

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

Filing Date: **1996-08-26**
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FILER

PAM TRANSPORTATION SERVICES INC

CIK: **798287** | IRS No.: **710633135** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **S-8** | Act: **33** | File No.: **333-10813** | Film No.: **96620555**
SIC: **4213** Trucking (no local)

Mailing Address
*HIGHWAY 412 WEST
TONTITOWN AR 72770*

Business Address
*HIGHWAY 412 WEST
TONTITOWN AR 72770
5013619111*

SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM S-8
 Registration Statement
 Under
 The Securities Act of 1933

P.A.M. TRANSPORTATION SERVICES, INC.

(Exact name of registrant as specified in its charter)

<TABLE>			
<S>	Delaware	<C>	71-0633135
	-----		-----
	(State or other jurisdiction of incorporation or organization)		(I.R.S. Employer Identification Number)
</TABLE>			

Highway 412 West
 P.O. Box 188
 Tontitown, Arkansas 72770

(Address of principal executive offices)

1995 STOCK OPTION PLAN

(Full Title of the Plan)

ROBERT W. WEAVER
 President and Chief Executive Officer
 Highway 412 West
 P.O. Box 188
 Tontitown, Arkansas 72770
 (501) 361-9111

(Name, address and telephone number, including area code, of agent for service)

 Copies Requested to:

Helen T. Ferraro, Esq.
 Smith, Gambrell & Russell
 Suite 1800
 3343 Peachtree Road, N.E.
 Atlanta, Georgia 30326
 (404) 264-2620

CALCULATION OF REGISTRATION FEE

<TABLE>				
<CAPTION>				
=====				
Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee

<S>	<C>	<C>	<C>	<C>
Options and shares of \$.01 par value Common Stock	600,000 Shares	\$ 6.125	\$3,675,000	\$1,267.24

</TABLE>

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) based upon the average of the high and low prices of Common Stock on the Nasdaq National Market on August 20, 1996.

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PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The documents listed below are hereby incorporated by reference into this Registration Statement, and all documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing such documents:

- (a) the Company's Annual Report on Form 10-K for the year ended December 31, 1995;
- (b) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996;
- (c) the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996; and
- (d) the Company's Registration Statement on Form 8-A, as filed with the Securities and Exchange Commission on October 7, 1986, to register the Company's Common Stock, \$.01 par value per share, under Section 12(g) of the Securities and Exchange Act of 1934, as amended, which Registration Statement contains a description of the Common Stock.

Item 4. Description of Securities.

No response to this item is required.

Item 5. Interests of Named Experts and Counsel.

No response to this item is required.

Item 6. Indemnification of Directors and Officers.

The Registrant's By-Laws provide for indemnification of directors and officers of the Registrant to the full extent permitted by Delaware law.

Section 145 of the General Corporation Law of the State of Delaware provides generally that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at its request in such capacity in another corporation or business association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or

proceeding if he acted in good faith and in a manner the reasonably believed to be in or not opposed to the best interests of the

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corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

In addition, pursuant to the authority of Delaware law, the Certificate of Incorporation of the Registrant also eliminates the monetary liability of directors to the fullest extent permitted by Delaware law. The Registrant has purchased directors' and officers' liability insurance covering certain liabilities incurred by its directors and officers in connection with the performance of their duties.

Item 7. Exemption from Registration Claimed.

No response to this item is required.

Item 8. Exhibits.

The following exhibits are filed with this Registration Statement.

Exhibit Number -----	Description of Exhibit -----
4.1 -	Registrant's 1995 Stock Option Plan.
4.2 -	Form of Stock Option Agreement.
5.1 -	Opinion of Smith, Gambrell & Russell.
23.1 -	Consent of Ernst & Young LLP.
23.2 -	Consent of Smith, Gambrell & Russell (contained in their opinion filed as Exhibit 5.1).
24.1 -	Power of Attorney of Daniel C. Sullivan.
24.2 -	Power of Attorney of Matthew T. Moroun.
24.3 -	Power of Attorney of Charles F. Wilkins.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities

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offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's Annual Report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Tontitown, State of Arkansas, on this 23rd day of August, 1996.

P.A.M. TRANSPORTATION SERVICES, INC.

By: /s/ Robert W. Weaver

Robert W. Weaver
President and Chief Executive Officer
(principal executive officer)

By: /s/ Larry J. Goddard

Larry J. Goddard
Vice President of Finance and Chief
Financial Officer, Secretary and
Treasurer (principal financial and
accounting officer)

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the

capacities and on the dates indicated.

