cash flows have been increased by the new tax laws established by the Tax Cuts and Jobs Act of 2017, which reduces the federal corporate statutory income tax rate and establishes bonus depreciation that allows for full expensing of qualified assets.

We estimate that capital expenditures, net of proceeds from dispositions, will be approximately $35 million for the remainder of 2021. A quarterly cash dividend of $0.04 per share of common stock was paid in each of the first two quarters of 2021 which totaled $6.6 million. We declared cash dividends in August 2021 which were paid in October 2021 totaling $44.8 million which consisted of a special dividend of $0.50 per common share, along with a quarterly cash dividend of $0.04 per share of common stock. In 2020, we paid quarterly cash dividends of $0.027 per share of common stock in each of the first two quarters and of $0.04 per share of common stock in the third quarter which totaled $7.7 million. We currently expect to continue to pay quarterly cash dividends in the future. The payment of cash dividends in the future, and the amount of any such dividends, will depend upon our financial condition, results of operations, cash requirements, and certain corporate law requirements, as well as other factors deemed relevant by our Board of Directors. We believe our sources of liquidity are adequate to meet our current and anticipated needs for at least the next twelve months. Based upon anticipated cash flows, existing cash and cash equivalents balances, current borrowing availability and other sources of financing we expect to be available to us, we do not anticipate any significant liquidity constraints in the foreseeable future.

We maintain a credit agreement that provides for an unsecured committed credit facility with an aggregate principal amount of $30.0 million which matures in August 2023. At September 30, 2021, there was no outstanding principal balance on the facility. As of that date, we had outstanding standby letters of credit to guarantee settlement of self-insurance claims of $18.5 million and remaining borrowing availability of $11.5 million. This facility bears interest at a variable rate based on the London Interbank Offered Rate or the lender's Prime Rate, in each case plus/minus applicable margins.

Our credit facility prohibits us from paying, in any fiscal year, stock redemptions and dividends in excess of 25% of our net income from the prior fiscal year. Waivers allowing stock redemptions and dividends in excess of the 25% limitation in total amounts of up to $80 million in 2021 and of up to $60 million in 2020 were obtained from the lender in August 2021 and November 2020, respectively. This facility also contains restrictive covenants which, among other matters, require us to maintain compliance with cash flow leverage and fixed charge coverage ratios. We were in compliance with all covenants at September 30, 2021 and December 31, 2020.

The following is a summary of our contractual obligations as of September 30, 2021.

	Payments Due by Period				
(In thousands)	Remainder of 2021	2022 And 2023	2024 And 2025	Thereafter	Total
Purchase obligations for revenue equipment	$ 16,526	$ —	$ —	$ —	$ 16,526
Building construction obligation	2,858	—	—	—	2,858
Operating lease obligations	96	458	116	—	670
Total	$ 19,480	$ 458	$ 116	$ —	$ 20,054

The obligation to issue shares of our common stock under our nonqualified deferred compensation plan at September 30, 2021 of 197,970 shares of Company common stock with a value of $3.1 million has been excluded from the above table.

Off-balance Sheet Arrangements

Other than standby letters of credit maintained in connection with our self-insurance programs in the amount of $18.5 million along with purchase obligations and operating leases summarized above in our summary of contractual obligations, we did not have any other material off-balance sheet arrangements at September 30, 2021.

Inflation and Fuel Costs

Most of our operating expenses are inflation-sensitive, with inflation generally producing increased costs of operations. During the last two years, the most significant effects of inflation have been on revenue equipment prices, accident claims, health insurance and employee compensation. We attempt to limit the effects of inflation through increases in freight rates and cost control efforts.

In addition to inflation, fluctuations in fuel prices can affect our profitability. We require substantial amounts of fuel to operate our tractors and power the temperature-control units on our trailers. Substantially all of our contracts with customers contain fuel surcharge provisions. Although we historically have been able to pass through a significant portion of long-term increases in fuel prices and related taxes to customers in the form of fuel surcharges and higher rates, such increases usually are not fully recovered. These fuel surcharge provisions are not effective in mitigating the fuel price increases related to non-revenue miles or fuel used while the tractor is idling.

