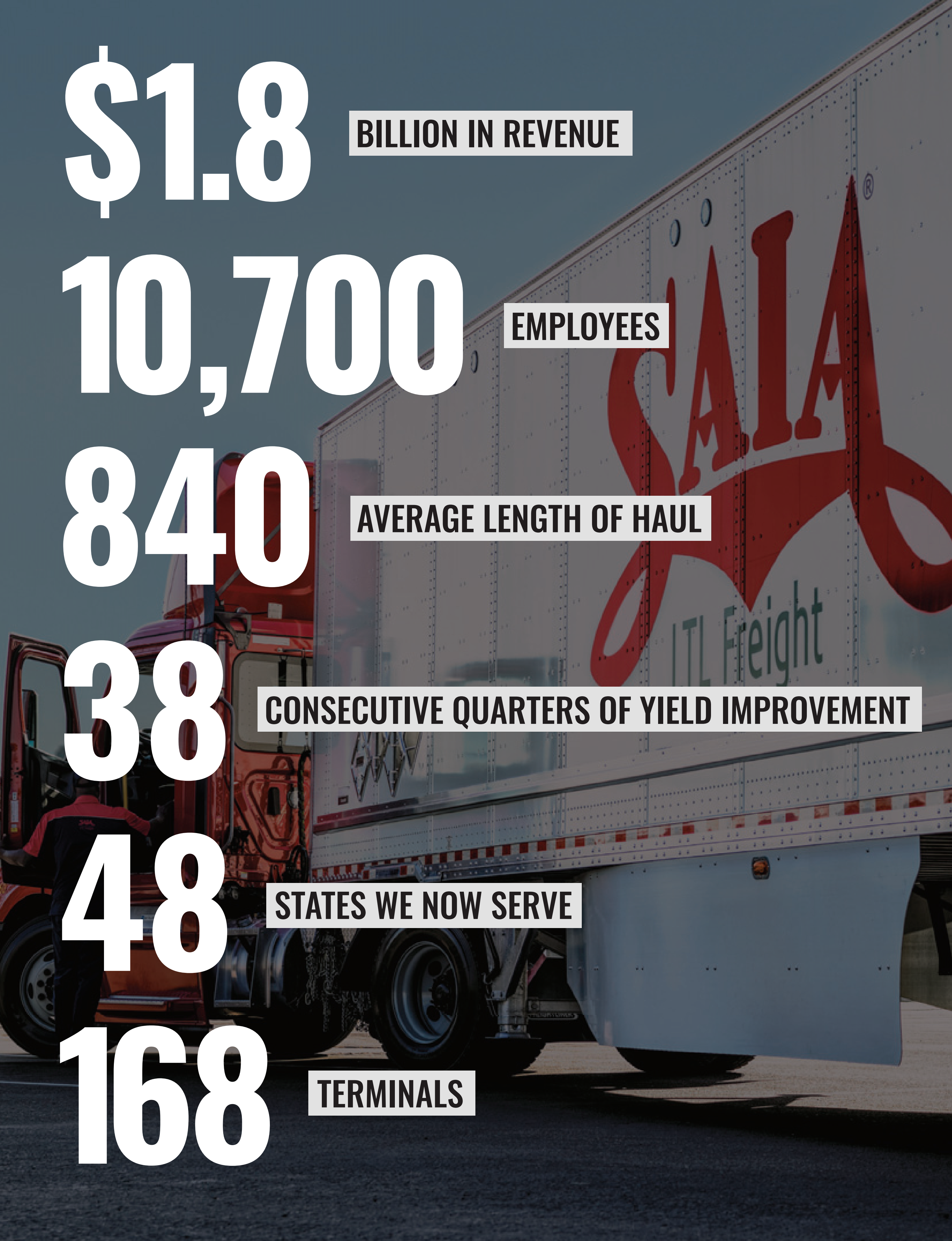
SAIA

2019 ANNUAL REPORT

saia.com



$1.8
BILLION IN REVENUE

10,700
EMPLOYEES

840
AVERAGE LENGTH OF HAUL

38
CONSECUTIVE QUARTERS OF YIELD IMPROVEMENT

48
STATES WE NOW SERVE

168
TERMINALS

Service With No Boundaries

Last year, we celebrated the opening of eight additional terminals in the Northeast as we continue to expand our operations. These new facilities in Massachusetts, New Hampshire, New York, and Pennsylvania built on the multi-year expansion we began in 2017 and brings our total number of terminals in this thriving market to 18. Our growth in the Northeast strengthens our commitment to providing more direct shipping points for our customers. So, whether you're shipping to San Jose or out of Syracuse, Saia has never been better positioned to provide industry-leading service no matter where you are or your freight needs to go.

Investing In The Future

Along with our expansion in the Northeast, we also opened a new terminal in Long Beach, California and invested in existing facilities and our legacy markets. We moved our operations to larger terminals in Harrisburg and Philadelphia, Pennsylvania; Indianapolis, Indiana; and Phoenix, Arizona. Our new breakbulk facility in Indianapolis is a state-of-the-art flagship terminal with over 64,000 square feet of dock space. It includes significant investments in energy efficient and sustainable construction along with the latest technology.

Outside of infrastructure, we purchased new equipment and technology. In 2019, we acquired 1,100 tractors, 1,700 trailers, and 200 new forklifts. The average age of our tractors has improved to less than 5 years from more than 7 years and the average age of our trailers improved to 7 years from 12 years. We also have purchased electric pallet jacks to further improve the efficiency and safety of our dock operations.

Significance Of Safety

Safety is paramount at Saia. Not only do we use some of the latest safety-related technology in our fleet, we invest in our employees through training and ongoing education. Our employees are equipped with the knowledge and tools they need to do their job safely, every day. For example, our safety performance continues to benefit from our partnership with Lytx, a developer of in-cab safety technologies. We utilize numerous other systems as well that provide collision mitigation, lane departure notification, proactive auto-fill tire technology, braking and "over speed" alerts. Furthermore, we employ 350 driver trainers and provide both new drivers and dockworkers with 40-plus hours of in-cab or on-the-dock training.

Celebrating What Matters

While 2019 proved to be a record year because of Saia's financial performance, we too are proud and extremely grateful of the achievements of our employees. Our team members embraced the Company's six Core Values and provided wonderful examples this past year of putting customers first, "doing the right thing," and working in their communities to better the lives of others. To this end, we've recognized their achievements through a new employee/facility award, "Celebrate What Matters." As a company, Saia continuously invests in employees through training, career-advancement initiatives like our dock-to-driver program, superior benefits, health/wellness programs, and much more.

DEAR FELLOW STOCKHOLDER

We are pleased to report that 2019 was a year of continued growth and steady profitability for Saia. Our revenue in 2019 was again a record at $1.8 billion, surpassing 2018's record revenue by 8%. Operating income also grew by 8% to a record $153 million. While operating margins were flat for the full year, we are pleased that we were able to deliver in a year where we accelerated our growth plans and took advantage of market opportunities as the year unfolded.

We continued our geographic expansion into the Northeast and opened an additional eight terminals. In fact, our total door count in this region grew by 112% in 2019. Along with the new terminals opened in the Northeast, we also relocated three others that we have already outgrown. We are pleased that the expanded service territory has been well received by our customers and that we are able to accommodate more of their shipping needs with industry-leading service.

In other parts of the country we were active as well and opened a new terminal in Long Beach, California, and relocated others in Indianapolis and Phoenix.

While the overall freight environment softened during 2019, we nonetheless achieved shipment and tonnage growth of 4.3% and 0.4%, respectively, over 2018. In the fourth quarter of 2019, we also saw our yield rise 3.7%, marking the 38th consecutive quarter of achieving year-over-year LTL yield improvement.

Both our on-time pickup and on-time delivery results improved year-over-year even with our expansion efforts and the growth of our workforce. Our cargo claims ratio for 2019 was 0.76, a slight improvement from 0.77 last year. Again, this was achieved while opening nine new terminals during the year, relocating another five terminals and growing our workforce by approximately 5% in 2019.

Coming out of the 2008-2009 recession, since 2012, we have invested over $1.25 billion into our company and have grown revenue and operating income by a compounded annual rate of 7% and 15%, respectively. The investments in real estate, terminal improvements, revenue equipment and technology have all combined to enable us to grow earnings faster than revenue.

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

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

OR

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

Commission file number: 0-49983

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

Delaware **(State of Incorporation)**	**48-1229851** **(I.R.S. Employer Identification No.)**
11465 Johns Creek Parkway, Suite 400 **Johns Creek, Georgia** **(Address of Principal Executive Offices)**	**30097** **(Zip Code)**

(770) 232-5067
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $.001 per share	SAIA	The Nasdaq Global Select Market

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

None

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

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

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 (§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, 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 ☐ Non-accelerated filer ☐ Smaller reporting company ☐ 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 Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2019, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $1,675,319,259 based on the last reported sales price of the common stock as reported on the National Association of Securities Dealers Automated Quotation System National Market System. The number of shares of Common Stock outstanding as of February 20, 2020 was 26,040,420.

Documents Incorporated by Reference

Portions of the definitive Proxy Statement to be filed within 120 days of December 31, 2019, pursuant to Regulation 14A under the Securities Exchange Act of 1934 for the Annual Meeting of Stockholders to be held April 28, 2020, have been incorporated by reference into Part III of this Form 10-K.

SAIA, INC. AND SUBSIDIARIES
INDEX

PART I.

Item 1. *Business*

Overview

Saia, Inc., through its wholly-owned subsidiaries, is a transportation company headquartered in Johns Creek, Georgia (Saia, Inc. together with its subsidiaries, the Company or Saia). We provide regional and interregional less-than-truckload (LTL) services through a single integrated organization. While more than 97% of our revenue is derived from transporting LTL shipments, we also offer customers a wide range of other value-added services, including non-asset truckload, expedited and logistics services across North America.

Founded in 1924, Saia Motor Freight Line, LLC (Saia LTL Freight) is a leading LTL carrier that serves 43 states with plans to complete service coverage in the Northeastern states. Saia LTL Freight specializes in offering its customers a range of regional and interregional LTL services including time-definite and expedited options. Saia LTL Freight primarily provides its customers with solutions for shipments between 100 and 10,000 pounds.

As of December 31, 2019, Saia LTL Freight operated a network comprised of 174 owned and leased facilities, including three general offices and owned approximately 4,779 tractors and 16,376 trailers, including equipment acquired with finance leases.

In May 2017, Saia implemented its strategy to begin serving new markets in the Northeast. Since that time the Company has opened 18 new terminals in that region. Over the past five years, Saia has invested more than $800 million in capital expenditures, primarily for real estate, revenue equipment and technology. These investments have reduced the age of Saia's fleet, improved fuel economy, enhanced safety and support Saia's plans for additional volume growth. Saia has also invested substantially in technology, training and business processes to enhance the Company's ability to monitor and manage customer service, safety, operations and profitability.

In 2019, Saia generated revenue of $1.79 billion and operating income of $152.6 million. In 2018, Saia generated revenue of $1.65 billion and operating income of $141.2 million. In 2019, the average Saia LTL Freight shipment weighed approximately 1,301 pounds and traveled an average distance of approximately 840 miles.

None of our approximately 10,400 employees is represented by a union.

Industry

The trucking industry consists of three segments: private fleets and two "for-hire" carrier groups. The private carrier segment consists of fleets owned and operated by shippers who move their own goods. The two "for-hire" carrier groups, truckload and LTL, are based on the typical shipment sizes handled by transportation service companies. Truckload refers to providers generally transporting shipments greater than 10,000 pounds and LTL refers to providers generally transporting shipments less than 10,000 pounds. Saia is primarily an LTL carrier. In addition to the three main trucking segments, Saia also competes with small package carriers, final mile delivery services, railroads, air freight carriers, third party logistics providers and other emerging digital competitors.

LTL carriers typically pickup numerous shipments, generally ranging from 100 to 10,000 pounds, and consolidate them at carrier-operated service facilities within a certain radius and then transport the shipments from the origin facility to the carrier-operated destination facility and then deliver the shipments to the ultimate destination. As a result, LTL carriers require expansive networks of pickup and delivery operations around local service facilities and shipments are moved between origin and destination often through an intermediate distribution or "breakbulk" facility. Depending on the distance shipped, the LTL segment historically was classified into three subgroups:

- *Regional* — Average shipment distance is typically less than 1,200 miles with a focus on one- and two-day markets. Regional LTL companies can move shipments directly from the originating facility to the destination facility which increases service reliability and avoids costs associated with intermediate handling.
- *Interregional* — Average shipment distance is usually between 1,200 and 1,500 miles with a focus on serving two- and three-day markets.
- *National* — Average shipment distance is typically in excess of 1,500 miles with a focus on service in three- to five-day markets. National LTL providers rely on intermediate shipment handling through hub and spoke networks, which require numerous satellite service facilities, multiple distribution facilities and a relay network. To gain service and cost advantages, national providers occasionally ship directly between service facilities reducing intermediate handling or utilize the rail system.

Throughout the years, there has been a blurring of the three LTL subgroups as individual companies are increasingly serving multiple markets. Today, Saia LTL Freight, as well the vast majority of the LTL capacity, services all three markets.

The truckload segment is the largest portion of the "for-hire" truck transportation market. Truckload carriers primarily transport large shipments from origin to destination with no intermediate handling.

Because truckload carriers do not require an expansive network to provide point-to-point service, the overall cost structure of truckload carriers is typically lower and more variable relative to LTL carriers. However, the lack of a network subjects their drivers to extended periods away from home thus resulting in higher driver turnover and periodic driver shortages. The truckload segment is comprised of several major carriers and numerous small entrepreneurial players. At the most basic level, a truckload company can be started with capital for rolling stock (a tractor and a trailer), insurance, a driver and little else. As size becomes a factor, capital is needed for technology, infrastructure and some limited facilities. Saia LTL Freight may participate in the truckload market as a means to fill empty miles in lanes that are not at capacity. Saia also offers its customers the truckload and expedited offerings of its non-asset operations.

Capital requirements are significantly higher in the traditional LTL segment versus the truckload segment. In the LTL sector, substantial amounts of capital are required for a network of service facilities, shipment handling equipment and revenue equipment (both for city pick-up, delivery and linehaul). In addition, investment in technology has become increasingly important in the LTL segment largely due to the number of transactions and number of customers served on a daily basis. Saia LTL Freight picks up approximately 29,000 shipments per day, each of which has a shipper and consignee, and sometimes a third-party payor, all of whom need access to information in a timely manner. More importantly, technology plays a key role in improving customer service, operations efficiency and compliance, safety and yield management. As a result of the significant infrastructure required to operate an LTL carrier, the LTL segment is more concentrated than the truckload segment with the largest LTL players in the national and regional markets. Driver turnover in the LTL sector is significantly lower relative to the truckload sector, although LTL carriers also face periodic driver shortages.

Business Strategy

Saia has grown historically through a combination of organic growth and geographic integration or "tuck-in" acquisitions of smaller trucking and logistics companies. More recently Saia has grown largely through organic growth.

Key elements of our business strategy include:

Continue to focus on operating safely.

Our most valuable resource is our employees. It is a corporate priority to continually emphasize the importance of safe operations and to reduce both the frequency and severity of injuries and accidents. This emphasis on safe operations is not only appropriate to protect our employees and our communities but with the continued escalation of commercial insurance and healthcare costs, it is important to maintain and improve stockholder returns. Management expects governmental safety regulations and related enforcement initiatives to increase in the future.

Manage yields and business mix.

This element of our business strategy involves managing both the pricing process and the mix of customers' freight in ways that allow our network to operate more profitably. Improvements in the economy coupled with the tightening of available capacity in the industry over the last several years allowed the Company to implement numerous pricing initiatives to increase yield significantly.

Increase density in existing geographies.

We gain operating leverage by growing volume and density within existing geography. Depending on pricing and the specific lanes, we estimate that the potential incremental profitability on growth in current markets can be as much as 20 percent or even higher. This improves margins, asset turnover and return on capital. We actively monitor opportunities to add service facilities where there is sufficient market potential. Future volume growth at Saia could result from improvements in the general economy, industry consolidation, geographic expansion and strategic acquisitions, as well as specific sales and marketing initiatives.

Continue to focus on delivering best-in-class service.

The foundation of Saia's growth strategy is consistent delivery of high-quality service. Commitment to service quality is valued by customers and allows us to gain fair compensation for our services and positions us to improve market share.

Continue to focus on improving operating efficiencies.

Saia has operating initiatives focused on continuing to improve efficiency. These initiatives help offset a variety of structural cost increases like wages, healthcare benefits, workers' compensation claims, parts and maintenance expense as well as casualty insurance. We believe Saia continues to be well positioned to manage costs and utilize assets. We believe we will continue to see new opportunities for cost savings.

Prepare the organization for future growth.

Our primary focus within organizational development is maintaining strong relationships with our employees. We invest in our employees through internal communication, training programs, recognition programs and providing competitive wages and benefits. We also invest in succession planning initiatives.

We believe it is also important to invest in technology capabilities and strategic real estate which are designed to position our Company for future growth to meet the increasing demands of the marketplace. We also believe it is important to invest in our tractor and trailer fleet to gain access to new technologies, lower maintenance expenses, improve fuel economy, improve brand image and gain other safety and expense enhancements.

Expand geographic footprint.

While our immediate priority is to improve profitability in our existing geography, we plan to further pursue geographic expansion into portions of the Northeastern United States to promote profitable growth and improve our customer value proposition over time. Not only do we plan to invest in new terminals and equipment, but we intend to invest in certain areas of our existing network so that we will be able to handle the increased freight flows we anticipate to and from the new market and to more efficiently operate in existing markets. In addition to direct expansion through opening of new facilities, management may consider acquisitions from time to time to help expand geographic reach and density while gaining the business base of the acquired entity.

Seasonality

Our revenues are subject to seasonal variations. Customers tend to reduce shipments after the winter holiday season and operating expenses tend to be higher as a percent of revenue in the winter months primarily due to lower capacity utilization and weather effects. Generally, the first quarter is the weakest quarter while the second and third quarters are the strongest quarters in terms of revenue and profit. Quarterly profitability is also impacted by the timing of salary and wage increases and general rate increases which have varied over the years.

Labor

Most LTL companies, including Saia, and virtually all truckload companies are not subject to collective bargaining agreements.

In recent years, due to competition for quality employees, the compensation divide between union and non-union carriers has closed dramatically. However, there are still significant differences in benefit costs and work rule flexibility. Benefit costs for union carriers remain significantly above those paid by non-union carriers and union carriers may be subject to certain contingent unfunded multi-employer pension liabilities. In addition, non-union carriers have more work rule flexibility with respect to work schedules, routes and other similar items. Work rule flexibility is a major consideration in the regional LTL sector as flexibility is important to meet the service levels required by customers.

Our employees are not represented by a collective bargaining unit. We believe this provides for better communications and employee relations, stronger future growth prospects, improved efficiencies and customer service capabilities.

Competition

Although there has been some tightening of capacity and some industry consolidation, shippers continue to have a wide range of choices. We believe that service quality, price, variety of services offered, geographic coverage, responsiveness and flexibility are the important competitive differentiators.

Saia focuses on providing LTL services in a highly competitive environment against a wide range of transportation service providers. These competitors include a small number of large, national transportation service providers in the long haul and two-day markets and a larger number of shorter-haul or regional transportation companies in the two-day and overnight markets. Saia also competes in and against several modes of transportation, including LTL, truckload and private fleets. The larger the service area, the greater the barriers to entry into the LTL trucking segment due to the need for additional equipment and operational facilities associated with this coverage. The level of technology investment required and density needed to provide adequate labor and asset utilization make larger-scale entry into the LTL market difficult. Saia also competes with small package carriers, final mile delivery services, railroads, air freight carriers, third party logistics providers and other emerging digital competitors.

Regulation

Over the past 40 years, the trucking industry has been substantially deregulated and rates and services are largely free of regulatory controls. Nevertheless, the trucking industry remains subject to regulation by many federal and state governmental agencies, and these authorities have broad powers over matters ranging from the authority to engage in motor carrier operations, motor carrier registration, driver hours of service, safety and fitness of transportation equipment and drivers, insurance requirements, fuel efficiency and emissions standards, and the transportation and handling of hazardous materials.

Key areas of regulatory activity include:

Department of Transportation.

Motor carrier and freight brokerage operations are subject to safety, insurance and bonding requirements prescribed by the U.S. Department of Transportation (DOT) and various state agencies.

Within the DOT, the Federal Motor Carrier Safety Administration (FMCSA) has issued rules including hours of service regulations that limit the maximum number of hours a driver may be on duty between mandatory off-duty hours. Our operations have been adjusted to comply with these rules, and while our base operations have not been materially affected, we did experience deterioration in the cost, availability and reliability of purchased transportation. Revisions to these rules could further impact our operations, further tighten the market for qualified drivers and put additional pressure on driver wages and purchased transportation costs.

The FMCSA's Compliance Safety Accountability Program (CSA) could adversely affect our results and ability to maintain or grow our fleet. CSA is an enforcement and compliance model that assesses a motor carrier's on-road performance and investigation results for a 24-month period using roadside stops and inspections, resulting in safety and performance ratings in the following categories: unsafe driving; hours-of-service compliance; driver fitness; controlled substances/alcohol; vehicle maintenance; hazardous material compliance; and crash indicators. The evaluations are used to rank carriers and individual drivers and to select carriers for audit and other interventions.

The FMCSA has issued a final rule requiring electronic driver logs be monitored by Electronic Log Devices (ELDs) for many in-state-only drivers and most interstate commercial motor vehicle drivers by no later than December 18, 2017. Drivers who voluntarily used a compliant automatic on-board recording device by the December 18, 2017 deadline were "grandfathered" for two years to give providers time to update their systems to be compliant with the ELD standards. Such grandfathering period ended December 17, 2019, and the FMCSA is now enforcing the rule. While such regulations could increase the cost of technology, capital equipment and maintenance expenses across our industry, we implemented ELDs company-wide in 2014 prior to the effective date of the ELD standard.

The FMCSA has established the Commercial Driver's License Drug and Alcohol Clearinghouse, which is a database that will disclose drug and alcohol violations of commercial motor vehicle drivers. The clearinghouse was established by the FMCSA in an effort to help better identify drivers who are prohibited from operating commercial motor vehicles based on drug and alcohol violations and ensure drivers cannot conceal drug and alcohol violations by changing jobs or locations. The clearinghouse launched on January 6, 2020 and will require us to check for current and prospective employee's drug and alcohol violations and annually query for violations of each driver we currently employ.

In 2016, the FMCSA and the National Highway Traffic Safety Administration (NHTSA) proposed regulations that would require vehicles of a certain size to be equipped with a speed limiting device set to a specified speed. A final rule has not yet been implemented and there can be no guarantee as to when, if ever, a final rule requiring speed limiting devices will be implemented, and if implemented, no assurance as to the nature of any such rule and its impact on our fleet and operations. While such regulations could increase the cost of technology, capital equipment and maintenance expenses across our industry, we expect that all our tractors will have the necessary on-board technology systems in place to capture this data by the time the regulations take effect.

Environmental Protection Agency.

The EPA has issued regulations reducing sulfur content of diesel fuel and reducing engine emissions. These regulations increased the cost of replacing and maintaining trucks. Future environmental laws in this area could further increase our costs and impact our operations.