<TABLE>
<CAPTION>

Signature -----	Title -----	Date -----
<S>	<C>	<C>
/s/ Robert W. Weaver ----- Robert W. Weaver	President, Chief Executive Officer and Director	August 23, 1996
* ----- Daniel C. Sullivan	Director	August 23, 1996
* ----- Matthew T. Moroun	Director	August 23, 1996
* ----- Charles F. Wilkins	Director	August 23, 1996

</TABLE>

*By: /s/ Robert W. Weaver

Robert W. Weaver, pursuant to
powers-of-attorney filed as exhibits
to this Registration Statement on
Form S-8

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EXHIBIT INDEX

Exhibit Number -----	Description of Exhibit -----	Sequential Page Number -----
[S]	[C]	[C]
4.1 -	Registrant's 1995 Stock Option Plan	
4.2 -	Form of Incentive Stock Option Agreement	
5.1 -	Opinion of Smith, Gambrell & Russell	
23.1 -	Consent of Ernst & Young LLP	
24.1 -	Power of Attorney of Daniel C. Sullivan	
24.2 -	Power of Attorney of Matthew T. Moroun	

EXHIBIT 4.1

P.A.M. TRANSPORTATION SERVICES, INC.
1995 STOCK OPTION PLAN
EFFECTIVE AS OF JUNE 29, 1995

1. PURPOSE

The purpose of the P.A.M. Transportation Services, Inc. 1995 Stock Option Plan (the "Plan") is to encourage and enable eligible directors, officers and key employees of P.A.M. Transportation Services, Inc. (the "Company") and its subsidiaries to acquire proprietary interests in the Company through the ownership of Common Stock of the Company. The Company believes that directors, officers and key employees who participate in the Plan will have a closer identification with the Company by virtue of their ability as shareholders to participate in the Company's growth and earnings. The Plan also is designed to provide motivation for participating directors, officers and key employees to remain in the employ of and to give greater effort on behalf of the Company. It is the intention of the Company that the Plan provide for the award of "incentive stock options" qualified under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder, as well as the award of non-qualified stock options. Accordingly, the provisions of the Plan related to incentive stock options shall be

construed so as to extend and limit participation in a manner consistent with the requirements of Section 422 of the Code.

2. DEFINITIONS

The following words or terms shall have the following meanings:

(a) "Agreement" shall mean a stock option agreement between the Company and an Eligible Employee, Eligible Participant or Non-Employee Director pursuant to the terms of this Plan.

(b) "Board of Directors" shall mean the Board of Directors of the Company or the Executive Committee of such Board.

(c) "Committee" shall mean the committee appointed by the Board of Directors to administer the Plan.

(d) "Company" shall mean P.A.M. Transportation Services, Inc., a Delaware corporation.

(e) "Eligible Employee(s)" shall mean key employees regularly employed by the Company or a Subsidiary (including officers, whether or not they are directors) as the Board of Directors or the Committee shall select from time to time.

(f) "Eligible Participant(s)" shall mean directors, officers, key employees of the Company and its Subsidiaries, consultants and other persons who are not otherwise eligible to receive Qualified Incentive Options pursuant to Section 8 of the Plan.

(g) "Market Price" shall mean the fair market value of the Company's Common Stock as determined by the Board of Directors or the Committee, acting in good faith, under any method consistent with the Code, or Treasury Regulations thereunder, as the Board of Directors or the Committee shall in its discretion select and apply at the time of the grant of the option concerned. Subject to the foregoing, the Board of Directors or the Committee, in fixing the market price, shall have full authority and discretion and be fully protected in doing so.

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(h) "Non-Employee Director(s)" shall mean a director of the Company who is not a regular salaried employee of the Company or one of its Subsidiaries.

(i) "Optionee" shall mean an Eligible Employee, Eligible Participant or Non-Employee Director having a right to purchase Common Stock under an Agreement.

(j) "Option(s)" shall mean the right or rights granted to Eligible

Employees, Eligible Participants or Non-Employee Directors to purchase Common Stock under the Plan.

(k) "Plan" shall mean this P.A.M. Transportation Services, Inc. 1995 Stock Option Plan.

(l) "Shares," "Stock" or "Common Stock" shall mean shares of the \$.01 par value common stock of the Company.

(m) "Subsidiary" shall mean any corporation, if the Company owns or controls, directly or indirectly, more than a majority of the voting stock of such corporation.

(n) "Ten Percent Owner" shall mean an individual who, at the time an Option is granted, owns directly or indirectly more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or a Subsidiary.

