FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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FILER

ARKANSAS BEST CORP /DE/

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d)of the Securities Exchange Act of 1934
For the Quarter Ended March 31, 1994

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ____________ to ____________

Commission file number 0-19969

ARKANSAS BEST CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	6711	71-0673405
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code No.)	(I.R.S. Employer Identification No.)

1000 South 21st Street
Fort Smith, Arkansas 72901
(501) 785-6000

(Address, including zip code, and telephone number, including area code, of the registrant's principal executive offices)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrants (1) have 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 registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 1994
Common Stock, $.01 par value	19,200,077 shares

ARKANSAS BEST CORPORATION

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PART I.
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.
<TABLE>
ARKANSAS BEST CORPORATION
CONSOLIDATED BALANCE SHEETS
<CAPTION>

	March 31 1994 (unaudited)	December 31 1993 (note)
	($ thousands)	
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 15,676	$ 6,962
Trade receivables, less allowances for doubtful accounts (1994 -- $2,451,000; 1993 -- $2,220,000)	110,693	104,598
Inventories -- Note C	29,290	29,086
Prepaid expenses	10,699	9,916
	---------	---------
TOTAL CURRENT ASSETS	166,358	150,562
PROPERTY, PLANT AND EQUIPMENT		
Land and structures	107,955	108,422
Revenue equipment	170,591	169,573
Manufacturing equipment	6,078	5,997
Service, office and other equipment	35,466	33,913
Leasehold improvements	8,373	8,096
Construction in progress	2,013	-
	---------	---------
	330,476	326,001
Less allowances for depreciation and amortization	(151,862)	(147,799)
	---------	---------
	178,614	178,202
OTHER ASSETS	12,322	12,839
GOODWILL, less amortization (1994 -- $17,047,000; 1993 -- $16,267,000) --	105,372	106,130
	---------	---------
	$ 462,666	$ 447,733
	=========	=========

</TABLE>

<TABLE>
ARKANSAS BEST CORPORATION
CONSOLIDATED BALANCE SHEETS
<CAPTION>

	March 31 1994 (unaudited)	December 31 1993 (note)
	($ thousands)	
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank drafts payable	$ 11,738	$ 7,661
Trade accounts payable	39,199	36,143
Accrued expenses	77,503	71,278
Federal and state income taxes	10,155	6,398
Deferred federal income taxes	3,503	3,503
Current portion of long-term debt	11,611	15,239
TOTAL CURRENT LIABILITIES	153,709	140,222
LONG-TERM DEBT, less current portion	41,603	43,731
OTHER LIABILITIES	4,047	3,933
DEFERRED FEDERAL INCOME TAXES	24,975	26,158
MINORITY INTEREST	32,034	31,699
SHAREHOLDERS' EQUITY		
Preferred stock, $.01 par value, authorized 10,000,000 shares; issued 1,495,000 shares	15	15
Common stock, $.01 par value, authorized 70,000,000 shares; issued and outstanding 1994: 19,200,077 shares; 1993: 19,185,325 shares	192	192
Additional paid-in capital	206,661	206,457
Stock payable to employee benefit plans	-	205
Predecessor basis adjustment	(15,371)	(15,371)
Retained earnings	14,801	10,492

TOTAL SHAREHOLDERS' EQUITY	206,298	201,990
CONTINGENCIES -- Note F		
	$ 462,666	$ 447,733

<FN>
<F1>
Note: The balance sheet at December 31, 1993 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

<F2>
See notes to consolidated financial statements.
</TABLE>

<TABLE>
ARKANSAS BEST CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
<CAPTION>

<S>	Three Months Ended March 31 1994 (unaudited) ($ thousands, except per share data) <C>	1993 <C>
OPERATING REVENUES		
Carrier operations	$ 234,326	$ 207,053
Tire operations	29,405	20,967
Service and other	1,250	1,190
	264,981	229,210
OPERATING EXPENSES AND COSTS -- Note E		
Carrier operations	223,263	200,634
Tire operations	27,581	19,406
Service and other	1,519	1,375
	252,363	221,415
OPERATING INCOME	12,618	7,795
OTHER INCOME		
Gains on asset sales	318	252
Other	148	114

	466	366
OTHER EXPENSES		
Interest	1,344	2,333
Other	1,014	898
Minority interest in subsidiary	490	469
	2,848	3,700
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	10,236	4,461
FEDERAL AND STATE INCOME TAXES (CREDIT) -- Note D		
Current	5,843	3,827
Deferred	(1,182)	(1,528)
	4,661	2,299

ARKANSAS BEST CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (Continued)
<CAPTION>

	Three Months Ended March 31 1994	1993
	(unaudited) ($ thousands, except per share data)	
<S>	<C>	<C>
INCOME BEFORE EXTRAORDINARY ITEM	$ 5,575	$ 2,162
EXTRAORDINARY ITEM		
Loss on extinguishment of debt	-	(167)
NET INCOME	$ 5,575	$ 1,995
EARNINGS PER SHARE:		
INCOME BEFORE EXTRAORDINARY ITEM	$ .23	$ .08
EXTRAORDINARY ITEM		
Loss on extinguishment of debt	-	(.01)
NET INCOME	$ .23	$ .07