Our operations are subject to environmental laws and regulations dealing with the handling of hazardous materials, underground fuel storage tanks and discharge and retention of storm water. We operate in industrial areas where truck terminals and other industrial activities are located and where groundwater or other forms of environmental contamination may have occurred. Our operations involve the risks of fuel spillage or seepage, environmental damage and hazardous waste disposal, and costs associated with the leakage or discharge of hazardous materials we transport for our customers, among others. Although we have programs in place designed to monitor and control environmental risks and to promote compliance with applicable environmental laws and regulations, violations of applicable environmental laws or regulations or spills or other accidents involving hazardous substances can still occur and may subject us to cleanup costs, liabilities not covered by insurance, substantial fines or penalties and to civil and criminal liability, any of which could adversely affect our financial condition, results of operations, liquidity and cash flows.

Other countries have implemented laws that limit greenhouse gas emissions. If the U.S. enacted environmental laws further limiting greenhouse gas emissions, our costs could increase and our operations could be adversely impacted. The EPA and DOT have announced Fuel Efficiency Standards for medium and Heavy-Duty Trucks, which require a reduction of up to 25 percent in carbon emissions over the next decade. The EPA could also decide to further reduce nitrogen oxide emissions and to develop a NOx standard, which could impose substantial costs on us. Although the U.S. withdrew from the Paris climate accord, to the extent other countries enforce that agreement our business could be adversely affected. Individual states are also implementing emissions regulations, such as the California Air Resources Board regulations that apply not only to California intrastate carriers, but also to carriers outside the state who own or dispatch equipment in California.

Department of Homeland Security.

The trucking industry is working closely with government agencies to define and implement improved security processes. Federal, state and municipal authorities have implemented and continue to implement anti-terrorism measures, including checkpoints and travel restrictions on large trucks. The Transportation Security Administration (TSA) continues to focus on trailer security, driver identification, security clearance and border-crossing procedures. These and other safety and security measures, such as rules for transportation of hazardous materials and cargo-security regulations, could increase the cost of operations, reduce the number of qualified drivers and disrupt or impede the timing of our deliveries to customers.

Food and Drug Administration.

As a transportation provider of foodstuffs, we are subject to rules and regulations issued by the Food and Drug Administration (FDA) to provide for the security of food and foodstuffs throughout the supply chain. The FDA has issued a final rule to establish certain requirements under the Sanitary Food and Transportation Act (SFTA) for vehicles and transportation equipment, transportation operations, training, recordkeeping and waivers. The rule is designed to promote the continuance of best practices in the industry concerning cleaning, inspection, maintenance, loading and unloading of, and operation of vehicles. Under the SFTA requirements, carriers are required to develop and implement written procedures subject to recordkeeping that specify its practices for cleaning, sanitizing, and inspecting vehicles and transportation equipment. Continued compliance with current and future SFTA requirements may cause us to incur additional expenses and affect our operations.

Data Privacy.

There have been increased regulatory efforts regarding data protection and transparency in how customer data is used and stored in the U.S. and other countries. For example, the European Union (EU) General Data Protection Regulation (GDPR), effective May 2018, imposes strict rules on controlling and processing data originating from the EU. Other governments have enacted similar data protection laws, including the State of California's California Consumer Privacy Act of 2018. As a transportation and logistics provider, we collect and process significant amounts of customer data on a daily basis. Complying with the new data protection laws may increase our compliance costs or require alterations to our data handling practices. Violations or noncompliance could result in significant fines from governmental or consumer actions and negative impacts to our reputation, operating results and financial condition.

International Regulations.

On November 30, 2018, President Trump, Prime Minister Trudeau, and then Mexican President Nieto signed the United States-Mexico-Canada Agreement (USMCA), which agreement would serve as a successor to the North American Free Trade Agreement (NAFTA). The new agreement has been ratified by the United States and Mexico, but still needs to be ratified by Canada. We conduct business and partner with carriers in Canada and Mexico, and we may experience a decline in the demand for our services in these jurisdictions as a result. It is unknown at this time whether and to what extent the renegotiated treaty will be ratified or the effect that any such action would have, either positively or negatively, on our industry, or on us. Such regulatory changes affecting international trade may require us to adapt or modify our business operations, which may be time-consuming and expensive for us. In addition, the renegotiated treaty may lead to additional tariffs on imported goods which may reduce demand for our services. Any change to international rules governing the passage of freight between Canada, the U.S. and Mexico could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

Trademarks and Patents

We have registered several service marks and trademarks in the United States Patent and Trademark Office, including Saia Guaranteed Select®, Saia Customer Service Indicators® and Saia Xtreme Guarantee®. We believe these service marks and trademarks are important components of our marketing strategy.

Additional Information

Saia has a website that is located at www.saia.com. Saia makes available, free of charge through its website, all filings with the Securities and Exchange Commission (SEC) as soon as reasonably practicable after making such filings with the SEC.

Information about our Executive Officers

Information regarding executive officers of Saia is as follows (included herein pursuant to Instruction 3 to Item 401(b) of Regulation S-K and General Instruction G(3) of Form 10-K):

Name	Age	Positions Held
Richard D. O'Dell	58	Chief Executive Officer of Saia, Inc. since January 1, 2007. Mr. O'Dell served as President and Chief Executive Officer of Saia, Inc. from July 2006 to January 2019. Previously, Mr. O'Dell served as President and Chief Executive Officer of Saia LTL Freight since November 1999. Mr. O'Dell has been a member of the Board of Directors of Saia, Inc. since July 2006.
Frederick J. Holzgrefe, III	52	President and Chief Operating Officer of Saia, Inc. since January 2019. Mr. Holzgrefe served as Executive Vice President and Chief Financial Officer since September 2014. Prior to joining Saia, Mr. Holzgrefe was Vice President of Business Development and Vice President and Chief Financial Officer for Golden Peanut Company. Mr. Holzgrefe has been a member of the Board of Directors of Saia, Inc. since January 2019.
Douglas L. Col	55	Vice President of Finance and Chief Financial Officer of Saia, Inc. since January 2020. Mr. Col has been employed by the Company for the past six years as Treasurer with responsibility for the Company's banking relationships, risk management programs and investor relations. Mr. Col has also served as the Company's Secretary since February 2019.
Raymond R. Ramu	51	Executive Vice President and Chief Customer Officer of Saia, Inc. since May 2015. Mr. Ramu joined Saia LTL Freight in December 1997 and served as Vice President of Sales - East from April 2007 to May 2015.
Paul C. Peck	60	Executive Vice President Operations of Saia, Inc. since October 2018 and Vice President of Central Operations for Saia LTL Freight from July 2008 until October 2018.
Karla J. Staver	57	Vice President of Safety and Human Resources of Saia, Inc. since October 2019. Ms. Staver has been employed by the Company since 2008 and has served as Director of Safety since 2011.
Stephanie R. Maschmeier	47	Chief Accounting Officer of Saia, Inc. since February 2020. Ms. Maschmeier served as Controller since October 2007. Ms. Maschmeier, a certified public accountant, joined Saia in July 2002 as Corporate Financial Reporting Manager.

Officers are elected by the Board of Directors of Saia, Inc. (the Board) and serve at the discretion of the Board. With the exception of Mr. O'Dell, none of the officers of the Company are subject to an employment agreement with the Company. There are no family relationships between any executive officer and any other executive officer or director of Saia or its subsidiaries.

Item 1A. Risk Factors

Saia stockholders should be aware of certain risks, including those described below and elsewhere in this Form 10-K, which could adversely affect the value of their holdings and could cause our actual results to differ materially from those projected in any forward-looking statements.

We are subject to general economic conditions that are largely out of our control, any of which could adversely affect our business.

Our business is subject to a number of general economic conditions that may have a material adverse effect on our financial condition, the results of operations, liquidity and cash flows, many of which are largely out of our control. These include recessionary economic cycles and downturns in customer business cycles, global uncertainty and instability, changes in U.S. social, political, and regulatory conditions, tariff and trade discussions and/or a disruption of financial markets. Economic conditions may adversely affect the business levels of our customers, the amount of transportation services they need and their ability to pay for our services and could reduce the prices we are able to charge for our services.

We operate in a highly competitive industry and our business will be adversely impacted if we are unable to adequately address potential downward pricing pressures and other factors.

Numerous competitive factors could impair our ability to maintain our current profitability. These factors include the following:

- competition with many other transportation service providers of varying types including competitor LTL carriers, TL and parcel carriers, as well as non-asset based logistics and freight brokerage companies, some of whom have more equipment, a broader coverage network, a wider range of services and greater capital resources than we do or have other competitive advantages;
- transportation companies periodically reduce their prices to gain business, especially during economic recessions or times of reduced growth rates in the economy which may limit our ability to maintain or increase prices or grow our business;
- many customers reduce the number of carriers they use by selecting approved transportation service providers, periodically accepting bids from multiple carriers for their shipping needs, or by developing their own or using alternative delivery mechanisms, and these practices may depress prices or result in the loss of business;
- the trend towards consolidation in the surface transportation industry may create other large carriers with greater financial resources than us and other competitive advantages due to their size;
- disruptive technologies, including driverless trucks, electric vehicles, alternative fuels, artificial intelligence applications and software applications to monitor supply and demand may significantly alter historical business models of the trucking industry, potentially leading to increased capital expenditures and emergence of new competitors, some of whom may have greater financial resources than us and other advantages due to their size;
- the trend toward increased sales in the e-commerce sector as opposed to the traditional brick and mortar store model could threaten the continued operation of our retail customers, which could reduce the demand for our services and adversely impact our revenues; and
- technological advances require increased investments to remain competitive, and we may not utilize enough advanced technology, select the correct technology solutions or convince our customers to accept higher prices to cover the cost of these investments.

The transportation industry is affected by business risks that are largely out of our control.

Businesses operating in the transportation industry are affected by risks that are largely out of their control, any of which could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows. These risks include health of the economy, weather and other seasonal factors, excess capacity in the transportation industry, supply chain disruptions, decline in U.S. manufacturing, acts of terrorism, health epidemics, interest rates, fuel costs, fuel taxes, license and registration fees, healthcare costs, insurance premiums and coverage availability. In particular, harsh weather or natural disasters, such as hurricanes, tornadoes, fires and floods, global pandemics and acts of terrorism can affect our operations by increasing operational costs, reducing demand, introducing infrastructure instability and disrupting advance route and load planning.

We are dependent on cost and availability of qualified drivers and purchased transportation.

There is significant competition for qualified drivers within the trucking industry and attracting and retaining qualified drivers has become more challenging as the available pool of qualified drivers has been decreasing in recent years. Age demographics, hours of service rules, ability to obtain insurance coverage, the legalization and growing recreational use of marijuana and regulatory requirements, including the Federal Motor Carrier Safety Administration's (FMCSA) data-driven safety and compliance enforcement initiative, Compliance, Safety, Accountability (CSA), have contributed to the reduction in the number of eligible drivers and may continue to do so in the future. We may experience shortages of qualified drivers that could result in us not meeting customer demands, upward pressure on driver wages and benefits, underutilization of our truck fleet and/or use of higher cost purchased transportation which could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows. There is also significant competition for quality purchased transportation within the trucking industry. We periodically experience shortages of quality purchased transportation that could result in higher costs for these services or prevent us from meeting customer demands which could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

We are dependent on cost and availability of fuel.

Fuel is a significant operating expense and its availability is vital to daily operations. We do not hedge against the risk of fuel price increases. Global political events, acts of terrorism, federal, state and local laws and regulations, natural or man-made disasters, adverse weather conditions and other external factors could adversely affect the cost and availability of fuel. In the past, we have been able to obtain fuel from various sources and in the desired quantities, but there can be no assurance that this will continue to be the case in the future and any shortage or interruption in the supply or distribution of fuel could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows. To the extent not offset by fuel surcharges or other customer price changes, volatility in fuel prices or significant increases in fuel taxes resulting from these economic or regulatory changes could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows. Historically, we have been able to offset significant fuel price volatility through fuel surcharges and other pricing adjustments but we cannot be certain that we will be able to do so in the future. In recent years, given the significance of fuel surcharges, the negotiation of customer price increases has become commingled with fuel surcharges. We have experienced increases in other operating costs as a result of volatility in fuel prices; however, the total impact of volatility in fuel prices on other non-fuel related expenses is difficult to determine. Fluctuations in our fuel surcharge recovery may result in fluctuations in our revenue. Rapid and significant fluctuations in diesel fuel prices would reduce our profitability unless we are able to make the appropriate adjustments to our pricing strategy.

We may face risks related to our expansion into the Northeastern United States.

We have expanded our service geography into the Northeastern United States. In 2017 - 2019, we opened terminals in major markets in Pennsylvania, Maryland, Massachusetts, New Jersey, New Hampshire, and New York. We plan to open additional new markets in 2020 targeting the Northeastern states and invest in legacy markets to support growing demand. There is no assurance that we will be successful at adding new markets as planned or that such markets will be profitable. This expansion has required and will continue to require significant investments in purchased or leased terminals, equipment (including the purchase of new tractors and trailers), technology, employees and other related start-up costs to facilitate our growth plans. Additionally, we plan to invest in certain areas of our existing network so that we will be able to handle the increased freight flows we anticipate to and from the new market and to more efficiently operate in existing markets. The Northeastern market is extremely competitive and there is no assurance that we will generate revenues sufficient to cover our costs of expanding there. Expansion into the Northeast could cause disruptions in our existing geography or require management to devote excessive time and effort to manage the expansion, which could adversely affect our business operations and profitability. Operation in the Northeast may increase the possibility of one or more union organizing efforts. In addition, harsh winter weather in the Northeast may increase our risk of weather-related expenses and disruptions. A delay between the outlay of expenditures to expand our geographic footprint and generation of new revenue or higher than anticipated costs or lower than expected revenues from the expansion could adversely affect our financial condition, results of operations, liquidity and cash flows. We may experience decreased profitability until we are able to fully realize the benefits of the investment, if ever.

We face litigation risks that could have a material adverse effect on the operation of our business.

We face litigation risks regarding a variety of issues, including without limitation, accidents involving our trucks and employees, alleged violations of federal and state labor and employment laws, securities laws, environmental liability and other matters. These proceedings may be time-consuming, expensive and disruptive to normal business operations. The defense of such lawsuits could result in significant expense and the diversion of our management’s time and attention from the operation of our business. In recent years, several insurance companies have completely stopped offering coverage to trucking companies, have significantly reduced the amount of coverage they offer or have significantly raised premiums as a result of increases in the severity of automobile liability claims and sharply higher costs of settlements and verdicts. This trend could adversely affect our ability to obtain suitable insurance coverage, could significantly increase our cost of obtaining such coverage or could subject us to significant liabilities for which no insurance is in place, which would adversely affect our financial condition, results of operations, liquidity and cash flows. Costs we incur to defend or to satisfy a judgment or settlement of these claims may not be covered by insurance or could exceed the amount of that coverage or increase our insurance costs and could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

Ongoing insurance and claims expenses could significantly reduce and cause volatility to our earnings.

We are regularly subject to claims resulting from personal injury, cargo loss, property damage, group healthcare and workers’ compensation claims. The Company has self-insured retention limits generally ranging from $250,000 to $1 million per occurrence for medical, workers’ compensation, casualty and cargo claims and from $2 million to $10 million for auto liability. We also maintain insurance with licensed insurance companies above these self-insured retention limits. In recent years the trucking business has experienced significant increases in the cost of liability insurance and in the median verdict of trucking accidents. If the number or severity of future claims continues to increase, claim expenses might exceed historical levels or could exceed the amounts of our insurance coverage or the amount of our reserves for self-insured claims, which would adversely affect our financial condition, results of operations, liquidity and cash flows.

The Company is dependent on a limited number of third party insurance companies to provide insurance coverage in excess of its self-insured retention amounts. Recently, several insurance companies have completely stopped offering coverage to trucking companies or have significantly reduced the amount of coverage they offer or have significantly raised premiums as a result of increases in the severity of automobile liability claims and sharply higher costs of settlements and verdicts. To the extent that the third party insurance companies propose increases to their premiums for coverage of commercial trucking claims, the Company may decide to pay such increased premiums or increase its financial exposure on an aggregate or per occurrence basis, including by increasing the amount of its self-insured retention or reducing the amount of total coverage. This trend could adversely affect our ability to obtain suitable insurance coverage, could significantly increase our cost for obtaining such coverage, or could subject us to significant liabilities for which no insurance coverage is in place, which would adversely affect our financial condition, results of operations, liquidity and cash flows.

Generally, the Company is responsible for the risk retention amount per occurrence of $2.0 million under its automobile liability insurance policy. Thereafter, the policy provides insurance coverage for a single occurrence of $8.0 million, an aggregate loss limit of $24.0 million for each policy year, and a $48.0 million aggregate loss limit for the 36-month term ended March 1, 2021. Our current automobile liability insurance policy contains a provision under which we have the option, on a retroactive basis, to assume responsibility for the entire cost of covered claims during certain periods in exchange for a refund of a portion of the premiums we paid for the policy. This is referred to as "commuting" the policy. In August 2019, the Company elected to commute the policy for the period from March 1, 2018 to February 28, 2019. As a result of commuting the policy for that 12-month period, the Company is now self-insured for the first $10 million per occurrence with respect to such 12-month period and the policy has been extended for one additional year to March 1, 2022. The Company may commute the policy for certain years in the future. In exchange, the Company would assume the risk for all claims under the policy during the years for which the policy is commuted. In addition, the current auto liability insurance policy includes a provision that requires the Company to pay an additional premium of up to $11 million if paid losses are over $15.6 million over the three-year policy period. To the extent the Company is required to pay the additional premium or to the extent the Company elects to commute the policy, and one or more claims result in large payouts, the Company will not have insurance at this layer of coverage, and our financial condition, results of operation, and liquidity could be materially and adversely affected.

Furthermore, insurance companies, as well as certain states, require collateral in the form of letters of credit or surety bonds for the estimated exposure of claims within our self-insured retentions. Their estimates of our future exposure as well as external market conditions could influence the amount and costs of additional letters of credit required under our insurance programs and thereby reduce capital available for future growth or adversely affect our financial condition, results of operations, liquidity and cash flows. In addition, insurance companies are increasingly encouraging or requiring trucking companies to increase the level of technology and safety measures used in their fleet, which could increase the costs of our fleet in order to obtain acceptable coverage or avoid rate hikes.

We rely heavily on technology to operate our business and cyber-security threats or other disruptions to our technology infrastructure could harm our business.

Our ability to attract and retain customers and compete effectively depends upon reliability of our technology network including our ability to provide services that are important to our customers. Any disruption, failure or breach to our technology infrastructure (including services provided to us for use in our business by outside providers), including those impacting our computer systems and website, could adversely impact our customer service and revenues and result in increased risk of litigation or costs. Our cyber-security and technology infrastructure (including services provided to us for use in our business by outside providers) may experience errors, interruptions, delays or damage from a number of causes, including power outages, hardware, software and network failures, computer viruses, malware or other destructive software, internal design, manual or usage errors, cyber-attacks, terrorism, workplace violence or wrongdoing, catastrophic events, natural disasters and severe weather conditions. While we have invested and continue to invest in technology security initiatives and disaster recovery plans, these measures cannot fully protect us from technology disruptions that could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

Our dependence on electronic data storage, automated systems and technology gives rise to cyber-security risks. Although we and our third-party providers have systems and processes in place designed to protect against the risk of system failure and cyber-attacks, the techniques used to obtain unauthorized access or to disable or degrade systems change frequently, have become increasingly more complex and sophisticated, may be difficult to detect for a period of time and we may not be able to anticipate these acts or respond adequately or timely. A security breach of our systems or those of our third-party providers may cause a disruption of our business, impact our ability to attract and retain customers, damage our reputation and brand, expose us to a loss of information or result in litigation, violations of applicable privacy and other laws, and regulatory scrutiny, investigations, actions, fines or penalties, and could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

Employees of Saia are non-union. The ability of Saia to compete could be impaired if operations were to become unionized.

None of our employees are currently subject to a collective bargaining agreement. We have in the past been the subject of unionization efforts which have been defeated. However, the U.S. Congress could pass labor legislation, such as the formerly proposed Employee Free Choice Act, or the National Labor Relations Board or other federal agencies could issue regulations or administrative changes, which could make it significantly easier for unionization efforts to be successful. If this bill or a variation of it is enacted in the future or if federal regulations regarding labor relations are changed, it could have an adverse impact on our financial condition, results of operations, liquidity and cash flows. Our expansion into portions of the Northeast could increase our overall risk of unionization. There can be no assurance that further unionization efforts will not occur in the future and that such efforts will be defeated. The non-union status of Saia is an important factor in our ability to compete in our markets, and if all or a portion of our workforce becomes unionized it could increase our costs and subject us to workplace rules, which would have an adverse impact on our financial condition, results of operations, liquidity and cash flows.

We must test our goodwill for impairment at least annually, which could result in a material, non-cash write-down of goodwill and could have a material adverse impact on our business.

Goodwill is subject to impairment assessments at least annually (or more frequently when events or changes in circumstances indicate that an impairment may have occurred) by applying a fair-value based test. Our principal intangible asset is goodwill. A loss of significant customers or a decrease in our market capitalization or profitability increases the risk of goodwill impairment. An impairment charge could have a material adverse impact on our financial condition and results of operations.

Demand for new and used revenue equipment and limited supply of suitable real estate may adversely affect our business.

Investment in new revenue equipment is a significant part of our annual capital expenditures. We may have difficulty in purchasing new trucks due to decreased supply, increased demand and restrictions on the availability of capital. The price of such equipment may increase as a result of regulations on newly manufactured tractors, such as regulations issued by the Environmental Protection Agency (EPA) and regulations issued by various state agencies, particularly the California Air Resources Board (CARB), requiring progressive reductions in exhaust emissions. These regulations have increased prices for tractors and increased maintenance costs. In addition, as we purchase new revenue equipment as part of our normal replacement cycle each year, we rely on the used equipment market to dispose of our older equipment. Oversupply in the transportation industry, higher maintenance or operating costs associated with older equipment, as well as adverse economic conditions can negatively impact the demand for used equipment and, therefore, reduce the value we can obtain for our used equipment. If we are unable to sell our older equipment at or above our salvage value, the resulting losses could have a significant impact on our financial condition, results of operations, liquidity and cash flows.

Our business model is also dependent on cost and availability of terminal facilities in key metropolitan areas. Shortages in the availability of suitable real estate or delays in construction due to difficulties in obtaining permits or approvals may result in significant additional investment in leasing, purchasing or building facilities, increase our operating expenses and/or prevent us from efficiently serving certain markets. In addition, we may not realize sufficient revenues or profits from our infrastructure investments.

The engines in our newer tractors are subject to emissions-control regulations which could substantially increase operating expenses and future regulations concerning emissions or fuel-efficiency may have an adverse impact on our business.

Tractor engines that comply with the EPA emission-control design requirements have generally been less fuel-efficient and have increased maintenance costs compared to engines in tractors manufactured before these requirements became effective. If we are unable to offset resulting increases in fuel expenses or maintenance costs with higher freight rates or improved fuel economy, our financial condition, results of operations, liquidity and cash flows could be adversely affected. Future strengthening of EPA, CARB or other federal and state regulatory requirements regarding fuel-efficiency or engine emissions of tractors could also result in increases in the cost of capital equipment and maintenance.

Capacity and infrastructure constraints could adversely affect service and operating efficiency.

We may experience capacity constraints due to increased demand for transportation services and decaying highway infrastructure. The 2015 FAST Act highway law that provided funding for infrastructure improvements expires in 2020 and has not been reauthorized. Bills that would provide significant federal funding to improve and maintain the nation's deteriorating infrastructure have not been passed. Poor infrastructure conditions and roadway congestion could slow service times, reduce our operating efficiency and increase maintenance expense. Some states have taken infrastructure funding measures into their own hands and have explored or instituted road-usage programs, truck-only tolling, congestion pricing, and fuel tax increases. These measures could adversely affect our financial conditions, results of operations, liquidity and cash flows.