3. EFFECTIVE DATE

The effective date of the Plan (the "Effective Date") shall be the date the Plan is adopted by the Board of Directors or the date the Plan is approved by the shareholders of the Company, whichever is earlier. The Plan must be approved by the affirmative vote of not less than a majority of the shares present and voting at a meeting at which a quorum is present, which shareholder vote must be taken within twelve (12) months after the date the Plan is adopted by the Board of Directors. Such shareholder vote shall not alter the Effective Date of the Plan. In the event shareholder approval of the adoption of the Plan is not obtained within the aforesaid twelve (12) month period, then any Options granted in the intervening period shall be void.

4. SHARES RESERVED FOR PLAN

The shares of the Company's Common Stock to be sold to Eligible Employees, Eligible Participants and Non-Employee Directors under the Plan may at the election of the Board of Directors be either treasury shares or Shares originally issued for such purpose. The maximum number of Shares which shall be reserved and made available for sale under the Plan shall be 600,000; provided, however, that such Shares shall be subject to the adjustments provided in Section 8(h). Any Shares subject to an Option which for any reason expires or is terminated unexercised may again be subject to an Option under the Plan.

5. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Board of Directors of the Company if each member is a disinterested person (as defined herein), or the Committee. The Committee shall be comprised of not less than two (2) members appointed by the Board of Directors of the Company from among its members. No member of the Board of Directors shall be appointed or serve as a member of the Committee, and any such appointment or service immediately and automatically shall

terminate, in the event that such person is not a disinterested person. As used herein, the term "disinterested person" means a director who is not, during the one year prior to service as an administrator of the Plan, or during such service, granted or awarded

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equity securities pursuant to the Plan or any other plan of the Company or any of its affiliates (as such term is defined in the General Rules and Regulations of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), except for such grants or awards which would not disqualify the director as a "disinterested person" under Rule 16b-3 under the Exchange Act.

Within the limitations described herein, the Board of Directors of the Company or the Committee shall administer the Plan, select the Eligible Employees and Eligible Participants to whom Options will be granted, determine the number of shares to be optioned to each Eligible Employee and Eligible Participant and interpret, construe and implement the provisions of the Plan. The Board of Directors or the Committee shall also determine the price to be paid for the Shares upon exercise of each Option, the period within which each Option may be exercised, and the terms and conditions of each Option granted to the Plan. The Board of Directors and Committee members shall be reimbursed for out-of-pocket expenses reasonably incurred in the administration of the Plan.

If the Plan is administered by the Board of Directors, a majority of the members of the Board of Directors shall constitute a quorum, and the act of a majority of the members of the Board of Directors present at any meeting at which a quorum is present, or acts approved in writing by all members of the Board of Directors shall be the acts of the Board of Directors. If the Plan is administered by the Committee, a majority of the members of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all of the members of the Committee shall be the acts of the Committee.

6. ELIGIBILITY

Options granted pursuant to Section 8 shall be granted only to Eligible Employees. Options granted pursuant to Section 9 may be granted to Eligible Employees and to Eligible Participants. Options granted pursuant to Section 10 shall be granted only to Non-Employee Directors.

7. DURATION OF THE PLAN

The Plan shall remain in effect until all Shares subject to or which may become subject to the Plan shall have been purchased pursuant to Options granted under the Plan; provided that Options under the Plan must be granted within ten (10) years from the Effective Date. The Plan shall expire on the tenth anniversary of the Effective Date.

8. QUALIFIED INCENTIVE OPTIONS

It is intended that Options granted under this Section 8 shall be qualified incentive stock options under the provisions of Section 422 of the Code and the regulations thereunder or corresponding provisions of subsequent revenue laws and regulations in effect at the time such Options are granted. Such Options shall be evidenced by stock option agreements in such form and not inconsistent with this Plan as the Committee or the Board of Directors shall approve from time to time, which Agreements shall contain in substance the following terms and conditions:

(a) Price. The purchase price for shares purchased upon exercise will be -----
equal to 100% of the Market Price on the day the Option is granted, as determined by the Board of Directors or the Committee; provided that the purchase price of stock deliverable upon the exercise of a qualified incentive option granted to a Ten Percent Owner shall be not less than one hundred ten percent (110%) of the Market Price on the day the Option is granted, as determined by the Board of Directors or the Committee, but in no case less than the par value of such stock.

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(b) Number of Shares. The Agreement shall specify the number of Shares -----
which the Optionee may purchase under such Option.

(c) Exercise of Options. The shares subject to the Option may be -----
purchased in whole or in part by the Optionee in accordance with the terms of the Agreement, from time to time after shareholder approval of the Plan, but in no event later than ten (10) years from the date of grant of the Option. Notwithstanding the foregoing, Shares subject to an Option granted to a Ten Percent Owner shall be exercisable no later than five (5) years from the date of grant of the Option.