CASH DIVIDENDS PAID PER COMMON SHARE	$ .01	$ .01
AVERAGE SHARES OUTSTANDING	19,339,389	19,194,595

<FN>
See notes to consolidated financial statements.
</TABLE>

<TABLE>
ARKANSAS BEST CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
<CAPTION>

	Three Months Ended March 31 1994 (unaudited) ($ thousands)	1993
<S>	<C>	<C>
OPERATING ACTIVITIES		
Net income	$ 5,575	$ 1,995
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on extinguishments of debt	-	167
Depreciation and amortization	6,658	7,626
Amortization of intangibles	779	760
Amortization of other expenses	111	71
Provision for losses on accounts receivable	770	660
Provision for deferred income taxes	(1,182)	(1,528)
Gain on asset sales	(318)	(252)
Gain on issuance of subsidiary stock	(45)	-
Minority interest in subsidiary	490	469
Changes in operating assets and liabilities:		
Accounts receivable	(6,865)	(2,176)
Inventories and prepaid expenses	(987)	(1,965)
Other assets	404	1,121
Accounts payable, bank drafts payable, taxes payable, accrued expenses and other liabilities	17,229	3,507

NET CASH PROVIDED BY OPERATING ACTIVITIES	22,619	10,455
INVESTING ACTIVITIES		
Purchases of property, plant and equipment, less capitalized leases	(8,387)	(2,085)
Proceeds from asset sales	1,635	2,520
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(6,752)	435

ARKANSAS BEST CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
<CAPTION>

	Three Months Ended March 31	
	1994	1993
	(unaudited) ($ thousands)	
<S>	<C>	<C>
FINANCING ACTIVITIES		
Deferred financing costs and expenses incurred in borrowing activities	$ -	$ (28)
Net proceeds from the issuance of preferred stock	-	71,899
Proceeds from commercial paper agreement	1,000	-
Borrowings under revolving credit facilities	2,000	10,000
Principal payments under term loan facility	-	(50,000)
Payments under revolving credit facilities	(2,000)	(25,000)
Principal payments on other long-term debt	(6,777)	(7,842)
Dividends paid to minority shareholders of subsidiary	(109)	(107)
Dividends paid	(1,267)	(190)
NET CASH USED BY FINANCING ACTIVITIES	(7,153)	(1,268)
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,714	9,622

Cash and cash equivalents at beginning of period	6,962	5,644
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 15,676	$ 15,266

<FN>
See notes to consolidated financial statements.
</TABLE>

ARKANSAS BEST CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1994

NOTE A -- ORGANIZATION

Arkansas Best Corporation (the "Company") is a diversified holding company engaged through its subsidiaries primarily in motor carrier operations and truck tire retreading and sales. Principal subsidiaries owned are ABF Freight System, Inc., ("ABF"), Treadco, Inc. ("TREADCO"), and ABC Treadco, Inc. ("ABC Treadco").

On February 3, 1993, the Company completed its public offering of 1,495,000 shares of $2.875 Series A Cumulative Convertible Exchangeable Preferred Stock at $50 per share.

NOTE B -- FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 1994, are not necessarily indicative of the results that may be expected for the year ending December 31, 1994. For further information, refer to the Company's financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1993.

NOTE C -- INVENTORIES

<TABLE>
<CAPTION>

	March 31 1994	December 31 1993
	($ thousands)	

<S> <C> <C>

Finished goods	$ 22,041	$ 20,240
Materials	5,424	6,784
Repair parts, supplies and other	1,825	2,062
	--------	--------
	$ 29,290	$ 29,086
	========	========

</TABLE>

NOTE D -- FEDERAL AND STATE INCOME TAXES

<TABLE>
<CAPTION>

<S> <C> <C>

	Three Months Ended March 31	
	1994	1993
	($ thousands)	
Income tax at regular rates	$ 3,583	$ 1,517
Percent	35.0%	34.0 %
State taxes less federal benefits	596	381
Percent	5.8%	8.5 %
Amortization of goodwill	265	251
Percent	2.6%	5.6 %
Minority interest	167	159
Percent	1.6%	3.6 %
Other items	50	(9)
Percent	0.5%	(0.2)%
	---------	---------
Income tax expense	$ 4,661	$ 2,299
Percent	45.5%	51.5 %
	=========	=========

</TABLE>

NOTE E -- OPERATING EXPENSES AND COSTS

<TABLE>
<CAPTION>

<S> <C> <C>

	Three Months Ended March 31	
	1994	1993
	($ thousands)	
Carrier Operations:		
Salaries and wages	$155,442	$141,120
Supplies and expenses	24,502	23,386
Operating taxes and licenses	9,238	8,116

Insurance	4,368	4,031
Communications and utilities	5,726	5,999
Depreciation and amortization	5,889	7,051
Rents	16,762	9,807
Other	1,336	1,124
	223,263	200,634
Tire Operations:		
Cost of sales	21,548	14,942
Selling, administrative and general	6,033	4,464
	27,581	19,406
Service and Other	1,519	1,375
	$252,363	$221,415

</TABLE>

NOTE F -- LEGAL PROCEEDINGS AND ENVIRONMENTAL MATTERS

Various legal actions, the majority of which arise in the normal course of business, are pending. None of these other legal actions is expected to have a material adverse effect on the Company's financial condition. The Company maintains liability insurance against risks arising out of the normal course of its business.