Our Company-specific performance improvement initiatives, including management of the cost structure to match shifts in customer volume levels, may not be effective.

Operating performance improvement at Saia is dependent on the implementation and/or the continuation of various performance improvement initiatives. There can be no assurance that Saia will be successful in implementing these performance improvement initiatives or that Saia's historical performance trend will be representative of future performance. In addition, we are capital intensive with a relatively high fixed-cost structure that is difficult to adjust to match shifting volume levels. Failure to achieve performance improvement initiatives could have a material adverse impact on our financial condition, results of operations, liquidity and cash flows.

We operate in a highly regulated and highly taxed industry. Costs of compliance with or liability for violation of existing or future regulations may adversely affect our business.

The Department of Transportation (DOT) and various state agencies exercise broad powers over our business, generally governing such activities as authorization to engage in motor carrier operations, safety and financial reporting. We may also become subject to new or more restrictive regulations imposed by the DOT, the Occupational Safety and Health Administration (OSHA) or other authorities relating to engine exhaust emissions, safety performance and measurements, driver hours of service, drug and alcohol testing, security, ergonomics, as well as other unforeseen matters. Compliance with such regulations could substantially impair equipment productivity and increase our costs.

Taxes are a significant part of our annual expenses and we are subject to various federal and state income, payroll, property, sales and other taxes. In addition, various federal and state authorities impose significant operating taxes on the transportation industry, including fuel taxes, tolls, excise and other taxes. There can be no assurance that such taxes will not substantially increase or that new or revised forms of operating taxes or tax laws or regulations, such as those included in the Tax Cuts and Jobs Act, will not be imposed on the industry. Higher tax rates, claims, audits, investigations or legal proceedings involving taxing authorities could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

The FMCSA rules on motor carrier driver hours of service limit the maximum number of hours a driver may be on duty between mandatory off-duty hours. These rules could result in us not meeting customer demands, upward pressure on driver wages and benefits, underutilization of our truck fleet and/or use of higher cost purchased transportation which could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

We have experienced deterioration in the cost, availability and reliability of purchased transportation. Revisions to these rules could further impact our operations, further tighten the market for qualified drivers and put additional pressure on driver wages and purchased transportation costs.

The Transportation Security Administration (TSA) continues to focus on trailer security, driver identification and security clearance and border crossing procedures. These and other safety and security measures, such as rules for transportation of hazardous materials could increase the cost of operations, reduce the number of qualified drivers and disrupt or impede the timing of our deliveries for our customers.

The Food and Drug Administration (FDA) issues rules and regulations for carriers of foodstuffs like us to provide for the security of food and foodstuffs throughout the supply chain. The FDA has issued a final rule to establish certain requirements under the Sanitary Food and Transportation Act (SFTA) for vehicles and transportation equipment, transportation operations, training, recordkeeping and waivers. The rule is designed to promote the continuance of best practices in the industry concerning cleaning, inspection, maintenance, loading and unloading of, and operation of vehicles. Under the SFTA requirements, carriers are required to develop and implement written procedures subject to recordkeeping that specify its practices for cleaning, sanitizing, and inspecting vehicles and transportation equipment. Continued compliance with current and future SFTA requirements may cause us to incur additional expenses and affect our operations.

Historically, the EPA has issued regulations that require progressive reductions in exhaust emissions from diesel engines. These regulations increased the cost of replacing and maintaining trucks and increased fuel costs by reducing miles per gallon. These regulations have the potential to reduce availability of fuel and reduce productivity which could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

In 2015, the FMCSA issued a final rule related to mandatory use of Electronic Log Devices (ELD). The rule requires many in-state-only drivers and most interstate commercial motor vehicle drivers to be compliant by no later than December 18, 2017. Drivers who voluntarily used a compliant automatic on-board recording device by the December 18, 2017 deadline were "grandfathered" for two years to give providers time to update their systems to be compliant with the ELD standards. Such grandfathering period ended December 17, 2019, and the FMCSA is now enforcing the rule. While such regulations could increase the cost of technology, capital equipment and maintenance expenses across our industry, we implemented ELDs company-wide in 2014 prior to the effective date of the ELD standard. Despite our current company-wide use of ELDs, there can be no guarantee that our understanding of the new regulations will be the same as that of the government in all aspects.

The FMCSA has established the Commercial Driver's License Drug and Alcohol Clearinghouse, which is a database that will disclose drug and alcohol violations of commercial motor vehicle drivers. The clearinghouse was established by the FMCSA in an effort to help better identify drivers who are prohibited from operating commercial motor vehicles based on drug and alcohol violations and ensure drivers cannot conceal drug and alcohol violations by changing jobs or locations. The clearinghouse launched on January 6, 2020 and will require us to check for current and prospective employee's drug and alcohol violations and annually query for violations of each driver we currently employ. Implementation and future compliance with the clearinghouse may result in a reduction of the pool of qualified commercial motor vehicle drivers.

In 2016, the NHTSA and FMSCA proposed regulations that would require vehicles of a certain size to be equipped with a speed limiting device set to a specified speed. A final rule has not yet been implemented and there can be no guarantee as to when, if ever, a final rule requiring speed limiting devices will be implemented, and if so the nature of any such rule and its impact on our fleet and operations.

We may incur unforeseen costs from new data privacy laws.

There have been increased regulatory efforts regarding data protection and transparency in how customer data is used and stored in the U.S. and other countries. For example, the European Union (EU) General Data Protection Regulation (GDPR), effective May 2018, imposes strict rules on controlling and processing data originating from the EU. Other governments have enacted similar data protection laws, including the State of California's California Consumer Privacy Act of 2018, effective January 2020. As a transportation and logistics provider, we collect and process significant amounts of customer data on a daily basis. Complying with the new data protection laws may increase our compliance costs or require alterations to our data handling practices. Violations or noncompliance could result in significant fines from governmental or consumer actions and negative impacts to our reputation, financial condition, results of operations, liquidity and cash flows.

Changes in foreign and domestic trade policies, including the North American Free Trade Agreement, could adversely affect our financial performance.

Recent changes in foreign and domestic trade policies and laws have caused uncertainty about the future of trade partnerships and treaties. For example, the United States-Mexico-Canada Agreement, which has been signed but has not yet been ratified by all parties, would modernize the North American Free Trade Agreement (NAFTA). We partner with carriers in Canada and Mexico to arrange for the movement of freight into and out of those jurisdictions, and we may experience a decline in the demand for our services in these jurisdictions as a result. It is unknown at this time whether and to what extent the renegotiated treaty will be ratified or the effect that any such action would have, either positively or negatively, on our industry, or on us. Such regulatory changes affecting international trade may require us to adapt or modify our business operations, which may be time-consuming and expensive for us. In addition, the renegotiated treaty may lead to additional tariffs on imported goods which may reduce demand for our services. Any change to international rules governing the passage of freight between Canada, the U.S. and Mexico could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows. Additionally, trade tensions with China could reduce the demand for our services and have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

We are subject to various environmental laws and regulations. Costs of compliance with or liabilities for violations of existing or future regulations could have a material adverse effect on our business.

Our operations are subject to environmental laws and regulations dealing with the handling of hazardous materials, underground fuel storage tanks and discharge and retention of storm water. We operate in industrial areas where truck terminals and other industrial activities are located and where groundwater or other forms of environmental contamination may have occurred. Our operations involve the risks of fuel spillage or seepage, environmental damage and hazardous waste disposal, and costs associated with the leakage or discharge of hazardous materials we transport for our customers, among others. Violations of applicable environmental laws or regulations or spills or other accidents involving hazardous substances can occur and may subject us to cleanup costs, liabilities not covered by insurance, substantial fines or penalties and to civil and criminal liability, any of which could adversely affect our financial condition, results of operations, liquidity and cash flows.

In addition, as climate change concerns become more prevalent, federal, state and local governments and our customers are increasingly sensitive to these issues. This increased focus on sustainability may result in new legislation, regulations and customer requirements, such as limits on vehicle weight and size and limits on greenhouse gas emissions (GHG), which could negatively affect us. The EPA, prompted by judicial interpretation of the Clean Air Act, could also decide to regulate GHG emissions. This could cause us to incur additional direct costs or to make changes to our operations in order to comply with any new regulations and customer requirements. We could also lose revenue if our customers divert business from us because we have not complied with their sustainability requirements. These costs, changes and loss of revenue could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

We are subject to increasing investor sensitivity to social and sustainability issues.

Current and potential stockholders are increasingly focused on non-financial factors when evaluating and selecting investments, the effect of which is demonstrated by the growth of Environmental, Social & Governance (ESG) metrics. This focus is rapidly growing and evolving. Despite our efforts to adapt to and address these concerns, our company’s efforts may be insufficient and our industry may be generally disfavored by the investing community at large. Due to the rapid evolution of tracking scorecards in sustainable investing, it is difficult to predict how our efforts with respect to social and sustainability matters will be evaluated by current and prospective investors. As a result, investors may choose not to purchase our stock, which may result in a general decline in the market price for our shares. It is possible the increasing focus on social and sustainability matters could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

CSA could adversely affect our results of operations and ability to maintain or grow our business.

CSA is an enforcement and compliance model required by the FMCSA that assesses a motor carrier’s on-road performance and investigation results for a 24-month period using roadside stops and inspections, resulting in safety and performance ratings in the following categories: unsafe driving; hours-of-service compliance; driver fitness; controlled substances/alcohol; vehicle maintenance; hazardous material compliance; and crash indicators.

The CSA evaluations are used to rank carriers and individual drivers and to select carriers for audit and other interventions. Public disclosure of certain CSA scores was restricted through the enactment of the Fixing America’s Surface Transportation Act of 2015 (the FAST Act) in 2015; however, the FAST Act does not restrict public disclosure of all data collected by the FMSCA. If we receive unacceptable CSA scores, and this data is made available to the public, our relationships with our customers could be damaged, which could result in decreased demand for our services. The requirements of CSA could also shrink the industry’s pool of drivers as those with unfavorable scores could leave the industry. While the ultimate impact of CSA is not fully known, it is possible that future CSA rulemaking could adversely impact our ability to attract and retain drivers which would adversely affect our financial condition, results of operations, liquidity and cash flows.

We may face risks arising from our international business operations and relationships.

We are subject to the requirements of the Foreign Corrupt Practices Act of 1977 (FCPA) for our transportation and logistics services to and from various international locations. Failure to comply with the FCPA may result in legal claims against us. In addition, we face other risks associated with international operations and relationships, which may include restrictive trade policies, anti-corruption law enforcement, the renegotiation of international trade agreements, imposition of duties, taxes or government royalties imposed by foreign governments.

Our results of operations may be affected by seasonal factors, harsh weather conditions and disasters.

Our operations are subject to seasonal trends and fluctuations common in the transportation industry, which can impact our revenues and operating results. In addition to the impact of weather on seasonal business trends, severe weather events and natural disasters, such as harsh winter weather, floods, hurricanes, tornadoes or earthquakes could adversely impact our performance by reducing demand, disrupting our operations or the operations of our customers or destroying our assets, which could adversely affect our financial condition, results of operations, liquidity and cash flows.

We may face risks related to the geographic concentration of our customers.

We have operations throughout the South, Southwest, Midwest, Pacific Northwest, West and portions of the Northeast. As a result, changes in the economic climate, consumer trends, market fluctuations or supply shortages in these regions could decrease demand for our services in these regions and may adversely affect our financial condition, results of operations, liquidity and cash flows. For example, the energy sector is important to local economies in several of these regions. If oil and gas market conditions change materially, the demand for our services in these regions could be impacted significantly, which could also adversely affect our financial condition, results of operations, liquidity and cash flows.

Anti-terrorism measures and terrorist events may disrupt our business.

Federal, state and municipal authorities have implemented and are continuing to implement various anti-terrorism measures, including checkpoints and travel restrictions on large trucks. If additional security measures disrupt or impede the timing of our deliveries, we may fail to meet requirements of our customers or incur increased expenses to do so. There can be no assurance that new anti-terrorism measures will not be implemented and that such measures will not have a material adverse effect on our financial condition, results of operations, liquidity and cash flows. Terrorism events that disrupt our operations or the operations of our customers could also materially impact our financial condition, results of operations, liquidity and cash flows.

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

Our business is highly capital intensive. Our net capital expenditures for 2019 were approximately $287 million inclusive of equipment acquired with finance leases. Additionally, we anticipate net capital expenditures in 2020 of approximately $250 million. We depend on cash flows from operations, borrowings under our credit facilities and operating and finance leases. If we are unable to generate sufficient cash from operations and obtain sufficient financing on favorable terms in the future, we may have to limit our growth, enter into less favorable financing arrangements or operate our trucks and trailers for longer periods prior to replacement, possibly increasing our maintenance costs. The amount and timing of capital investments depend on various factors, including anticipated volume levels and the price and availability of appropriate-use property for service facilities and newly manufactured tractors. If anticipated service facilities and/or fleet requirements differ materially from actual usage, we may have too much or too little capacity. Any of these could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

Under our current credit facilities, we are subject to certain debt covenants, which limit our ability to pay dividends and repurchase our capital stock, require us to maintain a minimum debt service coverage ratio and provides for a maximum leverage ratio, among other restrictions, that could limit availability of capital to meet our future growth.

Our ability to repay or refinance our indebtedness will depend upon our future operating performance which will be affected by general economic, financial, competitive, legislative, regulatory and other factors beyond our control.

Our credit and debt agreements contain financial and other restrictive covenants and we may be unable to comply with these covenants. A default could cause a material adverse effect on our business.

We must maintain certain financial and other restrictive covenants under our credit agreement, including among others, covenants requiring us to maintain a minimum debt service coverage ratio and providing for a maximum leverage ratio. If we fail to comply with any of the covenants under our credit agreement, we will be in default under the agreement which could cause cross-defaults under other financial arrangements. In the event of any such default, if we fail to obtain replacement financing, amendments to or waivers under the financing arrangement, our financing sources could cease making further advances, cease issuing letters of credit required under our insurance programs or declare our debt to be immediately due and payable. If acceleration occurs, we may have difficulty in borrowing sufficient additional funds to refinance the accelerated debt or obtain required letters of credit, or we may have to issue securities which would dilute stock ownership. Even if new financing is made available to us, it may not be available on acceptable terms. A default under our credit agreement could cause a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

If we are unable to retain our key employees, our business could be adversely impacted.

We depend on the efforts and abilities of our senior management. The future success of our business will continue to depend in part on our ability to retain our current management team and to attract, hire, develop and retain highly qualified personnel in the future. Competition for senior management is intense, and most members of our senior management do not have employment agreements. Certain members of senior management are subject to non-compete and non-solicitation agreements; however, there is no assurance that such agreements will be enforced as written or that they will be effective to prevent members of senior management from working for a competitor or soliciting our customers. The loss of the services of any of our senior management could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows. Inadequate succession planning or the unexpected departure of a member of senior management would require our remaining executive officers to divert immediate and substantial attention to fulfilling the duties of the departing executive and to seeking a replacement. The inability to adequately fill vacancies in our senior management positions on a timely basis could negatively affect our ability to implement our business strategy and thus impact our results of operations.

Changes to our compensation and benefits could adversely affect our ability to attract and retain qualified employees.

The compensation we offer our employees is subject to market conditions that may require increases in employee compensation, which becomes more likely as economic conditions improve. If we are unable to attract and retain a sufficient number of qualified employees, we could be required to increase our compensation and benefits packages, or reduce our operations and face difficulty meeting customer demands, any of which could adversely affect our financial condition, results of operations, liquidity and cash flows.

An increase in the cost of healthcare benefits administration could have a negative impact on our business.

We maintain and sponsor very competitive health insurance and other benefits for our employees and their dependents and offer a competitive healthcare program to attract and retain our employees. We cannot predict the impact that federal or state healthcare legislation or regulation could have on our operations, but it is possible that healthcare benefits and administration costs could become increasingly cost prohibitive, either forcing us to reduce our benefits program (making it more difficult to attract and retain qualified employees) or require us to pay the higher costs. Either outcome could negatively impact our financial condition, results of operations, liquidity and cash flows.

The legislation on healthcare and related regulations could affect the healthcare benefits required to be provided by the Company and cause our compensation costs to increase.

Under the comprehensive U.S. healthcare reform law enacted in 2010, the Affordable Care Act (ACA), and changes that became effective in 2014, and especially the employer mandate and employer penalties that became effective in 2015, our labor costs could significantly increase in future years. In any event, implementing the requirements of the ACA has imposed additional administrative costs on us, and those costs may increase over time.

The costs and other effects of these healthcare requirements cannot be determined with certainty, particularly in light of the potential amendment or repeal of all or parts of the ACA, but they may have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

Our business may adversely be impacted by potential future changes in accounting and financial practices.

Future changes in accounting standards or practices, and related legal and regulatory interpretations of those changes, may adversely impact public companies in general, the transportation industry or our operations specifically. New accounting standards or requirements could change the way we record revenues, expenses, assets and/or liabilities or could be costly to implement. These types of regulations could have a negative impact on our financial position, results of operations, liquidity and cash flows.

The London Interbank Offered Rate ("LIBOR") benchmark, commonly used for setting interest rates in commercial and financial contracts, will no longer be quoted after 2021 by private-sector banks. The discontinuation of LIBOR could have an impact on the financial markets and on the rate of applicable interest on our borrowings. Uncertainty in the interpretation of contracts that include LIBOR past 2021 or comparable replacement rates may cause weakness or disruption in the financial markets. The discontinuation of LIBOR may also increase our interest expense, affect our ability to refinance some or all of our existing indebtedness and adversely affect our financial condition, results of operations, liquidity and cash flows.

Weakness or a loss of confidence in financial markets could adversely impact demand for our services.

Weakness or a loss of confidence in the financial markets could cause broader economic downturns and impact the ability of our customers to access the capital or credit markets which may lead to lower demand for our services, increased incidence of customers' inability to pay their accounts, or insolvency of our customers, any of which could adversely affect our financial condition, results of operations, liquidity and cash flows.

Disruptions in the credit markets, including in the availability and cost of short-term funds for liquidity and letter of credit requirements may adversely affect our business and our ability to meet long-term commitments.

If internal funds are not available from our operations, we may be required to rely on the capital and credit markets to meet our financial commitments and short-term liquidity needs. Disruptions in the capital and credit markets could adversely affect our ability to draw on our bank revolving credit facility and obtain letters of credit required for our insurance programs. Our access to funds and letters of credit under that credit facility is dependent on the ability of the banks that are parties to the facility to meet their funding commitments. Those banks may not be able to meet their funding commitments to us if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from other borrowers within a short period of time.

Longer term disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives or failures of significant financial institutions could adversely affect our access to liquidity needed for our business. Any disruption could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged.

Our business depends in part on our strong reputation.

We believe that Saia's corporate reputation is a valuable asset. As use of social media becomes more prevalent, our susceptibility to risks related to adverse publicity, whether or not justified, increases. While we have implemented a social media policy to provide our employees with guidance for sharing information in a way that is beneficial to us, the immediacy of certain social media outlets precludes us from having real-time control over postings related to Saia, whether matters of fact or opinion. Information distributed via social media could result in immediate unfavorable publicity for which we, like our competitors, do not have the ability to reverse. This unfavorable publicity could result in damage to our reputation and therefore negatively impact our operations and profitability.

Certain provisions of our governing documents and Delaware law could have anti-takeover effects.

As a Delaware corporation, we are subject to certain Delaware anti-takeover provisions. Under Delaware law, a corporation may not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the Board of Directors has approved the transaction. Our Board of Directors could rely on Delaware law to prevent or delay an acquisition of us.

Our Restated Certificate of Incorporation and By-laws contain certain provisions which may have the effect of delaying, deferring or preventing a change of control of the Company. Such provisions include, for example, provisions classifying our Board of Directors, a prohibition on stockholder action by written consent, authorization of the Board of Directors to issue preferred stock in series with the terms of each series to be fixed by the Board of Directors and an advance notice procedure for stockholder proposals and nominations to the Board of Directors. These provisions may inhibit fluctuations in the market price of our common stock that could result from takeover attempts.

We may not make future acquisitions or, if we do, we may not realize the anticipated benefits of future acquisitions and integration of these acquisitions may disrupt our business and management.

We may acquire additional businesses and operations in the future. However, there is no assurance that we will be successful in identifying, negotiating, consummating or integrating any future acquisitions. Additionally, we may not realize the anticipated benefits of any future acquisitions. Each acquisition has numerous risks including:

- difficulty in integrating the operations and personnel of the acquired company or unanticipated costs to support new business lines or separate legal entities;
- disruption of our ongoing business, distraction of our management and employees from other opportunities and challenges due to integration issues;
- additional indebtedness or the issuance of additional equity to finance future acquisitions, which could be dilutive to our stockholders;
- potential loss of key customers or employees of acquired companies along with the risk of unionization of employees;
- temporary depression in prices we charge certain customers in order to match existing customer pricing in the acquired company's markets;
- inability to achieve the financial and strategic goals for the acquired and combined businesses;
- potential impairment of tangible and intangible assets and goodwill acquired as a result of acquisitions; and
- potential failure of the due diligence processes to identify significant issues with legal and financial liabilities and contingencies, among other things.

In the event that we do not realize the anticipated benefits of an acquisition or if the acquired business is not successfully integrated, there could be a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

If we raise additional capital in the future, stockholders' ownership in us could be diluted.

Any issuance of equity we may undertake in the future could cause the price of our common stock to decline, or require us to issue shares at a price that is lower than that paid by holders of our common stock in the past, which would result in those newly issued shares being dilutive. If we obtain funds through a credit facility or through the issuance of debt or preferred securities, these obligations and securities would likely have rights senior to those of common stockholders, which could impair the value of our common stock.

We face risks related to the creditworthiness of our customers or other business partners and their ability to pay for services.

If one or more of our customers experiences financial difficulties, including filing for bankruptcy, it may negatively affect our business due to the decreased demand for our services from these customers, or the potential inability of these companies to make full payment on amounts owed to us. Customer bankruptcies also entail the risk of potential recovery by the bankruptcy estate of amounts previously paid to us that are deemed a preference under bankruptcy laws. We do not carry insurance against the risk of customer default on their payment obligations to us or against bankruptcy preference claims. The risks associated with these matters will likely increase in the event of an economic downturn. The loss of revenue from these customers or payment of preference claims could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

The market value of our common stock may fluctuate and could be substantially affected by various factors.

The price of our common stock on the NASDAQ Global Select Market constantly changes. We expect that the market price of our common stock will continue to fluctuate and the fluctuations may be unrelated to our financial performance. Our share price may fluctuate as a result of a variety of factors, many of which are beyond our control. Factors that could cause fluctuation of our stock price include, but are not limited to, the following:

- Actual or anticipated variations in our earnings, financial or operating performance or liquidity, or those of other companies in our industry;
- Changes in recommendations or projections of research analysts who follow our stock or the stock of other companies in our industry;
- Failure to meet the earnings projections of research analysts who follow our stock;
- Changes in general economic and capital market conditions, including general market price declines or market volatility;
- Reactions to our regulatory filings and announcements related to our business;
- Operating and stock performance of other companies in our industry;
- Actions by government regulators;
- Litigation involving our company, our general industry or both;
- News reports or trends, concerns and other issues related to us or our industry, including changes in regulations; and
- Other factors described in this "Risk Factors" section.