(d) Medium and Time of Payment. Stock purchased pursuant to an Agreement -----
shall be paid for in full at the time of purchase. Payment of the purchase price shall be in cash or shares of the Common Stock of the Company, or a combination of cash and shares of the Common Stock of the Company, in the discretion of, and as authorized by, the Committee. Upon receipt of payment, the Company shall, without transfer or issue tax, deliver to the Optionee (or other person entitled to exercise the Option) a certificate or certificates for such Shares.

(e) Rights as a Shareholder. An Optionee shall have no rights as a

shareholder with respect to any Shares covered by an Option until the date of issuance of the stock certificate to the Optionee for such Shares. Except as otherwise expressly provided in the Plan, no adjustments shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such stock certificate is issued.

(f) Nonassignability of Option. No Option shall be assignable or

transferable by the Optionee except by will or by the laws of descent and distribution. During the lifetime of the Optionee, the Option shall be exercisable only by him or her.

(g) Effect of Termination of Employment or Death. In the event that an

Optionee during his or her lifetime ceases to be an employee of the Company or of any subsidiary of the Company for any reason (including retirement) other than death or permanent and total disability, any Option or unexercised portion thereof which was otherwise exercisable on the date of termination of employment shall expire unless exercised within a period of three (3) months from the date on which the Optionee ceased to be an employee, but in no event after the term provided in the Optionee's Agreement. In the event that an Optionee ceases to be an employee of the Company or of any subsidiary of the Company for any reason (including retirement) other than death or permanent and total disability prior to the time that an Option or portion thereof becomes exercisable, such Option or portion thereof which is not then exercisable shall terminate and be null and void. Whether authorized leave of absence for military or government service shall constitute termination of employment for the purpose of this Plan shall be determined by the Board of Directors or the Committee, which determination shall be final and conclusive.

In the event that an Optionee during his or her lifetime ceases to be an employee of the Company or any subsidiary of the Company by reason of death or permanent and total disability, any Option or unexercised portion thereof which was otherwise exercisable on the date such Optionee ceased employment shall expire unless exercised within a period of one (1) year from the date on which the Optionee ceased to be an employee, but in no event after the term provided in the Optionee's Agreement. In the event that an Optionee during his or her lifetime ceases to be an employee of the Company or any subsidiary of the Company by reason of death or permanent and total disability, any Option or portion thereof which was not exercisable on the date such Optionee ceased employment shall become immediately exercisable for a period of one (1) year from the date on which the Optionee ceased to be an employee, but in no event after the term provided in the Optionee's Agreement.

"Permanent and total disability" as used in this Plan shall be as defined in Section 22(e) (3) of the Code.

In the event of the death of an Optionee, the Option shall be exercisable by his or her personal representatives, heirs or legatees, as provided herein.

(h) Recapitalization. In the event that dividends are payable in Common

Stock of the Company or in the event there are splits, subdivisions or combinations of shares of Common Stock of the Company, the number of Shares available under the Plan shall be increased or decreased proportionately, as the case may be, and the number and Option exercise price of Shares deliverable upon the exercise thereafter of any Option theretofore granted shall be increased or decreased proportionately, as the case may be, as determined to be proper and appropriate by the Board of Directors or the Committee.

(i) Reorganization. In case the Company is merged or consolidated with

another corporation and the Company is not the surviving corporation, or in case the property or stock of the Company is acquired by another corporation, or in case of a separation, reorganization, recapitalization or liquidation of the Company, the Board of Directors of the Company, or the Board of Directors of any corporation assuming the obligations of the Company hereunder, shall either (i) make appropriate provision for the protection of any outstanding Options by the substitution on an equitable basis of appropriate stock of the Company, or of the merged, consolidated or otherwise reorganized corporation which will be issuable in respect to the shares of Common Stock of the Company, provided only that the excess of the aggregate fair market value of the Shares subject to option immediately after such substitution over the purchase price thereof is not more than the excess of the aggregate fair market value of the Shares subject to option immediately before such substitution over the purchase price thereof, or (ii) upon written notice to the Optionee provide that the Option (including, in the discretion of the Board of Directors, any portion of such Option which is not then exercisable) must be exercised within sixty (60) days of the date of such notice or it will be terminated. If any adjustment under this Section 8(i) would create a fractional share of Stock or a right to acquire a fractional share, such shall be disregarded and the number of shares of Stock available under the Plan and the number of Shares covered under any Options previously granted pursuant to the Plan shall be the next lower number of shares of Stock, rounding all fractions downward. An adjustment made under this Section 8(i) by the Board of Directors shall be conclusive and binding on all affected persons.