Seasonality

Our tractor productivity generally decreases during the winter season because inclement weather impedes operations and some shippers reduce their shipments. At the same time, operating expenses generally increase, with harsh weather creating higher accident frequency, increased claims, lower fuel efficiency and more equipment repairs.

Critical Accounting Policies

Our critical accounting policies are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" in our Annual Report on Form 10-K for the year ended December 31, 2020. We have reviewed and determined that those critical accounting policies remain our critical accounting policies as of and for the nine months ended September 30, 2021, and that there have been no material changes to our critical accounting policies during this period.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to a variety of market risks, most importantly the effects of the price and availability of diesel fuel. We require substantial amounts of diesel fuel to operate our tractors and power the temperature-control units on our trailers. The price and availability of diesel fuel can vary, and are subject to political, economic and market factors that are beyond our control. Significant increases in diesel fuel costs could materially and adversely affect our results of operations and financial condition. Based upon our fuel consumption in the first nine months of 2021, a 5% increase in the average cost of diesel fuel would have increased our fuel expense by $4.6 million.

We have historically been able to pass through a significant portion of long-term increases in diesel fuel prices and related taxes to customers in the form of fuel surcharges. Fuel surcharge programs are widely accepted among our customers, though they can vary somewhat from customer-to-customer. These fuel surcharges, which adjust weekly with the cost of fuel, enable us to recover a substantial portion of the higher cost of fuel as prices increase. These fuel surcharge provisions are not effective in mitigating the fuel price increases related to non-revenue miles or fuel used while the tractor is idling. In addition, we have worked diligently to control fuel usage and costs by improving our volume purchasing arrangements and optimizing our drivers' fuel purchases with national fuel centers, focusing on shorter lengths of haul, installing and tightly managing the use of auxiliary power units in our tractors to minimize engine idling and improving fuel usage in our trailers' refrigeration units.

While we do not currently have any outstanding hedging instruments to mitigate this market risk, we may enter into derivatives or other financial instruments to hedge a portion of our fuel costs in the future.

Item 4. Controls and Procedures.

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act"), we have carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and our Executive Vice President and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2021. There were no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting. We intend to periodically evaluate our disclosure controls and procedures as required by the Exchange Act Rules.

PART II. OTHER INFORMATION

Item 1A. Risk Factors.

There have been no material changes in the risk factors disclosed by us under Part I, Item 1A. Risk Factors contained in the Annual Report on Form 10-K for the year ended December 31, 2020, except for the addition of the following risk factors:

We depend on the stability, availability and security of the technology related to our management information and communication systems, which are subject to certain cyber risks and other events beyond our control.

We depend upon our management information and communication systems for the efficient operation of our business. Our systems are used for receiving, planning and optimizing loads, communicating with and monitoring our drivers, tractors and trailers, billing customers and financial reporting. In addition, some of our key software has been developed internally by our programmers or by adapting purchased software to our needs and this software may not be easily modified or integrated with other software and systems. Our operations are potentially vulnerable to interruption by natural disasters, power loss, telecommunications failure, terrorist attacks, internet failures, computer viruses, malware, hacking, and other events beyond our control. Although we have taken steps to prevent and mitigate service interruptions and data security threats, the operational and security risks associated with information technology systems have increased in recent years because of the complexity of the systems and the sophistication and amount of cyberattacks. We have been subject to cyberattacks, which have yet to have a material impact on our business or results of operations, but this might not always be the case in the future. For example, as previously reported, in October 2021, we detected a cyberattack that accessed and encrypted files utilized by us in the provision of our business. Based on our preliminary assessment and on the information currently known, we do not believe the incident will have a material impact on our business, operations or financial results. Nonetheless, the investigation indicates that certain employee data may have been at risk during the event. Our business could be materially and adversely affected if our management information and communication systems are materially compromised or disrupted by a failure or security breach or if we are unable to improve, upgrade, integrate or expand our systems as we continue to execute our growth strategy.