Our financial condition, results of operations, liquidity and cash flows could be adversely affected by an unfavorable outcome resulting from these risks and uncertainties.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Saia is headquartered in Johns Creek, Georgia and has general offices in Houma, Louisiana, Boise, Idaho and Dallas, Texas. At December 31, 2019, Saia owned 77 service facilities, including the Houma, Louisiana general office and leased 97 service facilities, including the Johns Creek, Georgia corporate office and the Boise, Idaho general office. Saia owns 44 percent of its service facility locations and these locations account for 59 percent of its door capacity. This follows Saia's strategy of seeking to own strategically-located facilities that are integral to its operations and lease service facilities in smaller markets to allow for more flexibility. As of December 31, 2019, Saia owned approximately 4,779 tractors and 16,376 trailers, inclusive of equipment acquired with finance leases.

The Company has pledged certain land and structures, tractors and trailers, accounts receivable and other assets to secure the Company's obligations under its revolving credit agreement. All service facilities shown in the table below as owned by the Company are subject to liens pursuant to the revolving credit agreement, except where noted. See "Financial Condition" under Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations for more information about the revolving credit agreement.

Top 20 Saia Operating Service Facilities by Number of Doors at December 31, 2019

Location	Own/Lease	Doors
Houston, TX	Own	234
Atlanta, GA	Own	217
Dallas, TX	Own	174
Fontana, CA	Own	162
Chicago, IL	Lease	153
Indianapolis, IN [(1)]	Own	147
Garland, TX	Own	145
Harrisburg, PA [(1)]	Own	130
Memphis, TN	Own	125
Phoenix, AZ	Own	121
Nashville, TN	Own	116
Cleveland, OH	Lease	115
Charlotte, NC	Own	108
Kansas City, MO [(1)]	Own	102
Newburgh, NY	Lease	101
Newark, NJ	Lease	101
Grayslake, IL [(1)]	Own	100
St. Louis, MO [(1)]	Own	99
Toledo, OH	Own	96
Philadelphia, PA	Lease	90

[(1)] Not subject to a lien.

Item 3. Legal Proceedings

The Company is subject to legal proceedings that arise in the ordinary course of its business. The Company believes that adequate provisions for resolution of all contingencies, claims and pending litigation have been made for probable and estimable losses and that the ultimate outcome of these actions will not have a material adverse effect on its financial condition but could have a material adverse effect on its results of operations in a given quarter or annual period.

Item 4. Mine Safety Disclosures

Not applicable.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Stock Information

Saia's common stock is listed under the symbol "SAIA" on the Nasdaq Global Select Market.

Stockholders

As of January 31, 2020, there were 986 holders of record of our common stock.

Dividends

We have not paid a cash dividend on our common stock. Any payment of dividends in the future is dependent upon our financial condition, capital requirements, earnings, cash flow and other factors.

The payment of dividends is restricted under our current credit agreement. See Note 2 of the accompanying audited consolidated financial statements for more information on the credit agreement.

Issuer Purchases of Equity Securities

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may Yet be Purchased under the Plans or Programs
October 1, 2019 through October 31, 2019	— (2)	$ — (2)	—	$ —
November 1, 2019 through November 30, 2019	910 (3)	$ 91.75 (3)	—	—
December 1, 2019 through December 31, 2019	— (4)	$ — (4)	—	—
Total	910		—	

(1) Shares purchased by the Saia, Inc. Executive Capital Accumulation Plan were open market purchases. For more information on the Saia, Inc. Executive Capital Accumulation Plan, see the Registration Statement on Form S-8 (No. 333-155805) filed on December 1, 2008.

(2) The Saia, Inc. Executive Capital Accumulation Plan sold 890 shares of Saia stock at an average price of $104.63 per share on the open market during the period of October 1, 2019 through October 31, 2019.

(3) The Saia, Inc. Executive Capital Accumulation Plan had no sales of Saia stock during the period of November 1, 2019 through November 30, 2019.

(4) The Saia, Inc. Executive Capital Accumulation Plan sold 496 shares of Saia stock at an average price of $91.34 per share on the open market during the period of December 1, 2019 through December 31, 2019.

Item 6. Selected Financial Data

The following table shows summary consolidated historical financial data of Saia and its operating subsidiaries and has been derived from, and should be read together with, the consolidated financial statements and accompanying notes and in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations". The summary financial information may not be indicative of the future performance of Saia.

	Years ended December 31,				
	2019	2018	2017	2016	2015(4)
	(in thousands, except per share data and percentages)				
Statement of operations:					
Operating revenue	$1,786,735	$1,653,849	$1,404,703	$1,250,391	$1,221,311
Operating income	152,586	141,177	94,710	79,136	89,975
Net income	113,719	104,981	91,129	48,024	55,016
Diluted earnings per share	4.30	3.99	3.49	1.87	2.16
Other financial data:					
Net cash provided by operating activities	272,876	256,436	157,846	146,426	145,833
Net cash used in investing activities(1)	(281,031)	(222,584)	(181,524)	(117,683)	(107,919)
Depreciation and amortization	119,135	102,153	87,102	76,240	65,020
Balance sheet data:					
Cash and cash equivalents	248	2,194	4,720	1,539	124
Net property and equipment	1,052,599	893,058	735,780	604,119	539,179
Total assets	1,415,693	1,133,743	967,315	800,213	729,193
Total debt	136,430	122,859	132,916	73,804	68,972
Total stockholders' equity	815,226	695,864	582,494	483,052	427,889
Measurements:					
Operating ratio(2)	91.5%	91.5%	93.3%	93.7%	92.6%
Non-GAAP Diluted Earnings Per Share and Reconciliation to GAAP (3):					
Diluted earnings per share	$ 4.30	$ 3.99	$ 3.49	$ 1.87	$ 2.16
Less: Diluted earnings per share impact of Tax Cuts and Jobs Act	-	-	(1.30)	-	-
Adjusted diluted earnings per share	$ 4.30	$ 3.99	$ 2.19	$ 1.87	$ 2.16

(1) Net cash used in investing activities in 2015 includes $22.2 million for the acquisition of LinkEx.

(2) The operating ratio is the calculation of operating expenses divided by operating revenue.

(3) The Tax Cuts and Jobs Act (the Tax Act) was enacted on December 22, 2017 and lowers U.S. corporate income tax rates as of January 1, 2018, among other changes. The impact of the Tax Act was a reduction of deferred income tax liability due to the effects of the remeasurement of deferred tax assets at lower enacted corporate tax rates. Management believes that presenting the Company's results excluding the Tax Act is meaningful as excluding this item increases the comparability of period-to-period results. Diluted earnings per common share excluding the impact of the Tax Act is a non-GAAP financial measure. Non-GAAP financial measures do not have definitions under GAAP and may be defined differently by and not be comparable to similar non-GAAP measures used by other companies.

(4) Prior to adoption of the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The Securities and Exchange Commission (the SEC) encourages companies to disclose forward-looking information so that investors can better understand the future prospects of a company and make informed investment decisions. This Annual Report on Form 10-K, including "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains these types of statements, which are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "anticipate," "estimate," "expect," "project," "intend," "may," "plan," "predict," "believe," "should" and similar words or expressions are intended to identify forward-looking statements. Investors should not place undue reliance on forward-looking statements, and the Company undertakes no obligation to publicly update or revise any forward-looking statements. All forward-looking statements reflect the present expectation of future events of our management as of the date of this Annual Report on Form 10-K and are subject to a number of important factors, risks, uncertainties and assumptions that could cause actual results to differ materially from those described in any forward-looking statements. These factors, risks, uncertainties and assumptions include, but are not limited to, the following:

- general economic conditions including downturns in the business cycle;
- effectiveness of Company-specific performance improvement initiatives, including management of the cost structure to match shifts in customer volume levels;
- the creditworthiness of our customers and their ability to pay for services;
- failure to achieve acquisition synergies;
- failure to operate and grow acquired businesses in a manner that supports the value allocated to these acquired businesses;
- economic declines in the geographic regions or industries in which our customers operate;
- competitive initiatives and pricing pressures, including in connection with fuel surcharge;
- loss of significant customers;
- the Company's need for capital and uncertainty of the credit markets;
- the possibility of defaults under the Company's debt agreements (including violation of financial covenants);
- possible issuance of equity which would dilute stock ownership;
- integration risks;
- the effect of litigation including class action lawsuits;
- cost and availability of qualified drivers, fuel, purchased transportation, real property, revenue equipment, technology and other assets;
- the effect of governmental regulations, including but not limited to Hours of Service, engine emissions, the Compliance, Safety, Accountability (CSA) initiative, the Food and Drug Administration, compliance with legislation requiring companies to evaluate their internal control over financial reporting, Homeland Security, environmental regulations, tax law changes and potential changes to the North American Free Trade Agreement and to certain international tariffs;
- changes in interpretation of accounting principles;
- dependence on key employees;
- inclement weather;
- labor relations, including the adverse impact should a portion of the Company's workforce become unionized;
- terrorism risks;

- self-insurance claims and other expense volatility;
- risks arising from international business operations and relationships;
- recent increases in the severity of auto liability claims against trucking companies and sharply higher costs of settlements and verdicts;
- cost and availability of insurance coverage including the possibility the Company may be required to pay additional premiums, may be required to assume additional liability under its auto policy or be unable to obtain coverage;
- increased costs of healthcare and prescription drugs, including as a result of healthcare reform legislation;
- social media risks;
- disruption in or failure of the Company's technology or equipment including services essential to operations of the Company and/or cyber security risk;
- failure to successfully execute the strategy to expand the Company's service geography into the Northeastern United States; and
- other financial, operational and legal risks and uncertainties detailed from time to time in the Company's SEC filings.

These factors and risks are more completely described in Part I, Item 1A. "Risk Factors" of this Annual Report on Form 10-K.

As a result of these and other factors, no assurance can be given as to our future results and achievements. Accordingly, a forward-looking statement is neither a prediction nor a guarantee of future events or circumstances and those future events or circumstances may not occur. You should not place undue reliance on the forward-looking statements, which speak only as of the date of this Form 10-K. We are under no obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

Executive Overview

The Company's business is highly correlated to non-service sectors of the general economy. The Company's strategy is to improve profitability by increasing yield while also increasing volumes to build density in existing geography and to expand our service geography into the Northeastern United States. The Company's business is labor intensive, capital intensive and service sensitive. The Company looks for opportunities to improve safety, cost effectiveness and asset utilization (primarily tractors and trailers). Pricing initiatives have had a positive impact on yield and profitability. The Company continues to execute targeted sales and marketing programs along with initiatives to align costs with volumes and improve customer satisfaction. Technology continues to be an important investment that is improving customer experience, operational efficiencies and Company image.

The Company's operating revenue increased by 8.0 percent in 2019 compared to 2018. The increase resulted primarily from increased shipments, tonnage, fuel surcharges and pricing actions, including a 5.9 percent general rate increase taken February 18, 2019. Continued expansion into the Northeastern United States was also a contributing factor in the increased shipments and tonnage in 2019.

Consolidated operating income was $152.6 million for 2019 compared to $141.2 million in 2018. The increase in 2019 operating income resulted primarily from increases in shipments, tonnage and fuel surcharges and pricing actions, partially offset by salary and wage increases, higher fuel and purchase transportation costs, increased depreciation expense and costs associated with expansion into the Northeastern United States.

The Company generated $272.9 million in net cash provided by operating activities in 2019 versus $256.4 million in 2018. The Company used $281.0 million of net cash in investing activities during 2019 compared to $222.6 million during 2018.

On February 5, 2019, the Company entered into the Sixth Amended and Restated Credit Agreement with its banking group (as amended, the Amended Credit Agreement). The amendment increased the amount of the revolver from $250 million to $300 million and extended the term until February 2024. The Amended Credit Agreement also has an accordion feature that allows for an additional $100 million availability, subject to lender approval compared to $75 million under the prior agreement. The amendment reduced the interest rate pricing grid compared to the prior agreement. The Amended Credit Agreement provides for a LIBOR rate margin range from 100 basis points to 200 basis points, base rate margins from minus 50 basis points to plus 50 basis points, an unused portion fee from 17.5 basis points to 30 basis points and letter of credit fees from 100 basis points to 200 basis points, in each case based on the Company's leverage ratio.

The Company had $6.2 million of net cash provided by financing activities during 2019 compared to $36.4 million of net cash used in financing activities during 2018. The Company had a $48.9 million increase in net borrowings (net of repayments) under its revolving credit facility during 2019 and made scheduled principal payments for finance lease obligations of $18.5 million during 2019. Outstanding letters of credit were $27.9 million and the cash and cash equivalents balance was $0.2 million as of December 31, 2019. The Company had $228.0 million in remaining availability under its revolving credit facility and $90.5 million in obligations under finance leases at December 31, 2019. The Company was in compliance with the debt covenants under its debt agreements at December 31, 2019. See "Financial Condition" for a more complete discussion of these agreements.

General

The following Management's Discussion and Analysis describes the principal factors affecting the results of operations, liquidity and capital resources, as well as the critical accounting policies of Saia, Inc. and its wholly-owned subsidiaries (together, the Company or Saia). This discussion should be read in conjunction with the accompanying audited consolidated financial statements which include additional information about our significant accounting policies, practices and the transactions that underlie our financial results.

Saia is a transportation company headquartered in Johns Creek, Georgia that provides less-than-truckload (LTL) services through a single integrated organization. While more than 97% of its revenue is derived from transporting LTL shipments across 43 states, the Company also offers customers a wide range of other value-added services, including non-asset truckload, expedited and logistics services across the United States. The Chief Operating Decision Maker is the Chief Executive Officer who manages the business, regularly reviews financial information and allocates resources. The Company has one operating segment.

Our business is highly correlated to non-service sectors of the general economy. Our business also is impacted by a number of other factors as discussed under "Forward-Looking Statements" and Part I, Item 1A., "Risk Factors." The key factors that affect our operating results are the volumes of shipments transported through our network, as measured by our average daily shipments and tonnage; the prices we obtain for our services, as measured by revenue per hundredweight (a measure of yield) and revenue per shipment; our ability to manage our cost structure for capital expenditures and operating expenses such as salaries, wages and benefits; purchased transportation; claims and insurance expense; fuel and maintenance; and our ability to match operating costs to shifting volume levels.

Results of Operations

Saia, Inc. and Subsidiaries
Selected Results of Operations and Operating Statistics
For the years ended December 31, 2019, 2018 and 2017
(in thousands, except ratios and revenue per hundredweight)

	2019	2018	2017	Percent Variance '19 v. '18	Percent Variance '18 v. '17
Operating Revenue	$1,786,735	$1,653,849	$1,404,703	8.0 %	17.7 %
Operating Expenses:					
Salaries, wages and employees' benefits	947,911	872,722	766,790	8.6	13.8
Purchased transportation	129,980	123,904	107,702	4.9	15.0
Depreciation and amortization	119,135	102,153	87,102	16.6	17.3
Fuel and other operating expenses	437,123	413,893	348,399	5.6	18.8
Operating Income	152,586	141,177	94,710	8.1	49.1
Operating Ratio	91.5%	91.5%	93.3%	(0.0)	(1.8)
Nonoperating Expense	5,934	5,344	4,959	11.0	7.8
Working Capital (as of December 31, 2019, 2018 and 2017)	(8,867)	4,063	36,323	(318.2)	(88.8)
Net Acquisitions of Property and Equipment	281,031	222,584	181,524	26.3	22.6
Saia LTL Freight Operating Statistics:					
LTL Tonnage	4,820	4,801	4,485	0.4	7.0
LTL Shipments	7,409	7,103	6,775	4.3	4.8
LTL Revenue per hundredweight	$ 18.05	$ 16.80	$ 15.24	7.4	10.2

Year ended December 31, 2019 as compared to year ended December 31, 2018

Revenue and volume

Consolidated revenue increased 8.0 percent to $1.79 billion as a result of increased shipments, tonnage, fuel surcharges and pricing actions, including a 5.9 percent general rate increase taken February 18, 2019. Expansion into the Northeastern United States continued to be a contributing factor in the increased shipments and tonnage in 2019. The economic environment over the last couple of years permitted the Company to implement measured pricing actions to improve yield, which allowed Saia's LTL revenue per hundredweight (a measure of yield) increasing 7.4 percent to $18.05 per hundredweight for 2019 primarily as a result of increased rates along with increased length of haul. Saia's LTL tonnage also increased 0.4 percent per workday and LTL shipments increased 4.3 percent per workday for 2019. Overall LTL revenue per shipment increased 3.4 percent due to the yield improvements discussed above. This was somewhat offset by a decrease in LTL weight per shipment decreases of 3.8 percent during 2019, which was mainly driven by slower economic industrial production trends. For 2019 and 2018, approximately 75 to 80 percent of Saia's operating revenue was subject to specific customer price adjustment negotiations that occur throughout the year. The remaining 20 to 25 percent of operating revenue was subject to a general rate increase which is based on market conditions. For customers subject to general rate increases, Saia implemented a 5.9 percent general rate increase on February 18, 2019. Competitive factors, customer turnover and mix changes, among other things, impact the extent to which customer rate increases are retained over time.

Operating revenue includes fuel surcharge revenue from the Company's fuel surcharge program. That program is designed to reduce the Company's exposure to fluctuations in fuel prices by adjusting total freight charges to account for changes in the price of fuel. The Company's fuel surcharge is generally based on the average national price for diesel fuel and is reset weekly. Fuel surcharges are widely accepted in the industry and are a significant component of revenue and pricing. Fuel surcharges are an integral part of customer contract negotiations but represent only one portion of overall customer price negotiations as customers may negotiate increases in base rates instead of increases in fuel surcharges or vice versa. Fuel surcharge revenue decreased to 13.0 percent of operating revenue for the year ended December 31, 2019 compared to 13.6 percent for the year ended December 31, 2018 primarily as a result of decreases in the cost of fuel.

Operating expenses and margin

Consolidated operating income was $152.6 million in 2019 compared to $141.2 million in 2018. In summary, the operations were favorably impacted in 2019 by higher tonnage, shipments, overall fuel surcharges and yield, which were offset by salary and wage increases, higher fuel and purchase transportation costs, increased depreciation expense and costs associated with the Company's geographic expansion. The 2019 operating ratio (operating expenses divided by operating revenue) was flat at 91.5 percent as compared to 2018.

Salaries, wages and benefit expense increased $75.2 million in 2019 compared to 2018 largely due to higher wages associated with increased headcount in 2019, wage increases in July 2019 and 2018 and higher healthcare benefit costs. Fuel, operating expenses and supplies increased $15.1 million during 2019 compared to 2018 largely due to increased costs of other operating expenses and supplies, including increased expenses related to the geographic expansion, partially offset by improved fuel efficiency from a newer fleet. Claims and insurance expense in 2019 was $4.6 million higher than 2018 largely due to increased insurance reserves in 2019 associated with accident severity partially offset by the benefit from the commutation of the first 12 month period of the bodily injury and property damage liability policy. The Company can experience volatility in accident expense as a result of its self-insurance structure which provides for retention amounts ranging from $2 million to $10 million per occurrence. Depreciation expense increased $17.0 million in 2019 compared to 2018 primarily due to revenue equipment, real estate and technology investments in 2019. Purchased transportation expense increased $6.1 million in 2019 compared to 2018 primarily due to increases in purchased transportation cost per mile and utilization of purchased transportation carriers to maintain service requirements while supporting increased shipments, tonnage and length of haul throughout 2019.

Other

Substantially all non-operating expenses represent interest expense. Interest expense in 2019 was $1.3 million greater than 2018 due to increased average borrowings resulting from the $58.4 million increase in investing activities in 2019. The effective income tax rate was 22.5 percent and 22.7 percent for the years ended December 31, 2019 and 2018, respectively. The 2018 and 2019 effective income tax rates include the impact of the Tax Cuts and Jobs Act (the Tax Act) legislation enacted on December 22, 2017 as well as the tax credits enacted in December 2019 for alternative fuel usage, resulting in an increase in earnings per share of $0.07 for 2019. See Note 10 to the Company's audited consolidated financial statements for an analysis of the income tax provision, impacts of the Tax Act and the effective tax rate.

Working capital/capital expenditures

Working capital at December 31, 2019 was negative $8.9 million which decreased from working capital at December 31, 2018 of $4.1 million. This decrease is primarily due to the adoption of ASU 2016-02, which requires the current portion of operating lease liability, $19.0 million at December 31, 2019, be recognized as a current liability at December 31, 2019. Additionally, the decrease in working capital was due to an increase in other current liabilities, mostly sales and use tax payables, partially offset by an increase in accounts receivable. Cash flows from operating activities were $272.9 million for 2019 versus $256.4 million for 2018 largely driven by increased profitability. For 2019, net cash used in investing activities was $281.0 million versus $222.6 million in 2018 primarily due to higher capital expenditures for real estate, technology and revenue equipment during 2019. Net cash provided by financing activities was $6.2 million in 2019 versus $36.4 million in net cash used in financing activities for 2018 primarily driven by an increase in the net borrowings (net of repayments) under our revolving credit facility of $48.9 million from 2019 compared to 2018.

Year ended December 31, 2018 as compared to year ended December 31, 2017

Revenue and volume

Consolidated revenue increased 17.7 percent to $1.65 billion as a result of increased shipments, tonnage, fuel surcharges and pricing actions, including a 5.9 percent general rate increase taken May 21, 2018 and one more workday in 2018. Expansion into the Northeastern United States and the new Canadian marketing arrangement which began during the second quarter of 2017 continued to be contributing factors in the increased shipments and tonnage in 2018. The economic environment over the last couple of years permitted the Company to implement measured pricing actions to improve yield. Saia's LTL revenue per hundredweight (a measure of yield) increased 10.2 percent to $16.80 per hundredweight for 2018 primarily as a result of increased rates along with increased length of haul. Saia's LTL tonnage increased 6.6 percent per workday and LTL shipments increased 4.4 percent per workday for 2018. For 2018 and 2017, approximately 75 to 80 percent of Saia's operating revenue was subject to specific customer price adjustment negotiations that occur throughout the year. The remaining 20 to 25 percent of operating revenue was subject to a general rate increase which is based on market conditions. For customers subject to general rate increases, Saia implemented 5.9 percent and 4.9 percent general rate increases on May 21, 2018 and July 17, 2017, respectively. Competitive factors, customer turnover and mix changes, among other things, impact the extent to which customer rate increases are retained over time.

Operating revenue includes fuel surcharge revenue from the Company's fuel surcharge program. That program is designed to reduce the Company's exposure to fluctuations in fuel prices by adjusting total freight charges to account for changes in the price of fuel. The Company's fuel surcharge is generally based on the average national price for diesel fuel and is reset weekly. Fuel surcharges have remained in effect for several years, are widely accepted in the industry and are a significant component of revenue and pricing. Fuel surcharges are an integral part of customer contract negotiations but represent only one portion of overall customer price negotiations as customers may negotiate increases in base rates instead of increases in fuel surcharges or vice versa. Fuel surcharge revenue increased to 13.6 percent of operating revenue for the year ended December 31, 2018 compared to 11.3 percent for the year ended December 31, 2017 primarily as a result of increases in the cost of fuel.

Operating expenses and margin

Consolidated operating income was $141.2 million in 2018 compared to $94.7 million in 2017. In summary, the operations were favorably impacted in 2018 by higher tonnage, shipments, fuel surcharges and yield, which were offset by salary and wage increases, higher fuel and purchase transportation costs, increased depreciation expense and costs associated with the Company's geographic expansion. The 2018 operating ratio (operating expenses divided by operating revenue) was 91.5 percent as compared to 93.3 percent for 2017.