Except as otherwise expressly provided in this Plan, the Optionee shall have no rights by reason of any subdivision or consolidation of shares of stock of any class, or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class, or by reason of any dissolution, liquidation, merger, or consolidation or spin-off of assets or stock of another corporation; and any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class,

shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or prices of shares of Common Stock subject to an Option.

The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

(j) Annual Limitation. The aggregate fair market value (determined at the -----
time the Option is granted) of the shares with respect to which incentive stock options are exercisable for the first time by an Optionee during any calendar year (under all incentive stock option plans of the Company) shall not exceed \$100,000. Any excess over such amount shall be deemed to be related to and part of a non-qualified stock option granted pursuant to Section 9.

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(k) General Restriction. Each Option shall be subject to the requirement -----
that if at any time the Board of Directors shall determine, in its discretion, that the listing, registration or qualification of the Shares subject to such Option upon any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Option or the issue or purchase of Shares thereunder, such Option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors. Alternatively, such Options shall be issued and exercisable only upon such terms and conditions and with such restrictions as shall be necessary or appropriate to effect exemption from such listing, registration, or other qualification requirement.

9. NON-QUALIFIED OPTIONS

The Board of Directors or the Committee may grant to Eligible Employees or Eligible Participants Options under the Plan which are not qualified incentive stock options under the provisions of Section 422 of the Code. Such non-qualified options shall be evidenced by Agreements in such form and not inconsistent with this Plan as the Committee shall approve from time to time, which Agreements shall contain in substance the same terms and conditions as set forth in Section 8 hereof with respect to qualified incentive options; provided, however, that the limitations set forth in Sections 8(a) and 8(c) with respect to Ten Percent Owners shall not be applicable to non-qualified

options granted to any Ten Percent Owner, and the limitation set forth in Section 8(j) with respect to the annual limitation of incentive stock options shall not be applicable to non-qualified option grants; provided further, that non-qualified options may be granted at a purchase price equal to not less than 75% of the Market Price on the day the Option is granted.

10. OPTIONS TO NON-EMPLOYEE DIRECTORS

Notwithstanding any provisions of the Plan to the contrary, the participation and eligibility of a Non-Employee Director in the Plan shall be limited exclusively to the following:

(a) On March 2, 1997 and on March 2 of each year thereafter during the term of this Plan, each then Non-Employee Director of the Company shall be granted, without the necessity of action by the Board of Directors or any committee thereof, an Option to purchase 1,000 shares of Common Stock at an option exercise or purchase price equal to the Market Price of such Stock on the date of grant; provided, that in the event that the date of grant falls on a weekend or holiday, then the option exercise price shall be determined by reference to the Market Price of the Common Stock on the business day next preceding the grant date.

(b) Options granted under this Section 10 shall be exercisable commencing on the date of grant or, with respect to any Option granted prior to stockholder approval of this Plan, upon the date of such stockholder approval, and thereafter until the earlier to occur of the following: the close of business on (i) the date which is the fifth anniversary of the date of grant; (ii) the date which is the 90th day following the date upon which such Non-Employee Director ceases to be a director of the Company for any reason other than death or permanent and total disability; or (iii) the date which is the first anniversary of the date on which such Non-Employee Director ceases to be a director of the Company as a result of death or permanent and total disability.

(c) In all other respects, Options granted to Non-Employee Directors hereunder shall contain in substance the same terms and conditions as set forth in Section 9 hereof with respect to non-qualified options. No Non-Employee Director shall be eligible to receive Options hereunder except as provided in this Section 10. This Section may not be amended more than once every six months.

11. AMENDMENT OF THE PLAN

The Plan may at any time or from time to time be terminated, modified or amended by the affirmative vote of not less than a majority of the shares present and voting thereon by the Company's shareholders at a meeting of the

shareholders at which a quorum is present. The Board of Directors may at any time and from time to time modify or amend the Plan in any respect, except that without shareholder approval the Board of Directors may not (1) increase the maximum number of Shares for which Options may be granted under the Plan (other than increases due to changes in capitalization as referred to in Section 8(h) hereof), or (2) reduce the option exercise price or waiting period (except as otherwise expressly provided in Sections 8(h) and 8(i) hereof), or (3) extend the maximum period during which Options may be granted or exercised, or (4) change the class of persons eligible for Options under Section 6 hereof, or (5) otherwise materially modify (within the meaning of Rule 16b-3 of the Exchange Act) the requirements as to eligibility for participation in the Plan, or (6) otherwise materially increase (within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended) the benefits accruing to participants under the Plan. The termination or any modification or amendment of the Plan shall not, without the written consent of an Optionee, affect his or her rights under an Option or right previously granted to him or her. With the written consent of the Optionee affected, the Board of Directors or the Committee may amend outstanding option agreements in a manner not inconsistent with the Plan. Without employee consent, the Board of Directors may at any time and from time to time modify or amend outstanding option agreements in such respects as it shall deem necessary in order that incentive options granted hereunder shall comply with the appropriate provisions of the Code and regulations thereunder which are in effect from time to time respecting "Qualified Incentive Options." The Company's Board of Directors may also suspend the granting of Options pursuant to the Plan at any time and may terminate the Plan at any time; provided, however, no such suspension or termination shall modify or amend any Option granted before such suspension or termination unless (1) the affected participant consents in writing to such modification or amendment or (2) there is a dissolution or liquidation of the Company.