The recent federal COVID-19 vaccine mandate for certain employers could negatively impact our ability to attract and retain drivers, which could in turn adversely affect our profitability and ability to grow.

On September 9, 2021, President Biden announced a new COVID-19 Action Plan entitled the "Path out of the Pandemic" (the "Plan"). The Plan mandates COVID-19 vaccinations or at least weekly COVID-19 testing for all United States employers with 100 or more employees. The United States Department of Labor's Occupational Safety and Health Administration, or OSHA, issued on November 5, 2021 an emergency temporary standard entitled "COVID-19 Vaccination and Testing; Emergency Temporary Standard" to make the requirements of the Plan effective beginning January 4, 2022 until a permanent rule is later issued. Legal challenges to this standard are currently underway with additional challenges expected, which leads to uncertainty about the potential timing of when or if this standard might actually take effect. The standard also contains exemptions for "remote workers" and employees who work 100% alone as long as their indoor contact with others is minimal. We believe these exemptions apply to our drivers, but as with any complex new standard, it is impossible to be certain how OSHA will apply it until they issue further guidance or begin enforcement. As a result, this mandate could increase the challenges of maintaining and growing our number of drivers, maintenance personnel and employees across all functions. Competition in the trucking industry for qualified drivers is normally intense and has significantly increased, while high industry turnover rates for drivers remain. This mandate could lead to additional driver turnover caused by an increase in early retirements and drivers operating under their own authority or moving to smaller carriers who are exempt from the mandate. If we are unable to continue to attract and retain drivers at our current level, we could be required to continue adjusting our driver compensation package or let trucks sit idle. An increase in our expenses or in the number of tractors without drivers could materially and adversely affect our growth and profitability.

Item 6. Exhibits.

Item No.	Item	Method of Filing
10.29	Eleventh Amendment to Credit Agreement, dated as of August 17, 2021, by and among Marten Transport, Ltd., as borrower, the banks party thereto as lenders, and U.S. Bank National Association, as agent for the lenders	Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed August 20, 2021.
31.1	Certification pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by Timothy M. Kohl, the Registrant's Chief Executive Officer (Principal Executive Officer)	Filed with this Report.
31.2	Certification pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by James J. Hinnendael, the Registrant's Executive Vice President and Chief Financial Officer (Principal Financial Officer)	Filed with this Report.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed with this Report.
101	The following financial information from Marten Transport, Ltd.'s Quarterly Report on Form 10-Q for the period ended September 30, 2021, filed with the SEC on November 8, 2021, formatted in iXBRL, or Inline eXtensible Business Reporting Language: (i) Consolidated Condensed Balance Sheets, (ii) Consolidated Condensed Statements of Operations, (iii) Consolidated Condensed Statements of Stockholders' Equity, (iv) Consolidated Condensed Statements of Cash Flows, and (v) Notes to Consolidated Condensed Financial Statements	Filed with this Report.
104	The cover page from Marten Transport, Ltd.'s Quarterly Report on Form 10-Q for the period ended September 30, 2021, formatted in iXBRL, included in Exhibit 101	Filed with this Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

MARTEN TRANSPORT, LTD.

Dated: November 8, 2021	By:	/s/ Timothy M. Kohl Timothy M. Kohl Chief Executive Officer (Principal Executive Officer)
Dated: November 8, 2021	By:	/s/ James J. Hinnendael James J. Hinnendael Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Timothy M. Kohl, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marten Transport, Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2021

/s/ Timothy M. Kohl
Timothy M. Kohl
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, James J. Hinnendael, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marten Transport, Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2021

/s/ James J. Hinnendael
James J. Hinnendael
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Marten Transport, Ltd. (the "Company") on Form 10-Q for the period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best knowledge of the undersigned:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2021

/s/ Timothy M. Kohl
Timothy M. Kohl
Chief Executive Officer

/s/ James J. Hinnendael
James J. Hinnendael
Executive Vice President and Chief Financial Officer