Salaries, wages and benefit expense increased $105.9 million in 2018 compared to 2017 largely due to higher wages associated with increased headcount in 2018, wage increases in July 2017 and 2018 and higher healthcare benefit costs. Fuel, operating expenses and supplies increased $56.9 million during 2018 compared to 2017 largely due to higher fuel costs and increased costs of other operating expenses and supplies, including increased expenses related to the geographic expansion, partially offset by improved fuel efficiency and lower maintenance costs from a newer fleet. Claims and insurance expense in 2018 was $1.3 million higher than 2017 largely due to increased premiums in 2018 and increased cargo claims. The Company can experience volatility in accident expense as a result of its self-insurance structure, which provides for retention limits of $2 million to $10 million per occurrence. Depreciation expense increased $15.1 million in 2018 compared to 2017 primarily due to revenue equipment, real estate and technology investments in late 2017 and 2018. Purchased transportation expense increased $16.2 million in 2018 compared to 2017 primarily due to increases in purchased transportation cost per mile and utilization of purchased transportation carriers to maintain service requirements while supporting increased shipments, tonnage and length of haul throughout 2018.

Other

Substantially all non-operating expenses represent interest expense. Interest expense in 2018 was $0.4 million greater than 2017 due to increased average borrowings resulting from the $41.1 million increase in investing activities in 2018. The effective income tax rate was 22.7 percent and -1.5 percent for the years ended December 31, 2018 and 2017, respectively. The 2018 effective income tax rate includes the impact of the Tax Cuts and Jobs Act (the Tax Act) legislation enacted on December 22, 2017, the excess tax benefits from stock activity recognized as a result of the Company's adoption of ASU 2016-09 effective January 1, 2017 and $1 million in fuel tax credits for 2017 enacted in the first quarter of 2018. The 2017 effective income tax rates included the estimated impact of the Tax Act, and excess tax benefits from the adoption of ASU 2016-09. See Note 9 to the Company's audited consolidated financial statements for an analysis of the income tax provision, impacts of the Tax Act and the effective tax rate.

Working capital/capital expenditures

Working capital at December 31, 2018 was $4.1 million which decreased from working capital at December 31, 2017 of $36.3 million. This decrease is primarily due to an increase in accounts payable and accrued wages, vacation and employees' benefits, partially offset by an increase in accounts receivable. Cash flows from operating activities were $256.4 million for 2018 versus $157.8 million for 2017 driven by increased profitability and working capital changes. For 2018, net cash used in investing activities was $222.6 million versus $181.5 million in 2017 primarily due to higher capital expenditures for real estate, technology and revenue equipment during 2018. Net cash used in financing activities was $36.4 million in 2018 versus $26.9 million in net cash provided by financing activities for 2017 primarily driven by a decrease in the net borrowings (net of repayments) under our revolving credit facility of $66.0 million from 2018 compared to 2017.

Outlook

Our business remains highly correlated to non-service sectors of the general economy and competitive pricing pressures, as well as the success of Company-specific improvement initiatives. There remains uncertainty as to the strength of economic conditions. We are continuing initiatives to increase yield, reduce costs and improve productivity. We focus on providing top quality service and improving safety performance. Planned revenue initiatives include, but are not limited to, building density in our current geography, targeted marketing initiatives to grow revenue in more profitable segments, further expanding our service geography into the Northeastern United States, as well as pricing and yield management. On February 3, 2020 and February 18, 2019 Saia implemented 5.9 percent general rate increases for customers comprising approximately 20 to 25 percent of Saia's operating revenue. The extent of success of this revenue initiative is impacted by what proves to be the underlying economic trends, competitor initiatives and other factors discussed under "Forward-Looking Statements" and Part I, Item 1A., "Risk Factors."

Effective July 1, 2019, the Company implemented a salary and wage increase for all of its employees. The cost of the compensation increase is expected to be approximately $32 million annually, and the Company anticipates the impact will be partially offset by productivity and efficiency gains. The Company also anticipates market competitive wage increases in 2020.

If the Company builds market share, including through its geographic expansion, it expects there to be numerous operating leverage cost benefits. Conversely, should the economy soften from present levels, the Company plans to match resources and capacity to shifting volume levels to lessen unfavorable operating leverage. The success of cost improvement initiatives is also impacted by the cost and availability of drivers and purchased transportation, fuel, insurance claims, cost and availability of insurance, regulatory changes, successful expansion of our service geography into the Northeastern United States and other factors discussed under "Forward-Looking Statements" and Part I, Item 1A., "Risk Factors."

See “Forward-Looking Statements” and Part I, Item 1A., “Risk Factors,” for a more complete discussion of potential risks and uncertainties that could materially affect our future performance.

Accounting Pronouncements Adopted in 2019

In February 2016, the FASB established *Topic 842, Leases*, by issuing ASU No. 2016-02, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*; and ASU No. 2018-11, *Targeted Improvements*. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

The new standard became effective for the Company on January 1, 2019. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The Company adopted the new standard using the effective date as its date of initial application. Consequently, financial information has not been updated and the disclosures required under the new standard are not provided for dates and periods before January 1, 2019.

The new standard provided a number of optional practical expedients in transition. The Company elected the ‘package of practical expedients’, which permits it not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. The Company did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to it. The Company elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. The Company also elected the practical expedient to not separate lease and non-lease components for all of its leases other than leases of real estate.

As of January 1, 2019, the Company recognized right-of-use assets and corresponding lease liabilities of approximately $74 million and $76 million, respectively. There were no material impacts to our results of operations or our cash flows. Disclosures related to the amount, timing and uncertainty of cash flows arising from our leases are included in Note 4 of the Company’s audited consolidated financial statements.

Recently Issued Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-13, “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” Under this ASU an entity is required to utilize an “expected credit loss model” on certain financial instruments, including trade and financing receivables. This model requires consideration of a broader range of reasonable and supportable information and requires an entity to estimate expected credit losses over the lifetime of the asset. This standard is effective for interim and annual reporting periods beginning after December 15, 2019. The Company does not expect adoption of this standard to have a material impact on its consolidated financial statements. The Company will adopt the standard effective January 1, 2020.

Financial Condition

The Company's liquidity needs arise primarily from capital investment in new equipment, land and structures, information technology and letters of credit required under insurance programs, as well as funding working capital requirements.

The Company is party to a revolving credit agreement (the Existing Credit Agreement) with a group of banks to fund capital investments, letters of credit and working capital needs. The Company has pledged certain land and structures, accounts receivable and other assets to secure indebtedness under this agreement.

Credit Agreement

Prior to February 5, 2019, the Company was party to a Restated Credit Agreement with a group of banks that included a revolving credit facility for up to $250 million expiring in March 2020. The Restated Credit Agreement also had an accordion feature that allowed for an additional $75 million availability, subject to lender approval. The Restated Credit Agreement provided for a LIBOR rate margin range from 112.5 basis points to 225 basis points, base rate margins from minus 12.5 basis points to plus 50 basis points, an unused portion fee from 20 basis points to 30 basis points and letter of credit fees from 112.5 basis points to 225 basis points, in each case based on the Company's leverage ratio. Under the Restated Credit Agreement, the Company was required to maintain certain financial covenants including a minimum fixed charge coverage ratio and a maximum leverage ratio, among others. The Restated Credit Agreement also provided for a pledge by the Company of certain land and structures, certain tractors, trailers and other personal property and accounts receivable, to secure indebtedness under the Restated Credit Agreement.

On February 5, 2019, the Company entered into the Sixth Amended and Restated Credit Agreement with its banking group (as amended, the Amended Credit Agreement). The amendment increased the amount of the revolver from $250 million to $300 million and extended the term until February 2024. The Amended Credit Agreement also has an accordion feature that allows for an additional $100 million availability, subject to lender approval. The amendment reduced the interest rate pricing grid compared to the Restated Credit Agreement. The Amended Credit Agreement provides for a LIBOR rate margin range from 100 basis points to 200 basis points, base rate margins from minus 50 basis points to plus 50 basis points, an unused portion fee from 17.5 basis points to 30 basis points and letter of credit fees from 100 basis points to 200 basis points, in each case based on the Company's leverage ratio. Under the Amended Credit Agreement, the Company must maintain a minimum debt service coverage ratio set at 1.25 to 1.00 and a maximum leverage ratio set at 3.25 to 1.00. The Amended Credit Agreement provides for a pledge by the Company of certain land and structures, accounts receivable and other assets to secure indebtedness under this agreement. The Amended Credit Agreement contains certain customary representations and warranties, affirmative and negative covenants and provisions relating to events of default. Under the Amended Credit Agreement, if an event of default occurs, the banks will be entitled to take various actions, including the acceleration of amounts due.

At December 31, 2019, the Company had borrowings of $45.9 million and outstanding letters of credit of $26.1 million under the Amended Credit Agreement. At December 31, 2018, the Company had $20.0 million of outstanding borrowings and outstanding letters of credit of $27.7 million under the Restated Credit Agreement. The available portion of the Amended Credit Agreement may be used for general corporate purposes, including capital expenditures, working capital and letter of credit requirements as needed.

Finance Leases

The Company is obligated under finance leases with seven year terms covering revenue equipment totaling $90.5 million and $102.9 million as of December 31, 2019 and 2018, respectively. Amortization of assets held under the finance leases is included in depreciation expense. The weighted average interest rates for the finance leases at December 31, 2019 and 2018 is 3.44% and 3.41%, respectively.

Other

The Company has historically generated cash flows from operations to fund a large portion of its capital expenditure requirements. The timing of capital expenditures can largely be managed around the seasonal working capital requirements of the Company. The Company believes it has adequate sources of capital to meet short-term liquidity needs through its operating cash flows and availability under its revolving credit agreement, which was $228.0 million at December 31, 2019, subject to the Company's satisfaction of existing debt covenants. Future operating cash flows are primarily dependent upon the Company's profitability and its ability to manage its working capital requirements, primarily accounts receivable, accounts payable and wage and benefit accruals. The Company was in compliance with its debt covenants at December 31, 2019.

Net capital expenditures pertain primarily to investments in tractors and trailers and other revenue equipment, information technology, land and structures. Projected net capital expenditures for 2020 are approximately $250 million, inclusive of equipment acquired using finance leases. This compares to 2019 net capital expenditures of $287 million for property and equipment, inclusive of equipment acquired using finance leases. Projected 2020 capital expenditures include a normal replacement cycle of revenue equipment and technology investment for our operations. In addition, the Company plans to add revenue equipment and real estate investments to support our growth initiatives.

See "Forward-Looking Statements" and Item 1A., "Risk Factors," for a more complete discussion of potential risks and uncertainties that could materially affect our future performance and financial condition.

Actual net capital expenditures, inclusive of equipment acquired using finance leases, are summarized in the following table (in millions):

	Years ended		
	2019	2018	2017
Land and structures:			
Additions	$ 82.5	$ 75.6	$ 87.1
Sales	—	(1.8)	(1.8)
Revenue equipment, net	181.0	161.8	112.9
Technology and other	23.7	16.1	18.8
Total	$287.2	$251.7	$217.0

In addition to the amounts disclosed in the table above, the Company had an additional $16.3 million in capital expenditures for revenue equipment that was received but not paid for prior to December 31, 2019. Included in the 2019, 2018, and 2017 revenue equipment expenditures are finance leases totaling $6.2 million, $29.1 million and $35.5 million, respectively.

Off Balance Sheet Arrangements

In accordance with U.S. generally accepted accounting principles, our operating leases with original maturities less than one year are not recorded in our consolidated balance sheet; however, the future minimum lease payments are included in the "Contractual Obligations" table below. See the notes to the accompanying audited consolidated financial statements included in this Form 10-K for additional information. In addition to the principal amounts disclosed in the tables below, the Company has interest obligations of approximately $5.6 million for 2020 and decreasing for each year thereafter, based on borrowings and commitments outstanding at December 31, 2019.

Contractual Obligations

The following tables set forth a summary of our contractual obligations and other commercial commitments as of December 31, 2019 (in millions):

	Payments due by year						
	2020	2021	2022	2023	2024	Thereafter	Total
Contractual cash obligations:							
Long-term debt obligations:							
Revolving line of credit (1)	$ —	$ —	$ —	$ —	$45.9	$ —	$ 45.9
Leases:							
Finance Leases (1)	22.2	22.8	21.0	15.4	10.7	6.4	98.5
Operating leases (2)	25.9	25.5	22.5	19.1	16.1	49.3	158.4
Purchase obligations (2)	35.7	—	—	—	—	—	35.7
Total contractual obligations	$83.8	$48.3	$43.5	$34.5	$72.7	$ 55.7	$338.5

(1) See Note 2 to the accompanying audited consolidated financial statements in this Form 10-K. The contractual finance lease obligation payments included in this table include both the principal and interest components.
(2) See Note 3 to the accompanying audited consolidated financial statements in this Form 10-K.

	Amount of commitment expiration by year						
	2020	**2021**	**2022**	**2023**	**2024**	**Thereafter**	**Total**
Other commercial commitments:							
Available line of credit(1)	$ —	$ —	$ —	$ —	$228.0	$ —	$228.0
Letters of credit	27.9	—	—	—	—	—	27.9
Surety bonds	49.1	8.9	—	—	—	—	58.0
Total commercial commitments	$77.0	$ 8.9	$ —	$ —	$228.0	$ —	$313.9

(1) Subject to the satisfaction of existing debt covenants.

The Company has accrued approximately $1.0 million for uncertain tax positions and accrued interest and penalties of $0.1 million related to the uncertain tax positions as of December 31, 2019. The Company cannot reasonably estimate the timing of cash settlement with respective taxing authorities beyond one year and accordingly has not included the amounts within the above contractual cash obligations and other commercial commitment tables.

At December 31, 2019, the Company has $81.3 million in claims, insurance and other liabilities. The Company cannot reasonably estimate the timing of cash settlement with respective adverse parties beyond one year and accordingly has not included the amounts within the above contractual cash obligations and other commercial commitment tables.

Critical Accounting Policies and Estimates

The Company makes estimates and assumptions in preparing the consolidated financial statements that affect reported amounts and disclosures therein. In the opinion of management, the accounting policies that generally have the most significant impact on the financial position and results of operations of the Company include:

- Claims and Insurance Accruals. As described in more detail in the Notes to the Consolidated Financial Statements contained herein, the Company has self-insured retention limits generally ranging from $250,000 to $1 million per occurrence for medical, workers' compensation, casualty and cargo claims and from $2 million to $10 million for auto liability. The liabilities are estimated in part based on historical experience, third-party actuarial analysis with respect to workers' compensation claims, demographics, nature and severity, and other assumptions. The liabilities for self-funded retention are included in claims and insurance reserves based on claims incurred with liabilities for unsettled claims and claims incurred but not yet reported being actuarially determined with respect to workers' compensation claims and, with respect to all other liabilities, estimated based on management's evaluation of the nature and severity of individual claims and historical experience. However, these estimated accruals could be significantly affected if the actual costs of the Company differ from these assumptions. A significant number of these claims typically take several years to develop and even longer to ultimately settle. These estimates tend to be reasonably accurate over time; however, assumptions regarding severity of claims, medical cost inflation, as well as specific case facts can create short-term volatility in estimates.

- Revenue Recognition and Related Allowances. Revenue is recognized over the transit time of the shipment as it moves from origin to destination while expenses are recognized as incurred. In addition, estimates included in the recognition of revenue and accounts receivable include estimates of shipments in transit and estimates of future adjustments to revenue and accounts receivable for billing adjustments and collectability.

Revenue is recognized in a systematic process whereby estimates of shipments in transit are based upon actual shipments picked up, day of delivery and current rates charged to customers. Since the cycle for pickup and delivery of shipments is generally 1-5 days, typically less than 5 percent of a total month's revenue is in transit at the end of any month. Estimates for credit losses and billing adjustments are based upon historical experience of credit losses, adjustments processed and trends of collections. Billing adjustments are primarily made for discounts and billing corrections. These estimates are continuously evaluated and updated; however, changes in economic conditions, pricing arrangements and other factors can significantly impact these estimates.

- Depreciation and Capitalization of Assets. Under the Company's accounting policy for property and equipment, management establishes appropriate depreciable lives and salvage values for the Company's revenue equipment (tractors and trailers) based on their estimated useful lives and estimated residual values to be received when the equipment is sold or traded in. These estimates are routinely evaluated and updated when circumstances warrant. However, actual depreciation and residual values could differ from these assumptions based on market conditions and other factors.

These accounting policies and others are described in further detail in the notes to our audited consolidated financial statements included in this Form 10-K.

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to adopt accounting policies and make significant judgments and estimates to develop amounts reflected and disclosed in the consolidated financial statements. In many cases, there are alternative policies or estimation techniques that could be used. We maintain a thorough process to review the application of our accounting policies and to evaluate the appropriateness of the many estimates that are required to prepare the consolidated financial statements. However, even under optimal circumstances, estimates routinely require adjustment based on changing circumstances and the receipt of new or better information.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to a variety of market risks including the effects of interest rates and fuel prices. The detail of the Company's debt structure is more fully described in the notes to the consolidated financial statements set forth in this Form 10-K for the year ended December 31, 2019. To help mitigate our exposure to rising fuel prices, the Company has implemented a fuel surcharge program. This program is well established within the industry and customer acceptance of fuel surcharges remains high. Since the amount of fuel surcharge is based on average national fuel prices and is reset weekly, exposure of the Company to fuel price volatility is significantly reduced. However, the fuel surcharge may not fully offset fuel price fluctuations during periods of rapid increases or decreases in the price of fuel and is also subject to overall competitive pricing negotiations.

The following table provides information about the Company's third-party financial instruments as of December 31, 2019 with comparative information as of December 31, 2018. The table presents cash flows for principal payments (in millions) and related weighted average interest rates by contractual maturity dates. The fair value of the variable and fixed rate debt (in millions) was estimated based upon levels one and two in the fair value hierarchy, respectively. The fair value of the finance leases is based on current market interest rates for similar types of financial instruments.

	Expected maturity date						2019		2018	
	2020	**2021**	**2022**	**2023**	**2024**	**Thereafter**	**Total**	**Fair Value**	**Total**	**Fair Value**
Fixed rate debt	$19.4	$20.6	$19.5	$14.6	$10.2	$ 6.2	$90.5	$ 90.6	$102.9	$ 102.0
Average interest rate	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%				
Variable rate debt	$ —	$ —	$ —	$ —	$45.9	$ —	$45.9	$ 45.9	$ 20.0	$ 20.0
Average interest rate	—	—	—	—	3.3%	—				

Item 8. Financial Statements and Supplementary Data

FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Saia, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Saia, Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019 and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 25, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for leases as of January 1, 2019 due to the adoption of Topic 842, *Leases*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the estimated liabilities for self-insured workers' compensation and bodily injury claims

As discussed in Note 1 to the consolidated financial statements, the Company has recorded estimated liabilities for claims related to workers' compensation and bodily injury. These liabilities are recorded within claims and insurance accruals (current) of $36.9 million, and claims, insurance, and other (non-current) of $44.4 million, as of December 31, 2019.

We identified the evaluation of the estimated liabilities for self-insured workers' compensation and bodily injury claims as a critical audit matter because of the inherent uncertainty in the amounts that will ultimately be paid to settle these claims. Factors that may affect the settlement cost of claims include the length of time the claim remains open, its potential severity, and the results of litigation. Additionally, the Company's liabilities include estimates for future development of claims and specialized skills were needed to evaluate the actuarial methods, procedures, assumptions and judgments used to make these estimates.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's self-insurance process including controls related to the selection of assumptions and the review of actual claims experience. We evaluated the Company's estimated liabilities for self-insured workers' compensation and bodily injury claims by considering current available information which may include legal claims, incident and case reports, historical experience, and attorneys' letters we received directly from the Company's external counsel. In addition, we involved an actuarial professional with specialized skills and knowledge, who assisted by assessing the conformance of actuarial methods, procedures, assumptions and judgments used in making the estimates with generally accepted actuarial standards.

/s/ KPMG LLP

We have served as the Company's auditor since 2002.

Atlanta, Georgia
February 25, 2020

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Saia, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Saia, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated February 25, 2020 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Atlanta, Georgia
February 25, 2020

Saia, Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands, except share and per share data)

	December 31, 2019	December 31, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 248	$ 2,194
Accounts receivable, less allowances of $3,742 in 2019 and $4,028 in 2018	196,119	181,612
Prepaid expenses	18,542	20,621
Income tax receivable	8,288	1,825
Other current assets	9,182	7,121
Total current assets	232,379	213,373
Property and Equipment, at cost	1,739,222	1,521,341
Less-accumulated depreciation and amortization	686,623	628,283
Net property and equipment	1,052,599	893,058
Operating Lease Right-of-Use Assets	103,890	-
Goodwill	12,105	12,105
Identifiable Intangibles, net	9,379	10,559
Other Noncurrent Assets	5,341	4,648
Total assets	$ 1,415,693	$ 1,133,743
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 83,621	$ 78,994
Wages, vacation and employees' benefits	49,668	48,116
Claims and insurance accruals	36,888	40,980
Other current liabilities	32,644	23,138
Current portion of long-term debt	19,405	18,082
Current portion of operating lease liability	19,020	-
Total current liabilities	241,246	209,310
Other Liabilities:		
Long-term debt, less current portion	117,025	104,777
Operating lease liability, less current portion	86,239	-
Deferred income taxes	111,555	86,893
Claims, insurance and other	44,402	36,899
Total other liabilities	359,221	228,569
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, $0.001 par value, 50,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.001 par value, 50,000,000 shares authorized, 25,936,532 and 25,693,651 shares issued and outstanding at December 31, 2019 and 2018, respectively	26	26
Additional paid-in-capital	260,871	254,738
Deferred compensation trust, 143,987 and 143,614 shares of common stock at cost at December 31, 2019 and 2018, respectively	(3,871)	(3,381)
Retained earnings	558,200	444,481
Total stockholders' equity	815,226	695,864
Total liabilities and stockholders' equity	$ 1,415,693	$ 1,133,743

See accompanying notes to consolidated financial statements.

Saia, Inc. and Subsidiaries
Consolidated Statements of Operations
For the years ended December 31, 2019, 2018 and 2017
(in thousands, except per share data)

	2019	2018	2017
Operating Revenue	$1,786,735	$1,653,849	$1,404,703
Operating Expenses:			
Salaries, wages and employees' benefits	947,911	872,722	766,790
Purchased transportation	129,980	123,904	107,702
Fuel, operating expenses and supplies	340,056	325,000	268,090
Operating taxes and licenses	54,397	50,089	43,330
Claims and insurance	43,073	38,425	37,162
Depreciation and amortization	119,135	102,153	87,102
Operating (gains) losses, net	(403)	379	(183)
Total operating expenses	1,634,149	1,512,672	1,309,993
Operating Income	152,586	141,177	94,710
Nonoperating Expenses (Income):			
Interest expense	6,688	5,418	5,051
Other, net	(754)	(74)	(92)
Nonoperating expenses, net	5,934	5,344	4,959
Income Before Income Taxes	146,652	135,833	89,751
Income Tax Expense (Benefit)	32,933	30,852	(1,378)
Net Income	$ 113,719	$ 104,981	$ 91,129
Weighted average common shares outstanding – basic	25,952	25,762	25,518
Weighted average common shares outstanding – diluted	26,435	26,291	26,086
Basic Earnings Per Share	$ 4.38	$ 4.08	$ 3.57
Diluted Earnings Per Share	$ 4.30	$ 3.99	$ 3.49

See accompanying notes to consolidated financial statements.