12. BINDING EFFECT

All decisions of the Board of Directors or the Committee involving the implementation, administration or operation of the Plan or any offering under the Plan shall be binding on the Company and on all persons eligible or who become eligible to participate in the Plan.

13. APPLICATION OF FUNDS

The proceeds received by the Company from the sale of Common Stock pursuant to Options exercised hereunder will be used for general corporate purposes.

EXHIBIT 4.2

P.A.M. TRANSPORTATION SERVICES, INC.
INCENTIVE STOCK OPTION AGREEMENT

THIS INCENTIVE STOCK OPTION AGREEMENT ("Option Agreement") made and entered into as of June 29, 1995, by and between P.A.M. TRANSPORTATION SERVICES, INC. (the "Company") and _____ ("Employee");

W I T N E S S E T H:

WHEREAS, the Board of Directors of the Company has adopted a certain Stock Option Plan (the "Plan"). Pursuant to the terms of the Plan, the Board of Directors or its designated committee has selected Employee to participate in the Plan and desires to grant to Employee certain incentive stock options to purchase shares of the Company's authorized \$.01 par value common stock ("Stock"), subject to the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual promises, agreements and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. INCORPORATION OF PROVISIONS

This Option Agreement is subject to and is to be construed in all respects in a manner which is consistent with the terms of the Plan, the provisions of which are hereby incorporated by reference into this Option Agreement. Unless specifically provided otherwise, all terms used in this Option Agreement shall

have the same meaning as in the Plan.

2. GRANT OF OPTION

Subject to the further terms and conditions of this Option Agreement, Employee is hereby granted an incentive stock option to purchase _____ shares of Stock, effective as of the date first written above. This stock option is intended to be an Incentive Stock Option as provided in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

3. FAIR MARKET VALUE OF STOCK

The Board of Directors or its designated committee has determined, in good faith and in its best judgment, that the fair market value per share of Stock as of the date this incentive stock option is granted is \$_____.

4. OPTION PRICE

The Board of Directors or its designated committee has determined that the price for each share of Stock purchased under this Option Agreement shall be \$_____.

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5. EXPIRATION OF OPTIONS

The option to acquire Stock pursuant to this Option Agreement shall expire (to the extent not previously fully exercised) upon the first to occur of the following:

(a) June 29, 2001;

(b) The date which is the 90th day following the date upon which Employee ceases to be employed by the Company, or any majority-owned subsidiary of the Company, otherwise than as a result of Employee's death or disability;

(c) The date which is the first anniversary of the date upon which Employee ceases to be employed by the Company, or any majority-owned subsidiary of the Company, by reason of Employee's death or physical or mental disability; or

(d) The date upon which Employee ceases his employment with the Company, or any majority-owned subsidiary of the Company, for any reason, including death or disability, with respect to any portion of this option which is not then exercisable on the date Employee ceases his employment with the Company.

6. EXERCISE OF OPTION

Unless options hereunder shall earlier lapse or expire pursuant to Article 5 hereof, this option may be exercised with respect to the aggregate number of shares subject to this Option Agreement as follows:

(a) From June 29, 1995 through June 28, 1996, _____ shares;

(b) During the period from June 29, 1996 through June 28, 1997, _____ shares less the number of shares previously acquired through exercise of this option under subparagraph 6(a);

(c) During the period from June 29, 1997 through June 28, 1998, _____ shares less the number of shares previously acquired through exercise of this option under subparagraphs 6(a) and (b);

(d) During the period from June 29, 1998 through June 28, 1999, _____ shares less the number of shares previously acquired through exercise of this option under subparagraphs 6(a), (b) and (c); and

(e) During the period from June 29, 1999 through June 28, 2000, _____ shares less the number of shares previously acquired through exercise of this option under subparagraphs 6(a), (b), (c) and (d).