Saia, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
For the years ended December 31, 2019, 2018 and 2017
(in thousands, except share data)

	Common Shares	Common Stock	Additional Paid-in Capital	Deferred Compensation Trust	Retained Earnings	Total
BALANCE at December 31, 2016	25,322,701	$ 25	$ 237,846	$ (3,190)	$ 248,371	$483,052
Stock compensation, including options and long-term incentives	4,840	—	4,131	—	—	4,131
Director deferred share activity	40,142	—	952	—	—	952
Exercise of stock options	141,500	1	4,479	—	—	4,480
Shares issued for long-term incentive awards, net of shares withheld for taxes	42,434	—	(1,250)	—	—	(1,250)
Purchase of shares by Deferred Compensation Trust	—	—	296	(391)	—	(95)
Sale of shares by Deferred Compensation Trust	—	—	—	95	—	95
Net income	—	—	—	—	91,129	91,129
BALANCE at December 31, 2017	25,551,617	26	246,454	(3,486)	339,500	582,494
Stock compensation, including options and long-term incentives	5,184	—	4,509	—	—	4,509
Director deferred share activity	—	—	1,111	—	—	1,111
Exercise of stock options less shares withheld for taxes	103,703	—	4,165	—	—	4,165
Shares issued for long-term incentive awards, net of shares withheld for taxes	33,147	—	(1,396)	—	—	(1,396)
Purchase of shares by Deferred Compensation Trust	—	—	(105)	(700)	—	(805)
Sale of shares by Deferred Compensation Trust	—	—	—	805	—	805
Net income	—	—	—	—	104,981	104,981
BALANCE at December 31, 2018	25,693,651	26	254,738	(3,381)	444,481	695,864
Stock compensation, including options and long-term incentives	—	—	4,977	—	—	4,977
Director deferred share activity	49,750	—	1,210	—	—	1,210
Exercise of stock options less shares withheld for taxes	107,171	—	2,927	—	—	2,927
Shares issued for long-term incentive awards, net of shares withheld for taxes	85,960	—	(3,471)	—	—	(3,471)
Purchase of shares by Deferred Compensation Trust	—	—	687	(770)	—	(83)
Sale of shares by Deferred Compensation Trust	—	—	(197)	280	—	83
Net income	—	—	—	—	113,719	113,719
BALANCE at December 31, 2019	25,936,532	$ 26	$ 260,871	$ (3,871)	$ 558,200	$815,226

See accompanying notes to consolidated financial statements.

Saia, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2019, 2018 and 2017
(in thousands)

	2019	2018	2017
Operating Activities:			
Net income	$ 113,719	$ 104,981	$ 91,129
Noncash items included in net income:			
Depreciation and amortization	119,135	102,153	87,102
Provision for doubtful accounts	2,804	1,978	2,634
Deferred income taxes	24,662	27,470	(20,776)
Loss (gain) from property disposals, net	(403)	379	(183)
Stock-based compensation	6,187	5,619	5,083
Changes in operating assets and liabilities:			
Accounts receivable	(16,979)	(12,981)	(37,985)
Accounts payable	10,320	10,608	6,940
Other working capital items, net	4,203	15,537	14,023
Claims, insurance and other	7,504	(2,740)	4,531
Other, net	1,724	3,432	5,348
Net cash provided by operating activities	272,876	256,436	157,846
Investing Activities:			
Acquisition of property and equipment	(287,655)	(223,672)	(186,696)
Proceeds from disposal of property and equipment	6,624	1,088	5,172
Net cash used in investing activities	(281,031)	(222,584)	(181,524)
Financing Activities:			
Repayment of revolving credit agreement	(331,188)	(233,888)	(217,914)
Borrowing of revolving credit agreement	357,117	210,888	260,914
Proceeds from stock option exercises	2,927	4,165	4,480
Shares withheld for taxes	(3,471)	(1,396)	(1,250)
Repayment of senior notes	—	—	(7,143)
Debt issuance costs	(649)	—	—
Repayment of finance leases	(18,527)	(16,147)	(12,228)
Net cash provided by (used in) financing activities	6,209	(36,378)	26,859
Net Increase (Decrease) in Cash and Cash Equivalents	(1,946)	(2,526)	3,181
Cash and cash equivalents, beginning of year	2,194	4,720	1,539
Cash and cash equivalents, end of year	$ 248	$ 2,194	$ 4,720
Non Cash Investing Activities			
Equipment financed with finance leases	$ 6,169	$ 29,090	$ 35,483

See accompanying notes to consolidated financial statements.

Saia, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2019, 2018 and 2017

1. Description of Business and Summary of Accounting Policies

Description of Business

Saia, Inc. and its subsidiaries (Saia or the Company) are headquartered in Johns Creek, Georgia. Saia is a leading, less-than-truckload ("LTL") motor carrier with more than 97% of its revenue historically derived from transporting LTL shipments for customers. In addition to the core LTL services provided in 43 states, the Company also offers customers a wide range of other value-added services, including non-asset truckload, expedited and logistics services across the United States.

The Chief Operating Decision Maker is the Chief Executive Officer who manages the business, regularly reviews financial information and allocates resources. The Company has one operating segment.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Saia, Inc. and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Use of Estimates

The preparation of our consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Management makes its best estimate of the ultimate outcome for these items based on historical trends and other information available when the financial statements are prepared. Changes in estimates are recognized in accordance with the accounting rules for the estimate, which is typically in the period when new information becomes available to management. Areas where the nature of the estimate makes it reasonably possible that actual results could materially differ from amounts estimated include: self-insurance accruals; long-term incentive compensation; tax liabilities; loss contingencies; litigation claims; and impairment assessments on long-lived assets (including goodwill).

Accounting Pronouncements Adopted in 2019

In February 2016, the Financial Accounting Standards Board (FASB) established *Topic 842, Leases*, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*; and ASU No. 2018-11, *Targeted Improvements*. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

The new standard became effective for the Company on January 1, 2019. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The Company adopted the new standard using the effective date as its date of initial application. Consequently, financial information has not been updated and the disclosures required under the new standard are not provided for dates and periods before January 1, 2019.

The new standard provided a number of optional practical expedients in transition. The Company elected the 'package of practical expedients', which permits it not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. The Company did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to it. The Company elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. The Company also elected the practical expedient to not separate lease and non-lease components for all of its leases other than leases of real estate.

As of January 1, 2019, the Company recognized right-of-use assets and corresponding lease liabilities of approximately $74 million and $76 million, respectively. There were no material impacts to our results of operations or our cash flows. Disclosures related to the amount, timing, and uncertainty of cash flows arising from our leases are included in Note 4.

Recently Issued Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." Under this ASU an entity is required to utilize an "expected credit loss model" on certain financial instruments, including trade and financing receivables. This model requires consideration of a broader range of reasonable and supportable information and requires an entity to estimate expected credit losses over the lifetime of the asset. This standard is effective for interim and annual reporting periods beginning after December 15, 2019. The Company does not expect adoption of this standard to have a material impact on its consolidated financial statements. The Company will adopt the standard effective January 1, 2020.

Summary of Accounting Policies

Major accounting policies and practices used in the preparation of the accompanying consolidated financial statements not covered in other notes to the consolidated financial statements are as follows:

Cash and Cash Equivalents and Checks Outstanding: Cash and cash equivalents in excess of current operating requirements are invested in short-term interest bearing instruments purchased with original maturities of three months or less and are stated at cost, which approximates market. Checks outstanding in excess of cash on deposit are classified in accounts payable on the accompanying consolidated balance sheets and in operating activities in the accompanying consolidated statements of cash flows.

Parts, fuel and operating supplies: Parts, fuel and operating supplies are carried at average cost and included in other current assets.

Property and Equipment Including Repairs and Maintenance: Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the following service lives:

	Years
Structures	20 to 25
Tractors	6 to 10
Trailers	10 to 14
Other revenue equipment	7 to 14
Technology equipment and software	3 to 5
Other	3 to 10

At December 31, property and equipment consisted of the following (in thousands):

	2019	2018
Land	$ 106,024	$ 100,157
Structures	389,096	321,283
Tractors	524,901	476,875
Trailers	411,269	354,490
Other revenue equipment	92,875	83,571
Technology equipment and software	127,408	110,954
Other	87,649	74,011
Total property and equipment, at cost	$1,739,222	$ 1,521,341

Maintenance and repairs are charged to operations while replacements and improvements that extend the asset's life are capitalized. The Company's investment in technology equipment and software consists primarily of systems to support customer service, maintenance and freight management. Depreciation and amortization of property and equipment was $117.9 million, $100.8 million and $85.7 million for the years ended December 31, 2019, 2018 and 2017, respectively. Depreciation and amortization expense includes amortization of assets under finance leases. At December 31, 2019, trailers acquired under finance leases had a gross carrying value of $138.2 million and accumulated depreciation of $30.8 million. At December 31, 2018, trailers acquired under finance leases had a gross carrying value of $132.5 million and accumulated depreciation of $21.6 million.

Computer Software Developed or Obtained for Internal Use: The Company capitalizes certain costs associated with developing or obtaining internal-use software. Capitalizable costs include external direct costs of materials and services utilized in developing or obtaining the software and payroll and payroll-related costs for employees directly associated with the development of the project. For the years ended December 31, 2019, 2018, and 2017, the Company capitalized $1.5 million, $1.1 million, and $2.1 million, respectively, of primarily payroll-related costs.

Claims and Insurance Accruals: Claims and insurance accruals, both current and long-term, reflect the estimated total settlement costs of claims for workers' compensation (discounted to present value), cargo loss and damage, and bodily injury and property damage not covered by insurance. These costs are included in claims and insurance expense, except for workers' compensation, which is included in employees' benefits expense. The liabilities are included in claims and insurance reserves based on estimates of claims incurred. Liabilities for unsettled claims and claims incurred but not yet reported are actuarially determined with respect to workers' compensation claims and with respect to all other liabilities, estimated based on management's evaluation of the nature and severity of individual claims and past experience. For workers' compensation, the amount of the discount at December 31, 2019 and December 31, 2018 was $3.8 million and $5.0 million, respectively.

Risk retention amounts per occurrence during the three years ended December 31, 2019, were as follows:

Workers' compensation	$ 1,000,000
Bodily injury and property damage [1]	2,000,000
Employee medical and hospitalization	400,000
Cargo loss and damage	250,000

[1] $10 million for period March 1, 2018 - February 28, 2019.

Effective March 1, 2018, the Company entered into a new bodily injury and property damage liability policy with a three-year term. Generally, the Company is responsible for the risk retention amount per occurrence of $2.0 million under the new policy. Thereafter, the policy provides insurance coverage for a single loss of $8.0 million, an aggregate loss limit of $24.0 million for each policy year, and a $48.0 million aggregate loss limit for the 36-month term ended March 1, 2021. Under the policy the Company may elect to commute the policy with respect to the first 12 months of the policy term and concurrently extend the policy for an additional one-year period if paid losses in the first 12 months of the policy are less than $5.2 million. In August 2019, Company elected to commute the policy for such period. As a result, the Company received a return of $5.2 million of the premium paid (the maximum return premium available), based on the amount of claims paid and the insurer was released from all liability in connection with claims occurring in such 12-month period. The Company is now self-insured for the first $10 million per occurrence with respect to such 12-month period and the policy has been extended for one additional year to March 1, 2022. As a result of the return premium and policy extension, the Company recognized a $1.4 million reduction in insurance premium expense in 2019. The Company will continue to recognize the remainder of the return premium as a reduction in insurance premium expense ratably over the remainder of the policy period. In addition, commencing on August 30, 2021, the Company may elect to commute the policy with respect to the insurer's entire liability under the policy in which case the Company will be entitled to a return of a portion of the premium paid, up to $15.6 million, based on the amount of claims paid and the insurer will be released from all liability under the policy. As a result, if the Company elects to commute the policy as to the entire policy term, the Company will be self-insured for $10 million per occurrence for such period. Additionally, the Company may be required to pay an additional premium of up to $11.0 million if losses paid by the insurer are greater than $15.6 million over the three-year policy period. Based on claims experience since inception of the policy, no such additional premium was accrued at December 31, 2019.

Income Taxes: Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. As required by FASB Accounting Standards Codification ("ASC") 740, *Income Taxes*, the Company follows this guidance which defines the threshold for recognizing the benefits of tax-filing positions in the financial statements as "more-likely-than-not" to be sustained by the tax authority. ASC 740 also prescribes a method for computing the tax benefit of such tax positions to be recognized in the financial statements. In addition, it provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Revenue Recognition: The Company's revenues are derived primarily from the transportation of freight as it satisfies performance obligations that arise from contracts with its customers. The Company's performance obligations arise when it receives a bill of lading ("BOL") to transport a customer's commodities at negotiated prices contained in either a transportation services agreement or a publicly disclosed tariff rate. Once a BOL is received, a legally-enforceable contract is formed whereby the parties are committed to perform and the rights of the parties, shipping terms and conditions, and payment terms have been identified. A customer may submit many BOLs for transportation services at various times throughout a service agreement term but each shipment represents a distinct service that is a separately identified performance obligation.

The average transit time to complete a shipment is between 1 to 5 days. Billing for transportation services normally occurs after completion of the service and payment is generally due within 30 days after the invoice date. The Company recognizes revenue related to the Company's LTL, non-asset truckload and expedited services over the transit time of the shipment as it moves from origin to destination. Revenue for services started but not completed at the reporting date is allocated based on the relative transit time in each reporting period, with the portion allocated for services subsequent to the reporting date considered remaining performance obligations.

Key estimates included in the recognition and measurement of revenue and related accounts receivable are as follows:

- Revenue associated with shipments in transit is recognized ratably over transit time and is based on average cycle times to move shipments from their origin to their final destination or interchange; and
- Adjustments to revenue for billing adjustments and collectability.

The portion of the gross invoice related to interline transportation services that involve the services of another party, such as another LTL service provider, is not recorded in the Company's revenues. Revenue from logistics services is recognized as the services are provided.

Remaining performance obligations represent the transaction price allocated to future reporting periods for freight services started but not completed at the reporting date. This includes the unearned portion of billed and unbilled amounts for freight shipments in transit that the Company expects to recognize as revenue in the period subsequent to the reporting date, which is on average less than one week. The Company has elected to apply the optional exemption in accordance with the FASB Accounting Standards Codification (ASC) 606 as it pertains to additional quantitative disclosures pertaining to remaining performance obligations.

Stock-Based Compensation: The Company accounts for its employee stock-based compensation awards in accordance with ASC 718, *Compensation-Stock Compensation*. ASC 718 requires that all employee stock-based compensation is recognized as an expense in the financial statements and that for equity-classified awards such expenses are measured at the grant date fair value of the award.

Stock options are accounted for in accordance with ASC 718 with the expense amortized over the three-year vesting period using a Black-Scholes-Merton model to estimate the fair value of stock options granted to employees.

Restricted stock is accounted for in accordance with ASC 718 with the expense amortized over a three to five year vesting period using the intrinsic valuation method to estimate the fair value of restricted stock awards granted to employees.

Stock-based Performance Unit Awards are accounted for in accordance with ASC 718 with the expense amortized over the three-year vesting period using a Monte Carlo model to estimate fair value at the date the awards are granted.

Credit Risk: The Company routinely grants credit to its customers. The risk of significant loss in trade receivables is substantially mitigated by the Company's credit evaluation process, short collection terms, low revenue per transaction and services performed for a large number of customers with no single customer representing more than 5.0 percent of consolidated operating revenue. Allowances for potential credit losses are based on historical loss experience, current economic environment, expected trends and customer specific factors.

Impairment of Long-Lived Assets: As required by ASC 360, *Property, Plant, and Equipment*, long-lived assets, such as property, plant and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as deemed necessary.

The Company has adopted ASU 2011-08, *Testing Goodwill for Impairment*. In accordance with ASC 350, *Intangibles – Goodwill and Other*, the Company first performs a qualitative assessment to determine whether it is necessary to perform the two-step goodwill impairment test required by the standard. The Company is not required to estimate the fair value of a reporting unit unless the Company determines, based on qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount.

Advertising: The costs of advertising are expensed as incurred. Advertising costs charged to expense were $6.1 million, $3.9 million, and $2.2 million in 2019, 2018 and 2017, respectively.

Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximated fair value as of December 31, 2019 and 2018, because of the relatively short maturity of these instruments. See Note 2 for fair value disclosures related to long-term debt.

2. Debt and Financing Arrangements

At December 31, debt consisted of the following (in thousands):

	December 31, 2019	December 31, 2018
Credit Agreement with Banks, described below	$ 45,929	$ 20,000
Finance Leases, described below	90,501	102,859
Total debt	136,430	122,859
Less: current portion of long-term debt	19,405	18,082
Long-term debt, less current portion	$ 117,025	$ 104,777

The Company's liquidity needs arise primarily from capital investment in new equipment, land and structures, information technology and letters of credit required under insurance programs, as well as funding working capital requirements.

The Company is party to a revolving credit agreement (the Existing Credit Agreement) with a group of banks to fund capital investments, letters of credit and working capital needs. The Company has pledged certain land and structures, accounts receivable and other assets to secure indebtedness under this agreement.

Credit Agreement

Prior to February 5, 2019, the Company was a party to a Restated Credit Agreement with a group of banks that included a revolving credit facility for up to $250 million expiring in March 2020. The Restated Credit Agreement also had an accordion feature that allowed for an additional $75 million in availability, subject to bank approval. The Restated Credit Agreement provided for a LIBOR rate margin range from 112.5 basis points to 225 basis points, base rate margins from minus 12.5 basis points to plus 50 basis points, an unused portion fee from 20 basis points to 30 basis points and letter of credit fees from 112.5 basis points to 225 basis points, in each case based on the Company's leverage ratio. Under the Restated Credit Agreement, the Company was required to maintain certain financial covenants including a minimum fixed charge coverage ratio and a maximum leverage ratio. The Restated Credit Agreement provided for a pledge by the Company of certain land and structures, accounts receivable and other assets to secure indebtedness under the Restated Credit Agreement.

On February 5, 2019, the Company entered into the Sixth Amended and Restated Credit Agreement with its banking group (as amended, the Amended Credit Agreement). The amendment increased the amount of the revolver from $250 million to $300 million and extended the term until February 2024. The Amended Credit Agreement also has an accordion feature that allows for an additional $100 million availability, subject to bank approval. The amendment reduced the interest rate pricing grid. The Amended Credit Agreement provides for a LIBOR rate margin range from 100 basis points to 200 basis points, base rate margins from minus 50 basis points to plus 50 basis points, an unused portion fee from 17.5 basis points to 30 basis points and letter of credit fees from 100 basis points to 200 basis points in each case based on the Company's leverage ratio. Under the Amended Credit Agreement, the Company must maintain a minimum debt service coverage ratio set at 1.25 to 1.00 and a maximum leverage ratio set at 3.25 to 1.00. The Amended Credit Agreement provides for a pledge by the Company of certain land and structures, accounts receivable and other assets to secure indebtedness under this agreement. The Amended Credit Agreement contains certain customary representations and warranties, affirmative and negative covenants and provisions relating to events of default. Under the Amended Credit Agreement, if an event of default occurs, the banks will be entitled to take various actions, including the acceleration of amounts due.

At December 31, 2019, the Company had borrowings of $45.9 million and outstanding letters of credit of $26.1 million under the Amended Credit Agreement. At December 31, 2018, the Company had $20.0 million of outstanding borrowings and outstanding letters of credit of $27.7 million under the Restated Credit Agreement. The available portion of the Amended Credit Agreement may be used for general corporate purposes, including capital expenditures, working capital and letter of credit requirements as needed.

Finance Leases

The Company is obligated under finance leases with seven year terms which include obligations collateralized by revenue equipment totaling $90.5 million and $102.9 million as of December 31, 2019 and 2018, respectively. Amortization of assets held under the finance leases is included in depreciation and amortization expense. The weighted average interest rate for the finance leases at December 31, 2019 and 2018 is 3.44% and 3.41%, respectively.

Other

The Company paid cash for interest of $6.4 million, $5.2 million, and $4.8 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The estimated fair value of total debt at December 31, 2019 and 2018 is $136.5 million and $122.0 million, respectively. The carrying amount of debt related to the revolving credit facility approximated fair value as of December 31, 2019 and 2018 due to the existence of variable interest rates, which approximate market rates. The fair value of the finance leases is based on current market interest rates for similar types of financial instruments which reflect Level 2 inputs.

Principal Maturities of Long-Term Debt

The principal maturities of long-term debt, including interest on finance leases, for the next five years (in thousands) are as follows:

	Amount
2020	$ 22,230
2021	22,756
2022	21,020
2023	15,441
2024	56,606
Thereafter	6,351
Total	144,404
Less: Amounts Representing Interest on Finance Leases	7,974
Total	$ 136,430

3. Commitments, Contingencies and Uncertainties

The Company leases certain service facilities and equipment. Rent expense was $25.6 million, $23.2 million, and $21.1 million for the years ended December 31, 2019, 2018 and 2017, respectively.

At December 31, 2019, the Company was committed under non-cancellable operating lease agreements requiring minimum annual rentals payable as follows (in thousands):

	Amount
2020	$ 25,867
2021	25,474
2022	22,457
2023	19,153
2024	16,111
Thereafter	49,296
Total	$ 158,358

Management expects that in the normal course of business, leases will be renewed or replaced as they expire.

Capital expenditures committed were $35.1 million at December 31, 2019. As of December 31, 2019 and 2018, the Company had $16.3 million and $22.0 million, respectively, of capital expenditures in accounts payable.

Other

The Company pays its pro rata share of the cost of letters of credit outstanding for certain workers' compensation claims incurred prior to March 1, 2000 that Saia's former parent maintains for insurance programs. The Company's pro rata share of these outstanding letters of credit was $1.8 million at December 31, 2019 and 2018.

The Company is subject to legal proceedings that arise in the ordinary course of its business. Management believes that adequate provisions for resolution of all contingencies, claims and pending litigation have been made for probable and estimable losses and that the ultimate outcome of these actions will not have a material adverse effect on its financial condition but could have a material adverse effect on its results of operations in a given quarter or annual period.

4. Leases

The Company's leases include but are not limited to real estate, including terminals and general office buildings, trailers, corporate fleet vehicles and other equipment. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term.

As of December 31, 2019, approximately $111.5 million of finance leased assets, net of depreciation and amortization, were included in Property and Equipment. Accumulated depreciation and amortization for these assets totaled $37.5 million as of the same period ended.

Lease Cost	**2019** **(in thousands)**
Finance lease cost:	
Amortization of right-of-use assets	$ 11,298
Interest on lease liabilities	3,412
Operating lease cost (includes variable and sublease costs as they are immaterial)	23,315
Short-term lease cost	5,231
Total lease cost	$ 43,256
Other Information	
Right-of-use assets obtained in exchange for new finance lease liabilities	6,165
Right-of-use assets obtained in exchange for new operating lease liabilities	50,044

The discount rate used in the Company's calculation of its right-of-use assets and corresponding lease liabilities was determined based on the stated rate within each contract when available, or its incremental borrowing rate, which approximates the rate at which the Company could borrow, on a collateralized basis, over the term of a lease. Supplemental cash flow and balance sheet information related to leases was as follows:

	2019
	(in thousands)
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	3,412
Operating cash flows from operating leases	23,760
Finance cash flows from finance leases	18,527
Weighted-average remaining lease term - finance leases (years)	4.1
Weighted-average remaining lease term - operating leases (years)	6.4
Weighted-average discount rate - finance leases	3.44%
Weighted-average discount rate - operating leases	4.8%

As of December 31, 2019, maturities of lease liabilities were as follows:

Maturity of Lease Liabilities (in thousands)	Operating Leases	Finance Leases
2020	$ 23,431	$ 22,230
2021	22,824	22,756
2022	19,727	21,020
2023	16,341	15,441
2024	13,215	10,677
Thereafter	32,614	6,351
Total lease payments	128,152	98,475
Less: Interest	22,893	7,974
Present value of lease liabilities	$ 105,259	$ 90,501

As of December 31, 2019, the Company had an additional lease that had not yet commenced of $23.6 million. This lease will commence in 2020 with a lease term of 10 years.

5. Goodwill and Other Intangible Assets

The changes in gross carrying amounts of goodwill are as follows (in thousands):

	Goodwill
December 31, 2017	$ 12,105
Goodwill acquired	—
December 31, 2018	12,105
Goodwill acquired	—
December 31, 2019	$ 12,105

The Company assesses goodwill for impairment on an annual basis in the fourth quarter, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

The Company reviews other intangible assets, including customer relationships and non-compete agreements, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset group to the future undiscounted net cash flows expected to be generated by those assets. If such assets are considered to be impaired, the impairment charge recognized is the amount by which the carrying amounts of the assets exceeds the fair value of the assets.

The gross amounts and accumulated amortization of identifiable intangible assets are as follows (in thousands):

	December 31, 2019		December 31, 2018	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Amortizable intangible assets:				
Customer relationships (useful life of 6-15 years)	$ 19,000	$ 10,629	$ 19,000	$ 9,566
Covenants not-to-compete (useful life of 4-6 years)	4,425	4,425	4,425	4,408
Trademarks (useful life of 15 years)	1,500	492	1,500	392
Total	$ 24,925	$ 15,546	$ 24,925	$ 14,366

Amortization expense for intangible assets was $1.2 million, $1.4 million and $1.4 million for 2019, 2018 and 2017, respectively. Estimated amortization expense for the five succeeding years follows (in thousands):

	Amount
2020	$ 1,163
2021	1,163
2022	1,008
2023	853
2024	853

6. Computation of Earnings Per Share

The calculation of basic earnings per common share and diluted earnings per common share is as follows (in thousands except per share amounts):

	For The Years Ended December 31,		
	2019	2018	2017
Numerator:			
Net income	$113,719	$104,981	$91,129
Denominator:			
Denominator for basic earnings per share–weighted average common shares	25,952	25,762	25,518
Effect of dilutive stock options and restricted stock	126	160	142
Effect of other common stock equivalents	357	369	426
Denominator for diluted earnings per share–adjusted weighted average common shares	26,435	26,291	26,086
Basic Earnings Per Share	$ 4.38	$ 4.08	$ 3.57
Diluted Earnings Per Share	$ 4.30	$ 3.99	$ 3.49

In 2019 and 2018, options and restricted stock for 108,078 and 45,150 shares of common stock, respectively, were excluded from the calculation of diluted earnings per share because their effect was anti-dilutive.

7. Stockholders' Equity

Deferred Compensation Trust

The Saia Executive Capital Accumulation Plan (the Capital Accumulation Plan) allows plan participants to make an irrevocable election to invest in the Company's common stock. Upon distribution, the funds invested in the Company's common stock will be paid out in Company stock rather than cash.

The following table summarizes the shares of the Company's common stock that were purchased and sold by the Company's Rabbi Trust, which holds the investments for the Capital Accumulation Plan:

	For The Years Ended December 31,		
	2019	2018	2017
Shares of common stock purchased	11,240	10,390	8,220
Aggregate purchase price of shares purchased	$769,847	$ 700,234	$390,542
Shares of common stock sold	10,867	37,086	4,717
Aggregate sale price of shares sold	$787,021	$2,777,630	$271,417

Since the Capital Accumulation Plan provides for the obligation to be settled only in Company stock, the deferred compensation obligation is classified as an equity instrument with no adjustments to operating results based on changes in fair value.

Directors' Deferred Compensation

Under the Company's Directors' Deferred Fee Plan, non-employee directors may defer all or a portion of their annual fees and retainers which are otherwise payable. Such deferrals are converted into units equivalent to the value of the Company's stock. Upon the director's termination, death or disability, accumulated deferrals are distributed in the form of Company common stock. The Company has 208,587 and 240,000 shares reserved for issuance under the Directors' Deferred Fee Plan at December 31, 2019 and 2018, respectively. The shares reserved for issuance under the Directors' Deferred Fee Plan are treated as common stock in computing basic earnings per share.

8. Stock-Based Compensation

ASC 718 requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow. For the year ended December 31, 2019, 2018, and 2017 the associated cash flows from operating activities were $2.9 million, $0.6 million, and $1.7 million, respectively.

The stockholders of the Company approved the 2018 Omnibus Incentive Plan (the 2018 Omnibus Plan), the Second Amended and Restated 2011 Omnibus Incentive Plan (the 2011 Omnibus Plan) and Amended and Restated 2003 Omnibus Incentive Plan (the 2003 Omnibus Plan) to allow the Company to issue equity based compensation to help attract and retain executive, managerial, supervisory or professional employees and non-employee directors. The 2018 Omnibus Plan has 1,100,000 shares of common stock reserved. The 2011 Omnibus Plan had a total of 2,350,000 shares of common stock reserved. Following stockholder approval of the 2018 Omnibus Plan, no additional awards have been made under the 2011 Omnibus Plan. The Company had reserved 1,236,000 shares of its common stock under the 2003 Omnibus Plan. Following stockholder approval of the 2011 Omnibus Plan, no additional grants have been made under the 2003 Omnibus Plan.

The 2018 Omnibus Plan, the 2011 Omnibus Plan and the 2003 Omnibus Plan provide for the grant or award of stock options; stock appreciation rights; restricted and unrestricted stock; restricted stock units; and Performance Unit Awards. Stock option awards are granted with an exercise price equal to the market price of the Company's stock at the date of grant; stock option awards granted to employees under the plans to date are non-qualified stock options, have vesting over three years, subject to earlier vesting upon a change of control and certain other events, and have a seven-year contractual term. There are no outstanding stock options held by non-employee directors, and no stock options have been granted to non-employee directors under the 2018 Omnibus Plan or the 2011 Omnibus Plan.

The 2011 Omnibus Plan provided for an annual grant to each non-employee director of no more than 12,000 shares with the exact number of shares granted each year determined by the Compensation Committee of the Board. These share awards vest over three years subject to acceleration of vesting upon leaving the Board (other than for cause) or a change in control. Shares issued to each non-employee director under this provision were 1,363 and 1,942 for the years ended December 31, 2018 and 2017, respectively. Non-employee directors were also issued in lieu of cash compensation in the aggregate 13,204, 11,577 and 15,152 units equivalent to shares in the Company's common stock under the Directors' Deferred Fee Plan during the years ended December 31, 2019, 2018 and 2017, respectively.

The 2018 Omnibus Plan provides for an annual grant to each non-employee director of shares of Saia stock with a value not to exceed $500,000 with the number of shares to be determined each year by the Compensation Committee. For 2019, each non-employee director was granted 1,514 shares of Saia stock under the 2018 Omnibus Plan. These shares vest in one year from grant, subject to accelerated vesting upon leaving the Board (other than for cause) or a change in control.

At December 31, 2019 and 2018, no shares remain reserved and unissued under the provisions of the 2003 Omnibus Plan. At December 31, 2019 and 2018, 519,633 and 637,695 shares, respectively, remain reserved and unissued under the provisions of the 2011 Omnibus Plan, a portion of which are allocated to outstanding Performance Unit Awards, outstanding stock options and restricted stock described below. At December 31, 2019 and 2018, 988,239 and 1,100,000 shares, respectively, remain reserved and unissued under the provisions of the 2018 Omnibus Plan, a portion of which are allocated to outstanding Performance Unit Awards, outstanding stock options and restricted stock described below. The Company has historically issued new shares to satisfy stock option exercises or other awards issued under the 2018 Omnibus Plan, 2011 Omnibus Plan and 2003 Omnibus Plan.

The years ended December 31, 2019, 2018 and 2017 had stock option and restricted stock compensation expense of $2.2 million, $2.1 million and $2.3 million, respectively, included in salaries, wages and employees' benefits. The Company recognized a tax benefit consistent with the appropriate tax rates for each of the respective periods. As of December 31, 2019, there is unrecognized compensation expense of $3.2 million related to unvested stock options and restricted stock, which is expected to be recognized over a weighted average period of 1.9 years.

The following table summarizes stock option activity for the year ended December 31, 2019 for employees:

	Options	Weighted Average Exercise price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (000's)
Outstanding at December 31, 2018	266,310	$ 38.93		
Granted	63,870			
Exercised	(111,180)			
Forfeited	(6,840)			
Outstanding at December 31, 2019	212,160	$ 51.62	4.6	$ 8,804
Exercisable at December 31, 2019	65,130	$ 27.45	3.1	$ 4,277

The total intrinsic value of options exercised during the years ended December 31, 2019, 2018 and 2017 was $4.9 million, $3.5 million, and $3.5 million, respectively. The weighted-average grant-date fair value per share of options granted during the years ended December 31, 2019, 2018 and 2017 was $18.25, $23.74, and $15.49, respectively. The weighted-average grant-date fair value per share of options vested during the years ended December 31, 2019, 2018 and 2017 was $9.99, $15.41, and $12.26, respectively.

The following table summarizes the weighted average assumptions used in valuing options for the years ended December 31, 2019, 2018 and 2017:

	2019	2018	2017
Risk-free interest rate	2.70%	2.24%	1.89%
Expected life in years	3.1	4.2	4.5
Expected volatility	35.57%	36.31%	36.90%
Dividend rate	—	—	—

The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield in effect at the time of grant. The expected life of the options represents the period of time that options granted are expected to be outstanding. Expected volatilities are based on historical volatility of the Company's stock.

The following table summarizes the status of the Company's unvested options as of December 31, 2019 and changes during the year ended December 31, 2019:

	Options	Weighted Average Grant-date Fair Value
Unvested at December 31, 2018	257,480	$ 13.36
Granted	63,870	18.25
Vested	(167,480)	9.99
Forfeited	(6,840)	20.39
Unvested at December 31, 2019	147,030	$ 18.99

The Company granted shares of restricted stock to certain key executives in September 2014, May 2015, February 2016, August 2017, and May and November 2019. All of these shares of restricted stock awards vest 25% after three years, 25% after four years and the remaining 50% after five years assuming the executive has been in continuous service to the Company since the award date, subject to earlier vesting upon a change in control. Commencing in 2017, the Company began granting shares of restricted stock as part of its long-term incentive plan. These shares of restricted stock cliff vest in three years, subject to earlier vesting upon a change in control. The value of restricted stock is based on the fair market value of the Company's common stock at the date of grant.

The following table summarizes restricted stock activity during the year ended December 31, 2019:

	Shares	Weighted Average Grant-date Fair Value
Restricted Stock at December 31, 2018	70,361	$ 48.98
Granted	31,611	70.59
Vested	(9,434)	38.42
Forfeited	(5,395)	58.88
Restricted Stock at December 31, 2019	87,143	$ 57.35

Performance Unit Awards

The Company granted Performance Unit Awards to executives as part of the Company's long term incentive plan. The criteria for payout of the awards is based on a comparison over the three-year performance period of these awards of the total shareholder return (TSR) of the Company's common stock compared to the TSR of the companies in the peer group established by the Compensation Committee. The stock-based awards are accounted for in accordance with ASC 718 with the expense amortized over the three-year vesting period based on the fair value using the Monte Carlo method at the date the awards are granted. Operating results include expense for the Performance Unit Awards of $2.8 million in 2019, $2.4 million in 2018 and $1.9 million in 2017. Shares earned under the Performance Unit Awards are issued in the first quarter of the year following the end of the performance period. There was an issuance of 69,882 shares for the January 2017 - December 2019 performance period in February 2020, 128,240 shares for the January 2016 - December 2018 performance period in February 2019, and 49,188 shares for the January 2015 - December 2017 performance period in February 2018. The issuance of shares related to these awards would range from zero to a maximum of 69,882 shares per year as of December 31, 2019.

9. Employee Benefits

Defined Contribution Plans

The Company sponsors defined contribution plans. The plans principally consist of contributory 401(k) savings plans and noncontributory profit sharing plans. The Company's contributions to the 401(k) savings plans consist of a matching percentage. The Company match has historically been 50 percent of the first six percent of an eligible employee's contributions. The Company's total contributions to the 401(k) savings plans included in continuing operations for the years ended December 31, 2019, 2018 and 2017, were $10.8 million, $9.9 million, and $8.3 million, respectively.

Deferred Compensation Plan

The Capital Accumulation Plan is a nonqualified deferred compensation plan for Saia executives. The Capital Accumulation Plan allows for the plan participants to invest in the Company's common stock. Elections to invest in the Company's common stock are irrevocable and upon distribution, the funds invested in the Company's common stock will be paid out in Company common stock rather than cash. At December 31, 2019 and 2018, the Company's Rabbi Trust, which holds the investments for the Capital Accumulation Plan, held 143,987 and 143,614 shares of the Company's common stock, respectively, all of which were purchased on the open market. The shares held by the Capital Accumulation Plan are treated similar to treasury shares and deducted from basic shares outstanding for purposes of calculating basic earnings per share. However, because the distributions are required to be made in Company stock, these shares are added back to basic shares outstanding for the purposes of calculating diluted earnings per share.

Annual Incentive Awards

The Company provides annual cash performance incentive awards to certain salaried employees which are based primarily on actual operating results achieved for the year, compared to targeted operating results. Operating results include performance incentives of $16.0 million, $19.9 million, and $12.2 million in 2019, 2018 and 2017, respectively. Included in these amounts are also incentives that are based on other targets specifically associated with the respective employees' position. Cash performance incentive awards for a year are primarily paid in the first quarter of the following year.

Employee Stock Purchase Plan

In January 2003, the Company adopted the Employee Stock Purchase Plan of Saia, Inc. (ESPP) allowing all eligible employees to purchase common stock of the Company at current market prices through payroll deductions of up to 10 percent of annual wages. In 2015, the Company amended the ESPP to allow highly compensated employees as defined by Section 401(a)(17) of the Internal Revenue Code to make payroll deductions of up to 20 percent of annual wages. The custodian uses the funds to purchase the Company's common stock at current market prices. The custodian purchased 8,169, 6,840, and 8,063 shares in the open market during 2019, 2018 and 2017, respectively.

10. Income Taxes

The Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act (the Act) was enacted on December 22, 2017. The Act reduces the U.S. federal corporate tax rate from 35 percent to 21 percent, allows for immediate deductibility of certain qualified depreciable assets, other changes in the deductibility of items and requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and creates new taxes on certain foreign sourced earnings.

The Company recognized a tax benefit amount of $34 million to reflect the estimated impact of the Act, which is included as a component of income tax expense in 2017. No material changes to this estimate were recognized in 2019 or 2018. The 2017 tax benefit is the result of remeasuring certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, generally 21 percent.

Other

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax liabilities (assets) are comprised of the following at December 31 (in thousands):

	2019	2018
Depreciation	$ 142,459	$ 115,775
Leases	26,091	—
Other	3,076	2,977
Gross deferred tax liabilities	171,626	118,752
Allowance for doubtful accounts	(926)	(995)
Equity-based compensation	(3,562)	(3,444)
Employee benefits	(5,451)	(6,139)
Leases	(26,082)	—
Claims and insurance	(18,119)	(17,176)
Other	(5,931)	(4,105)
Gross deferred tax assets	(60,071)	(31,859)
Net deferred tax liability	$ 111,555	$ 86,893

The Company has determined that a valuation allowance was not necessary at December 31, 2019 or 2018 for substantially all deferred tax assets since it is more likely than not they will be realized from future reversals of temporary differences or future taxable income.

The income tax provision (benefit) for continuing operations consists of the following (in thousands):

	2019	2018	2017
Current:			
U.S. federal	$ 5,095	$ 1,650	$ 17,637
State	3,176	1,732	1,761
Total current income tax provision	8,271	3,382	19,398
Deferred:			
U.S. federal	24,137	27,114	(21,221)
State	525	356	445
Total deferred income tax provision	24,662	27,470	(20,776)
Total income tax provision	$ 32,933	$ 30,852	$ (1,378)

A reconciliation between income taxes at the federal statutory rate (21 or 35 percent) and the effective income tax provision is as follows (in thousands):

	2019	2018	2017
Provision at federal statutory rate	$ 30,797	$ 28,525	$ 31,422
State income taxes, net	5,106	4,468	2,545
Tax Cuts and Jobs Act benefit	—	—	(33,910)
Tax credits	(2,249)	(1,659)	(190)
Other, net	(721)	(482)	(1,245)
Total provision	$ 32,933	$ 30,852	$ (1,378)

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. For the U.S. federal jurisdiction, tax years 2016 - 2019 remain open to examination. The expiration of the statute of limitations related to the various state income tax returns that the Company files varies by state. In general, tax years 2010-2019 remain open to examination by the various state and local jurisdictions. However, a state could challenge certain tax positions back to the 2006 tax year.

A reconciliation of the beginning and ending total amounts of gross unrecognized tax benefits is as follows (in thousands):

	2019	2018
Gross unrecognized tax benefits at beginning of year	$ 869	$ 1,093
Gross increases (decreases) in tax positions for prior years	45	(341)
Gross increases in tax positions for current year	256	319
Settlements	—	—
Lapse of statute of limitations	(213)	(202)
Gross unrecognized tax benefits at end of year	$ 957	$ 869

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. During the years ended December 31, 2019, 2018 and 2017, the Company did not record any interest related to unrecognized tax benefits. The Company had approximately $0.1 million and $0.1 million of accrued interest and penalties at December 31, 2019 and 2018, respectively. The total amount of unrecognized tax benefits, which is recorded within claims, insurance and other liabilities on the consolidated balance sheets, that would affect the Company's effective tax rate if recognized is $1.0 million and $0.9 million as of December 31, 2019 and 2018, respectively. The Company paid cash for income taxes of $15.0 million, $1.9 million, and $17.0 million in 2019, 2018 and 2017, respectively.

The Company does not anticipate total unrecognized tax benefits will significantly change during the next twelve months due to the settlements of audits and the expiration of statutes of limitations.

In 2017, the Company recognized a $34 million benefit related to the impact of the Act described above and a $1.7 million benefit related to excess tax benefits from stock activity recognized as a result of the Company's adoption of ASU 2016-09 effective January 1, 2017.

In February 2018, US federal tax law changes were enacted that reinstated the tax credits for alternative fuel usage for 2017. The Company recognized the tax credits of approximately $1.0 million in 2018.

In December 2019, US federal tax law changes were enacted that reinstated the tax credits for alternative fuel usage for 2018 and 2019. The Company recognized the tax credits of approximately $2.0 million in 2019.

11. Summary of Quarterly Operating Results (unaudited)

(Amounts in thousands, except per share data)

Three months ended, 2019	March 31	June 30	September 30	December 31
Operating revenue	$ 410,584	$ 464,195	$ 468,891	$ 443,065
Operating income	28,631	51,166	45,359	27,430
Net income	22,259	37,073	32,968	21,419
Basic earnings per share	$ 0.86	$ 1.43	$ 1.27	$ 0.82
Diluted earnings per share	$ 0.85	$ 1.40	$ 1.25	$ 0.81

Three months ended, 2018	March 31	June 30	September 30	December 31
Operating revenue	$ 392,805	$ 428,732	$ 425,562	$ 406,750
Operating income	27,579	41,565	38,697	33,336
Net income	21,125	30,281	28,195	25,380
Basic earnings per share	$ 0.82	$ 1.18	$ 1.09	$ 0.98
Diluted earnings per share	$ 0.80	$ 1.15	$ 1.07	$ 0.97

12. Valuation and Qualifying Accounts

For the Years Ended December 31, 2019, 2018 and 2017

(in thousands)

	Balance, beginning of period	Additions: Charged to costs and expenses	Additions: Charged to other accounts	Deductions(1)	Balance, end of period
Year ended December 31, 2019:					
Deducted from asset account – Allowance for uncollectible accounts	$ 4,028	$ 2,804	$ —	$ (3,090)	$ 3,742
Year ended December 31, 2018:					
Deducted from asset account – Allowance for uncollectible accounts	3,991	1,978	—	(1,941)	4,028
Year ended December 31, 2017:					
Deducted from asset account – Allowance for uncollectible accounts	3,222	2,634	—	(1,865)	3,991

(1) Primarily uncollectible accounts written off — net of recoveries.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Annual Controls Evaluation and Related CEO and CFO Certifications

As of the end of the period covered by this Annual Report on Form 10-K, the Company conducted an evaluation of the effectiveness of the design and operation of its "disclosure controls and procedures" (Disclosure Controls). The Disclosure Controls evaluation was performed under the supervision and with the participation of management, including the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO).

Based upon the controls evaluation, the Company's CEO and CFO have concluded that, as of the end of the period covered by this Annual Report on Form 10-K, the Company's Disclosure Controls are effective to ensure that information the Company is required to disclose in reports that the Company files or submits under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

During the fourth quarter of 2019 covered by this Form 10-K, there were no changes in internal control over financial reporting that materially affected, or that are reasonably likely to materially affect, the Company's internal control over financial reporting. Attached as Exhibits 31.1 and 31.2 to this Annual Report are certifications of the CEO and the CFO, which are required in accordance with Rule 13a-14 of the Exchange Act. This Controls and Procedures section includes the information concerning the controls evaluation referred to in the certifications and it should be read in conjunction with the certifications.

Definition of Disclosure Controls

Disclosure Controls are controls and procedures designed to ensure that information required to be disclosed in the Company's reports filed under the Exchange Act is recorded, processed, summarized and reported timely. Disclosure Controls are also designed to ensure that such information is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. The Company's Disclosure Controls include components of its internal control over financial reporting which consists of control processes designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles.

Limitations on the Effectiveness of Controls

The Company's management, including the CEO and CFO, does not expect that its Disclosure Controls or its internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management's Report on Internal Control Over Financial Reporting

The management of Saia, Inc. and its subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Securities Exchange Act of 1934.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019. In making this assessment, the Company's management used the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's assessment included a review of the documentation of controls, evaluation of the design effectiveness of controls and testing of the effectiveness of controls. Based on this assessment, management has concluded that as of December 31, 2019, the Company's internal control over financial reporting is effective based on those criteria.

The Company's independent registered public accounting firm, KPMG LLP, has issued an attestation report on the Company's internal control over financial reporting as of December 31, 2019, which report appears on page 42 of this Form 10-K.

Richard D. O'Dell	Chief Executive Officer
Douglas L. Col	Vice President and Chief Financial Officer

Item 9B. Other Information

None.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this Item 10 will be presented in the Company's definitive proxy statement for its annual meeting of stockholders, which will be held on April 28, 2020, and is incorporated herein by reference. Certain information regarding executive officers of Saia is included above in Part I of this Form 10-K under the caption "Executive Officers" pursuant to Instruction 3 to Item 401(b) of Regulation S-K and General Instruction G(3) of Form 10-K.

Item 11. Executive Compensation

Information regarding executive compensation will be presented in the Company's definitive proxy statement for its annual meeting of stockholders, which will be held on April 28, 2020, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information as of December 31, 2019

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuances under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	212,160	$ 51.62	1,507,872(1)
Equity compensation plans not approved by security holders	—	—	—
Total	212,160	$ 51.62	1,507,872

(1) See Note 8 to the audited consolidated financial statements for a description of the equity compensation plans for securities remaining available for future issuance.