To the extent such options become exercisable in accordance with the foregoing, Employee may exercise this incentive stock option, in whole or in part from time to time. The option exercise price may be paid by Employee either in cash or by surrender of other shares of Stock of the Company

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held by Employee. Employee shall be given credit against the option exercise price hereunder for such shares surrendered equal to the closing bid price as reported by the NASDAQ Automated Quotations System, or such other market reporting system as shall then be the primary quotation market for the Stock, on the day preceding exercise of the option, or, if there were no such actual closing bid price for such date, on the date next preceding such date on which such price was available. The aggregate fair market value (determined as of the time the option is granted) of the shares with respect to which incentive stock options under the Plan (and any other incentive stock option plans maintained by the Company and its subsidiaries) are exercisable for the first time by any individual during any calendar year shall not exceed \$100,000.

7. MANNER OF EXERCISE

This incentive stock option may be exercised by written notice to the Company specifying the number of shares to be purchased and signed by Employee or such other person who may be entitled to acquire stock under this Option

Agreement. If any such notice is signed by a person other than Employee, such person shall also provide such other information and documentation as the Board of Directors may reasonably require to assure that such person is entitled to acquire Stock under the terms of the Plan and this Option Agreement.

8. RESTRICTIONS ON TRANSFERABILITY

The incentive stock option granted hereunder shall not be transferable by Employee otherwise than by will or by the laws of descent and distribution, and such incentive stock option shall be exercisable during Employee's lifetime only by Employee.

9. FURTHER RESTRICTIONS ON EXERCISE AND SALE OF STOCK

Neither this Option nor any portion thereof shall be exercisable at any time during which there is not on file with the Securities and Exchange Commission an effective Registration Statement covering the option shares on Form S-8, or similar form promulgated by the Securities and Exchange Commission.

Nothing contained in this section shall be construed to obligate the Company to, or to grant any right to the holder of this Option to, cause the Company to file any Registration Statement; or, if any such Registration Statement is filed, to prepare any additional prospectus, to file any amendments to the Registration Statement, or to continue said Registration Statement in effect.

If at any time during which this Option is otherwise exercisable according to its terms there is no effective Registration Statement on file with the Securities and Exchange Commission covering the shares then acquirable hereunder, the Board of Directors may, in its sole discretion, permit this Option to be exercised by the holder hereof, upon its satisfaction that the offer and sale of such option shares to the option holder is exempt in fact from the registration requirements of the Securities Act of 1933, as amended, and such state securities laws as shall be applicable, and may condition such exercise upon its receipt of such representations, factual assurances and legal opinions as it shall deem necessary to determine and document the availability of any such exemption and may further condition such exercise upon such undertakings by the holder hereof or such restriction

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upon the transferability of the shares to be acquired hereunder as it shall determine to be necessary to effectuate and protect the claim to any such exemption.

IN WITNESS WHEREOF, the Company has caused this the Option Agreement to be executed by a member of the Board of Directors or a duly authorized officer of the Company, and Employee has executed this Option Agreement as of the date first above written.

P.A.M. TRANSPORTATION SERVICES, INC.

By:

President or Executive Vice President

ATTEST:

Secretary or Assistant Secretary

"EMPLOYEE"

EXHIBIT 5.1

August 23, 1996

Board of Directors
P.A.M. Transportation Services, Inc.
Highway 412 West
Tontitown, Arkansas 72770

RE: P.A.M. Transportation Services, Inc.
Registration Statement on Form S-8
600,000 Shares of \$0.01 par value Common Stock
1995 Stock Option Plan

Gentlemen:

We have acted as counsel for P.A.M. Transportation Services, Inc. (the "Company") in connection with the registration of 600,000 shares of its \$0.01 par value Common Stock (the "Shares") reserved to the Company's 1995 Stock

Option Plan (the "Plan"), pursuant to a Registration Statement on Form S-8 (the "Registration Statement") to be filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, covering the Shares.

In connection therewith, we have examined the following:

- (1) The Restated Certificate of Incorporation of the Company, as amended, certified by the Department of State of the State of Delaware;
- (2) The Amended and Restated By-Laws of the Company, as amended, certified as complete and correct by the Secretary of the Company;
- (3) The minute book of the Company, certified as correct and complete by the Secretary of the Company;
- (4) Certificate of Good Standing with respect to the Company, issued by the Department of State of the State of Delaware; and
- (5) The Registration Statement, including all exhibits thereto.

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Board of Directors
August 23, 1996
Page Two

Based upon such examination and upon examination of such other instruments and records as we have deemed necessary, we are of the opinion that:

- (A) The Company has been duly incorporated under the laws of the State of Delaware and is validly existing and in good standing under the laws of that state.
- (B) The Shares covered by the Registration Statement have been legally authorized and when issued in accordance with the terms described in said Registration Statement, will be validly issued, fully paid and nonassessable.