Information regarding security ownership of certain beneficial owners and management and related stockholder matters will be presented in the Company's definitive proxy statement for its annual meeting of stockholders, which will be held on April 28, 2020, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information regarding certain relationships, related party transactions and director independence will be presented in the Company's definitive proxy statement for its annual meeting of stockholders, which will be held on April 28, 2020, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information regarding accounting fees and services will be presented in the Company's definitive proxy statement for its annual meeting of stockholders, which will be held on April 28, 2020, and is incorporated herein by reference.

PART IV.

Item 15. Exhibits, Financial Statement Schedules

1. Financial Statements

The consolidated financial statements required by this item are included in Part II, Item 8, "Financial Statements and Supplementary Data" herein.

2. Financial Statement Schedules

The Schedule II — Valuation and Qualifying Accounts information is included in Note 12 to the consolidated financial statements contained herein. All other financial statement schedules have been omitted because they are not applicable.

3. Exhibits

Exhibit Number	Description of Exhibit
3.1	Restated Certificate of Incorporation of Saia, Inc., as amended (incorporated herein by reference to Exhibit 3.1 of Saia, Inc.'s Form 8-K (File No. 0-49983) filed on July 26, 2006).
3.2	Amended and Restated By-laws of Saia, Inc., as amended (incorporated herein by reference to Exhibit 3.1 of Saia, Inc.'s Form 8-K (File No. 0-49983) filed on July 29, 2008).
3.3	Certificate of Elimination filed with the Delaware Secretary of State on December 16, 2010 (incorporated herein by reference to Exhibit 3.1 of Saia, Inc.'s Form 8-K (File 0-49983) filed on December 20, 2010).
4.1	Description of Securities of the Registrant.
10.1	Master Separation and Distribution Agreement between Yellow Corporation (n/k/a Yellow Worldwide Inc.) and Saia, Inc. dated as of September 30, 2002 (incorporated herein by reference to Exhibit 10.3 of Saia, Inc.'s Form 10-Q (File No. 0-49983) for the quarter ended September 30, 2002).
10.2.1	Fifth Amended and Restated Credit Agreement, dated as of March 6, 2015, by and among Saia, Inc., BOKF, NA dba Bank of Oklahoma, N.A., as Administrative Agent and Collateral Agent, and the Banks named therein (incorporated herein by reference to Exhibit 10.1 of Saia, Inc.'s Form 8-K (File No. 0-49983) filed on March 9, 2015).
10.2.2	Sixth Amended and Restated Credit Agreement, dated as of February 5, 2019, by and among Saia, Inc., BOKF, NA dba Bank of Oklahoma, N.A., as Administrative Agent and Collateral Agent, and the Banks named therein (incorporated herein by reference to Exhibit 10.1 of Saia, Inc.'s Form 8-K (File No. 0-49983) filed on February 11, 2019).
10.3	Form of Executive Severance Agreement (incorporated herein by reference to Exhibit 10.9 of Saia, Inc.'s Form 10-K (File No. 0-49983) for the year ended December 31, 2002).*
10.4.1	Employment Agreement between Saia, Inc. and Herbert A. Trucksess, III dated as of November 20, 2002 (incorporated herein by reference to Exhibit 10.5 of Saia, Inc.'s Form 10-K (File No. 0-49983) for the year ended December 31, 2002).*
10.4.2	Amendment to Employment Agreement between Saia, Inc. and Herbert A. Trucksess, III dated as of December 4, 2003 (incorporated herein by reference to Exhibit 10.11 of Saia, Inc.'s Form 10-K (File No. 0-49983) for the year ended December 31, 2003).*
10.4.3	Modification of Employment Agreement dated November 20, 2002, as amended, between Saia, Inc. and Herbert A. Trucksess, III dated as of December 7, 2006 (incorporated herein by reference to Exhibit 10.1 of Saia, Inc.'s Form 8-K (File No. 0-49983) filed on December 13, 2006).*
10.4.4	Amendment to Employment Agreement dated as of October 23, 2008 between Saia, Inc. and Herbert A. Trucksess, III (incorporated herein by reference to Exhibit 10.3 of Saia, Inc.'s Form 8-K (File No. 0-49983) filed on October 29, 2008).*
10.5.1	Employment Agreement between Saia, Inc. and Richard D. O'Dell dated as of October 24, 2006 (incorporated herein by reference to Exhibit 10.1 of Saia, Inc.'s Form 8-K (File No. 0-49983) filed on October 30, 2006).*
10.5.2	Amendment to Employment Agreement dated as of October 23, 2008 between Saia, Inc. and Richard D. O'Dell (incorporated herein by reference to Exhibit 10.1 of Saia, Inc.'s Form 8-K (File No. 0-49983) filed on October 29, 2008).*
10.5.3	Second Amendment to Employment Agreement dated as of April 1, 2009 between Saia, Inc. and Richard D. O'Dell (incorporated herein by reference to Exhibit 10.1 of Saia's Form 8-K (File No. 0-49983) filed on April 7, 2009).*
10.6.1	Amended and Restated Executive Severance Agreement between Saia, Inc. and Richard D. O'Dell dated as of October 24, 2006 (incorporated herein by reference to Exhibit 10.3 of Saia, Inc.'s Form 8-K (File No. 0-49983) filed on October 30, 2006).*

Exhibit Number	Description of Exhibit
10.6.2	Amendment to Amended and Restated Executive Severance Agreement dated as of October 23, 2008 between Saia, Inc. and Richard D. O'Dell (incorporated herein by reference to Exhibit 10.4 of Saia, Inc.'s Form 8-K (File No. 0-49983) filed on October 29, 2008).*
10.7	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.2 of Saia, Inc.'s Form 8-K (File No. 0-49983) filed on December 13, 2006).*
10.8.1	Saia, Inc. Amended and Restated 2003 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.29 of Saia, Inc.'s Form 10-K (File No. 0-49983) for the year ended December 31, 2007).*
10.8.2	Amendment to the Saia, Inc. Amended and Restated 2003 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.30 of Saia, Inc.'s Form 10-K (File No. 0-49983) for the year ended December 31, 2007).*
10.8.3	Amendment to the Saia, Inc. Amended and Restated 2003 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 of Saia, Inc.'s Form 10-Q (File No. 0-49983) for the quarter ended June 30, 2008).*
10.8.4	Amendment to the Saia, Inc. Amended and Restated 2003 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 of Saia's Form 8-K (File No. 0-49983) filed on February 2, 2011).*
10.9	Form of Performance Unit Award Agreement under the Saia, Inc. Amended and Restated 2003 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.18 of Saia Inc.'s Form 10-K (File No. 0-49983) for the year ended December 31, 2009).*
10.10	Restricted Stock Agreement dated February 1, 2008 between Saia, Inc. and Richard D. O'Dell (incorporated by reference to Exhibit 10.1 of Saia, Inc.'s Form 8-K (File No. 0-49983) filed on February 6, 2008).*
10.11	Form of Employee Nonqualified Stock Option Agreement under the SCS Transportation, Inc. Amended and Restated 2003 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.1 of Saia Inc.'s Form 8-K (File No. 0-49983) filed on January 31, 2006).*
10.12	SCS Transportation, Inc. Directors' Deferred Fee Plan as adopted December 11, 2003 (incorporated herein by reference to Exhibit 10.15 of Saia, Inc.'s Form 10-K (File No. 0-49983) for the year ended December 31, 2003).*
10.13	First Amended and Restated Saia, Inc. 2011 Omnibus Incentive Plan (incorporated herein by reference to Exhibit A of Saia's Definitive Proxy Statement (File No. 0-49983) filed on March 22, 2013).*
10.14	Form of Employee Nonqualified Stock Option Agreement under the Saia, Inc. 2011 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.1 of Saia's Form 8-K (File No. 0-49983) filed on May 6, 2011).*
10.15	Form of Performance Unit Award Agreement under the Saia, Inc. 2011 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.2 of Saia's Form 8-K (File No. 0-49983) filed on May 6, 2011).*
10.16	Form of Restricted Stock Agreement under the Saia, Inc. 2011 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.25 of Saia Inc.'s Form 10-K (File No. 0-49983) for the year ended December 31, 2011).*
10.17	Form of Employee Nonqualified Stock Option Agreement under the Saia, Inc. 2011 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.1 of Saia's Form 8-K (File No. 0-49983) filed on February 9, 2015).*
10.18	Form of Employee Nonqualified Stock Option Agreement under the Saia, Inc. 2011 Omnibus Incentive Plan for Richard D. O'Dell (incorporated herein by reference to the executed agreement originally filed as Exhibit 10.2 of Saia's Form 8-K (File No. 0-49983) filed on February 9, 2015).*
10.19	Form of Employee Nonqualified Stock Option Agreement under the Saia, Inc. 2011 Omnibus Incentive Plan for Frederick J. Holzgrefe, III (incorporated herein by reference to the executed agreement originally filed as Exhibit 10.3 of Saia's Form 8-K (File No. 0-49983) filed on February 9, 2015).*

Exhibit Number	Description of Exhibit
10.20	Form of Severance Agreement (incorporated herein by reference to Exhibit 10.4 of Saia's Form 8-K (File No. 0-49983) filed on February 9, 2015).*
10.21	Severance Agreement, dated as of February 3, 2015, between Saia, Inc., and Frederick J. Holzgrefe, III (incorporated herein by reference to Exhibit 10.5 of Saia's Form 8-K (File No. 0-49983) filed on February 9, 2015).*
10.22	Form of Performance Unit Award Agreement under the Saia, Inc. 2018 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.23 of Saia's Form 10-K (File No. 0-49983) filed on February 25, 2019).*
10.23	Form of Restricted Stock Agreement under the Saia, Inc. 2018 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.24 of Saia's Form 10-K (File No. 0-49983) filed on February 25, 2019).*
10.24	Form of Employee Nonqualified Stock Option Agreement under the Saia, Inc. 2018 Omnibus Incentive Plan.*
10.25	Form of Employee Nonqualified Stock Option Agreement under the Saia, Inc. 2018 Omnibus Incentive Plan for Richard D. O'Dell.*
10.26	Form of Employee Nonqualified Stock Option Agreement under the Saia, Inc. 2018 Omnibus Incentive Plan for Frederick J. Holzgrefe, III.*
14.1	Code of Business Conduct and Ethics (incorporated by reference to Exhibit 14.1 of Saia's Form 8-K (File No. 0-49983) filed on August 1, 2017).
21.1	Subsidiaries of Registrant.
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
31.1	Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-15(e).
31.2	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-15(e).
32.1	Certification of Principal Executive Officer, furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer, furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from Saia, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2019, formatted in iXBRL (Inline Extensible Business Reporting Language) includes: (i) Consolidated Balance Sheets as of December 31, 2019 and 2018, (ii) Consolidated Statements of Operations for the years ended December 31, 2019, 2018 and 2017, (iii) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2019, 2018 and 2017, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017, and (v) the Notes to the Consolidated Financial Statements. XBRL Instance Document – the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	The cover page from Saia's Annual Report on Form 10-K for the year ended December 31, 2019, formatted in Inline XBRL (included as Exhibit 101).

* Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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.

SAIA, INC.

Date: February 25, 2020

By: /s/ Douglas L. Col
Douglas L. Col
Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Richard D. O'Dell Richard D. O'Dell	Chief Executive Officer and Director, Saia, Inc. (Principal Executive Officer)	February 25, 2020
/s/ Douglas L. Col Douglas L. Col	Vice President and Chief Financial Officer, Saia, Inc. (Principal Financial Officer)	February 25, 2020
/s/ Frederick J. Holzgrefe, III Frederick J. Holzgrefe, III	President, Chief Operating Officer and Director, Saia, Inc.	February 25, 2020
/s/ Stephanie R. Maschmeier Stephanie R. Maschmeier	Chief Accounting Officer, Saia, Inc. (Principal Accounting Officer)	February 25, 2020
/s/ Herbert A. Trucksess, III Herbert A. Trucksess, III	Chairman, Saia, Inc.	February 25, 2020
/s/ Di-Ann Eisnor Di-Ann Eisnor	Director	February 25, 2020
/s/ Donna E. Epps Donna E. Epps	Director	February 25, 2020
/s/ William F. Evans William F. Evans	Director	February 25, 2020
/s/ John P. Gainor, Jr. John P. Gainor, Jr.	Director	February 25, 2020
/s/ John J. Holland John J. Holland	Director	February 25, 2020
/s/ Randolph W. Melville Randolph W. Melville	Director	February 25, 2020
/s/ Bjorn E. Olsson Bjorn E. Olsson	Director	February 25, 2020
/s/ Jeffrey C. Ward Jeffrey C. Ward	Director	February 25, 2020
/s/ Susan F. Ward Susan F. Ward	Director	February 25, 2020

(This page intentionally left blank)

In 2019 capital expenditures totaled $287 million and included more than $181 million in new revenue equipment, $83 million in real estate and $23 million in technology. The average age of our tractors at the end of 2019 was five years, down from more than seven years on average a few years ago.

A modern fleet affords us improved reliability and the added benefits of lower maintenance costs and better fuel miles per gallon. But, the most positive benefit that comes with our new tractor purchases is a full complement of some of the most up to date in-cab safety technology available. This year's tractors will be equipped with Level II autonomy and will actually perform corrective steering if a driver does not make the appropriate steering adjustment. Over the years we have been a leader in our industry in terms of early adoption of emerging safety technology. This has included technology designed to prevent lane deviation and maintain following distance, as well as both inward and outward facing cameras that have been a great source of data to provide coaching opportunities to our drivers.

Technology investments have also targeted areas of operations to improve productivity and eliminate costs. Areas covered by some of these new technologies are dock productivity, load planning and scheduling and linehaul optimization. We are also seeing a benefit from these technologies in that they make our operational decision making much more dynamic to actual real-time freight flows thus enhancing both efficiency and service.

After 2019's aggressive terminal growth, in 2020 we plan to focus less on terminal expansion and more on performance optimization within the existing network. We plan to open only one new terminal in the Northeast, in Burlington, Vermont, in 2020. We also have plans to move into a new terminal in Memphis this year, currently under construction, as we have outgrown our old facility. Memphis will be a key terminal for us as we seek better connectivity of our expanded network. Outside of that we will start construction of a new terminal north of Atlanta.

We are especially pleased that our share price rose 67% in 2019, a sharp contrast from 2018 when, despite then record earnings, the share price fell by 21%.

While 2019 proved to be a record year for Saia's financial performance, we are also proud of and extremely grateful for the achievements of our employees. This year we will recognize nearly 5,000 drivers, dockworkers, and mechanics with awards for their dedication to safety. Safety is a Saia Core Value as it permeates every decision our employees make each day. Not only do we invest in safety-related technology for our fleet, we invest in our employees through ongoing education and training, including training existing employees to become drivers.

Saia continues to support the 'green' collaborations we have initiated over the years, including our partnership with the EPA's SmartWay program. Saia's commitment to sustainability is also evident in our work to lessen the impact our operations have on the environment through improved fuel efficiency and reduced emissions, a result of our more modern fleet and newer engine technology. We also continue to support several other sustainability initiatives including our "no idling" policy, our longstanding recycling programs, use of trailer skirts which minimize drag and lead to improved fuel mileage and more.

It goes without saying the loyalty and dedication of our employees is the company's greatest asset. The work they do at the company and in their communities every day is inspiring. Because of their efforts, we are able to continue to support great organizations like Toys for Tots, Wreaths Across America, and Truckers Against Trafficking.

In closing, we know that if we continue to focus on the right things, as outlined by our Core Values, we'll be able to deliver on our promises to our customers, our employees, our investors and the communities in which we live. We look forward to the year ahead and strengthening our position as a leading provider of transportation services. Thank you for your continued support and interest in Saia.

Board Of Directors

Herbert A. Trucksess, III
Non-Executive Chairman

Di-Ann Eisnor(2)
Executive
The We Company

Donna E. Epps(1) (3)
Executive, Retired

William F. Evans(1)*
Executive, retired

John P. Gainor, Jr.(1) (3)*
Retired Chief Executive Officer & President
International Dairy Queen, Inc.

John J. Holland(1) (2)*
Executive, retired

Frederick J.Holzgrefe, III
President & Chief Operating Officer

Randolph W. Melville(2) (3) (4)
Retired Senior Vice President & General Manager,
Western Division
Frito-Lay North America, Inc.

Richard D. O'Dell
Chief Executive Officer

Björn E. Olsson(3)
Executive, retired

Jeffrey C. Ward(2) (3)
Vice President
A.T. Kearney, Inc.

Susan F. Ward(1)
Executive, Retired

1 - Audit Committee
2 - Compensation Committee
3 - Nominating & Governance Committee
4 - Lead Independent Director

*Denotes Committee Chair

Officers & Management Team

Richard D. O'Dell
Chief Executive Officer

Frederick J.Holzgrefe, III
President & Chief Operating Officer

Juan C. Barroso
Vice President National Accounts

Cristen A. Burgum
Vice President Maintenance & Properties

Douglas L. Col
Vice President & Chief Financial Officer

Patrick J. Coombs
Vice President Revenue Management

Mark A. Hamblin
Vice President Field Sales

Rohit Lal
Vice President & Chief Information Officer

Stephanie R. Maschmeier
Chief Accounting Officer

Philip A. Mott
Vice President Operations, Central

Jared N. Mull
Vice President Operations, East

Paul C. Peck
Executive Vice President Operations

Raymond R. Ramu
Executive Vice President & Chief Customer Officer

Karla J. Staver
Vice President Safety & Human Resources

Brian R. Stupp
Vice President Marketing & Customer Service

Patrick D. Sugar
Vice President Linehaul & Industrial Engineering

Kevin C. Szydel
Vice President Operations, West

Financial Highlights

Amounts in thousands, except ratios, per share data, miles and revenue per hundredweight

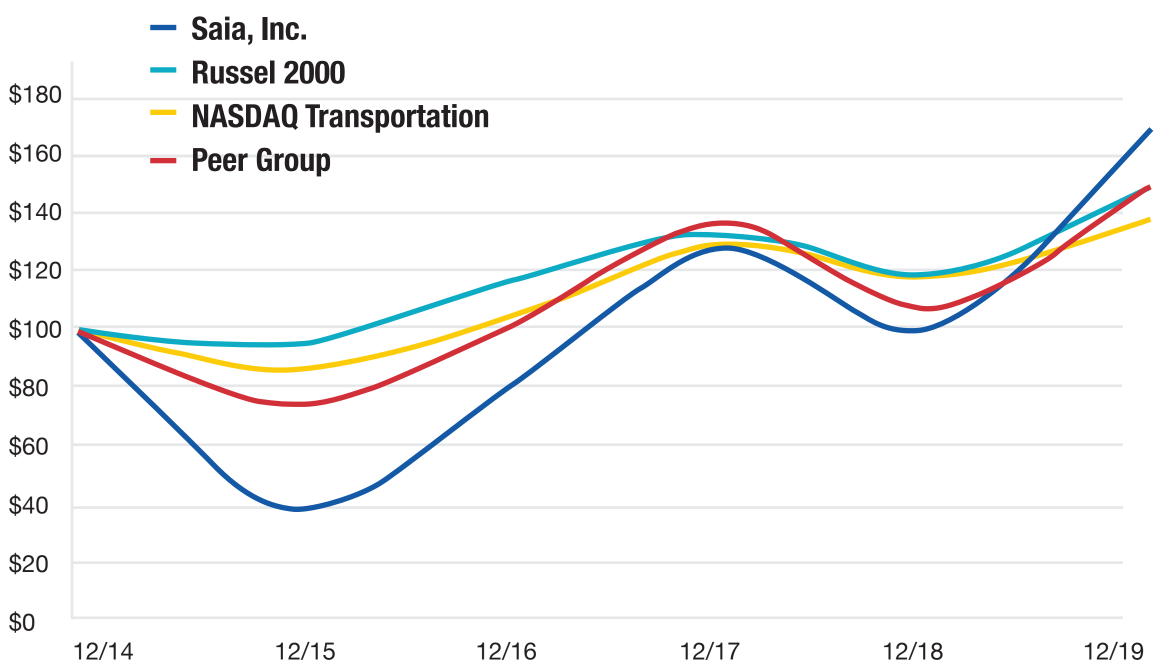
	2019	2018	2017
Statement of Operations			
Operating revenue	$1,786,735	$1,653,849	$1,404,703
Operating income	152,586	141,177	94,710
Income	113,719	104,981	91,129
Diluted earnings per share	4.30	3.99	3.49
Adjusted diluted earnings per share[1]	4.30	3.99	2.19
Financial Data			
Cash and cash equivalents	248	2,194	4,720
Total debt	136,430	122,859	132,916
Total stockholders' equity	815,226	695,864	582,547
Operating cashflow	272,876	256,437	157,846
Net debt / total capital[2]	14%	15%	18%
Operating Data			
Operating ratio	91.5%	91.5%	93.1%
LTL tonnage[1]	4,820	4,801	4,485
LTL shipments[1]	7,409	7,103	6,775
Average length of haul[2]	840	837	811
LTL revenue per hundredweight	18.05	16.80	15.24

(1) Adjusted diluted earnings per share excludes the impact of the Tax Cuts and Jobs Act (the "Tax Act"). Management believes that presenting the Company's results excluding the Tax Act is meaningful as excluding this item increases the comparability of period-to-period results. Diluted earnings per common share excluding the impact of the Tax Act is a non-GAAP financial measure. Non-GAAP financial measures do not have definitions under GAAP and may be defined differently by and not be comparable to similar non-GAAP measures used by other companies. See Part I. Item 6 "Selected Financial Data" of this Form 10-K for further details.

(2) The net debt to total capital ratio is the calculation of total debt less cash and cash equivalents divided by total stockholders' equity plus total debt minus total cash and cash equivalents. Management believes net debt is a more meaningful measure of leverage to its investors than total debt.

(3) The operating ratio is the calculation of operating expenses divided by operating revenue.

Comparison Of 5-Year Cumulative Total Return



The graph at left matches the cumulative 5-year total return of holders of Saia, Inc.'s common stock with the cumulative total returns of the Russell 2000 index, the NASDAQ Transportation index and a customized peer group of eleven companies that includes: Arcbest Corp., Covenant Transportation Group Inc, Heartland Express Inc, J B Hunt Transport Services Inc, Knight-Swift Transportation Holdings Inc, Marten Transport Ltd, Old Dominion Freight Line Inc, PAM Transportation Services Inc, Saia Inc, Werner Enterprises Inc and YRC Worldwide Inc. The graph assumes that the value of the investment in our common stock, in each index, and in the peer group (including reinvestment of dividends) was $100 on 12/31/2014 and tracks it through 12/31/2019.

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

	12/14	12/15	12/16	12/17	12/18	12/19
Saia, Inc.	100.00	40.19	79.75	127.80	100.83	168.21
Russell 2000	100.00	95.59	115.95	132.94	118.30	148.49
NASDAQ Transportation	100.00	86.61	104.22	128.89	117.83	137.84
Peer Group	100.00	75.19	101.06	135.40	107.56	148.87

*$100 invested on 12/31/14 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

NASDAQ Symbol

SAIA

Independent Registered Public Accounting Firm

KPMG LLP
303 Peachtree Street, N.E.
Suite 2000 Atlanta, GA 30308

Transfer Agent and Registrar

Computershare Trust Company, N.A.
250 Royall Street
Canton, MA 02021

Tel: 800.884.4225
www.computershare.com

Investor Information

11465 Johns Creek Parkway
Suite 400
Johns Creek, GA 30097

Tel: 800.765.7242
Fax: 678.542.3916
Email: investors@saia.com

Corporate Website

www.saia.com