We consent to the filing of this opinion as an exhibit to the aforementioned Registration Statement on Form S-8 and to the reference to this firm under the caption "Legal Matters" in the Prospectus. In giving this consent, we do not thereby admit that we come within the category of persons

whose consent is required under Section 7 of the Securities Act of 1933, or the rules and regulations of the Securities and Exchange Commission thereunder.

Sincerely,

SMITH, GAMBRELL & RUSSELL

/s/ Helen T. Ferraro

Helen T. Ferraro

EXHIBIT 23.1

Consent of Ernst & Young LLP, Independent Auditors

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-8) pertaining to the 1995 Stock Option Plan of P.A.M. Transportation Services, Inc. and to the incorporation by reference therein of our report dated February 14, 1996, with respect to the consolidated financial statements and schedule of P.A.M. Transportation Services, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 1995, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Little Rock, Arkansas
August 23, 1996

EXHIBIT 24.1

STATE OF ILLINOIS

COUNTY OF DUPAGE

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, Daniel C. Sullivan, a Director of P.A.M. TRANSPORTATION SERVICES, INC., a Delaware corporation, do constitute and appoint Robert W. Weaver and Larry J. Goddard, and each of them, my true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for me in any and all capacities, to sign, on my behalf and in my stead pursuant to the requirements of the Securities Act of 1933, the Registration Statement on Form S-8 for P.A.M. TRANSPORTATION SERVICES, INC., in connection with its 1995 Stock Option Plan, and to file the same with the Securities and Exchange Commission, together with all exhibits thereto and other documents in connection therewith, and to sign on my behalf and in my stead, in any and all capacities, any amendments to said Registration Statement, incorporating such changes as the said attorneys-in-fact deem appropriate, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue

hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 24th day of June, 1996.

/s/ Daniel C. Sullivan

Daniel C. Sullivan

ACKNOWLEDGMENT

BEFORE me this 24th day of June, 1996, came Daniel C. Sullivan, personally known to me, who in my presence did sign and seal the above and foregoing Power of Attorney and acknowledged the same as his true act and deed.

/s/ Linda M. Marr

NOTARY PUBLIC

State of Illinois

My Commission Expires:

09/05/96

EXHIBIT 24.2

STATE OF MICHIGAN

COUNTY OF MACOMB

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, Matthew T. Moroun, a Director of P.A.M. TRANSPORTATION SERVICES, INC., a Delaware corporation, do constitute and appoint Robert W. Weaver and Larry J. Goddard, and each of them, my true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for me in any and all capacities, to sign, on my behalf and in my stead pursuant to the requirements of the Securities Act of 1933, the Registration Statement on Form S-8 for P.A.M. TRANSPORTATION SERVICES, INC., in connection with its 1995 Stock Option Plan, and to file the same with the Securities and Exchange Commission, together with all exhibits thereto and other documents in connection therewith, and to sign on my behalf and in my stead, in any and all capacities, any amendments to said Registration Statement, incorporating such changes as the said attorneys-in-fact deem

appropriate, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 21st day of June, 1996.

/s/ Matthew T. Moroun

Matthew T. Moroun

ACKNOWLEDGMENT

BEFORE me this 21st day of June, 1996, came Matthew T. Moroun, personally known to me, who in my presence did sign and seal the above and foregoing Power of Attorney and acknowledged the same as his true act and deed.

/s/ Kathleen M. Tasch

NOTARY PUBLIC

State of Michigan

My Commission Expires:

07/24/00

EXHIBIT 24.3

STATE OF MICHIGAN

COUNTY OF LIVINGSTON

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, Charles F. Wilkins, a Director of P.A.M. TRANSPORTATION SERVICES, INC., a Delaware corporation, do constitute and appoint Robert W. Weaver and Larry J. Goddard, and each of them, my true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for me in any and all capacities, to sign, on my behalf and in my stead pursuant to the requirements of the Securities Act of 1933, the Registration Statement on Form S-8 for P.A.M. TRANSPORTATION SERVICES, INC., in connection with its 1995 Stock Option Plan, and to file the same with the Securities and Exchange Commission, together with all exhibits thereto and other documents in connection therewith, and to sign on my behalf and in my stead, in any and all capacities, any amendments to said Registration Statement, incorporating such changes as the said attorneys-in-fact deem appropriate, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue

hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 25th day of June, 1996.

/s/ Charles F. Wilkins

Charles F. Wilkins

ACKNOWLEDGMENT

BEFORE me this 25th day of June, 1996, came Charles F. Wilkins, personally known to me, who in my presence did sign and seal the above and foregoing Power of Attorney and acknowledged the same as his true act and deed.

/s/ Lauri L. Trapp

NOTARY PUBLIC

State of Michigan

My Commission Expires:

04/08/98