ABF stores some fuel for its tractors and trucks in 103 underground tanks located in 27 states. Maintenance of such tanks is regulated at the federal and, in some cases, state levels. ABF believes that it is in substantial compliance with all such regulations. ABF is not aware of any leaks from such tanks that could reasonably be expected to have a material adverse effect on the Company. Environmental regulations have been adopted by the United States Environmental Protection Agency ("EPA") that will require ABF to upgrade its underground tank systems by December 1998. ABF currently estimates that such upgrades, which are currently in process, will not have a material adverse effect on the Company.

The Company has received notices from the EPA and others that it has been identified as a potentially responsible party under the Comprehensive Environmental Response Compensation and Liability Act or other federal or state environmental statutes at several hazardous waste sites. After investigating the Company's or its subsidiaries' involvement in waste disposal or waste generation at such sites, the Company has either agreed to de minimis settlements (aggregating approximately $210,000 over the last five years), or believes its obligations with respect to such sites would involve immaterial monetary liability, although there can be no assurances in this regard.

NOTE G -- NEW ACCOUNTING STANDARDS

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits." This Statement addresses the accounting for benefits to former or inactive employees after employment but before retirement. The Company's accounting for such benefits was not affected by the Statement.

NOTE H -- SUBSEQUENT EVENTS

ABF's labor agreement with the International Brotherhood of Teamsters ("IBT") expired on March 31, 1994. On April 6, 1994, when the terms of a new agreement had not been agreed to between the industry's bargaining group, Trucking Management, Inc. ("TMI"), and the IBT, the Teamster employees of ABF and 20 other carriers went on strike. On April 29, 1994, TMI and the IBT reached a tentative agreement on a new four year contract. ABF Teamster employees began returning to work at 12:01 a.m. on April 30, 1994. Before the new contract is effective, it will have to be voted on and ratified by the IBT membership.

The Company experienced a consolidated net loss (unaudited) of $12,688,000 for the month of April, 1994 and expects to have a loss for the second quarter due to the labor strike. The Company has identified accounts where it believes business has been lost to non-union carriers as a result of the strike. However, despite this lost business, management anticipates post-strike business for May and June to be at least equal to last year's business for the same months due to new business secured during the six months prior to the strike and growth in existing accounts due to the economy.

NOTE I -- LONG-TERM DEBT

The Company entered into a $20 million credit agreement, dated as of April 25, 1994, with Nationsbank of Texas, N.A. as agent and Societe Generale Southwest Agency. The proceeds from the agreement will be used in financing the construction of the Company's corporate office which is expected to be completed by January 1995. Amounts advanced and unpaid shall bear interest of 8.07% per annum. The Company shall repay the outstanding principal amount in 40 equal installments, each in the amount of $500,000, due and payable on the fifteenth day of each January, April, July, and October hereafter commencing on July 15, 1994.

On March 2, 1994, ABF, Renaissance Asset Funding Corp. ("Renaissance") and Societe Generale entered into a receivables purchase agreement. The agreement allows ABF to sell to Renaissance interest of up to $55 million in a pool of receivables. At March 31, 1994, ABF had financed $1 million of receivables through this facility. ABF expects to use this facility from time to time throughout the year for various corporate needs, including working capital.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Arkansas Best Corporation (the "Company") is primarily engaged, through its motor carrier subsidiaries, in less-than-truckload ("LTL") shipments of general commodities. The Company is also engaged through its approximately 46%-owned consolidated subsidiary, Treadco, Inc. ("TREADCO"), in truck tire retreading and new tire sales.

The Company in 1991 reduced its ownership in TREADCO, through an initial public offering of TREADCO common stock, to approximately 46%, while retaining control of TREADCO by reason of its stock ownership, board representation and agreement to provide management services. As a result, TREADCO is consolidated with the Company for financial reporting purposes, with the ownership interests of the other stockholders reflected as minority interest.

Segment Data

The following tables reflect information prepared on a business segment basis, which includes reclassification of certain expenses and costs between the Company and its subsidiaries and elimination of the effects of intercompany transactions. Operating profit on a business segment basis differs from operating income as reported in the Company's Consolidated Financial Statements. Other income and other expenses (which include amortization expense), except for interest expense and minority interest in subsidiary, which appears below the operating income line in the Company's Statement of Operations, have been allocated to individual segments for the purpose of calculating operating profit on a segment basis.

<TABLE>
<CAPTION>

	Three Months Ended March 31 1994	1993
	($ thousands)	
<S>	<C>	<C>
OPERATING REVENUES		
Carrier operations	$234,326	$207,053
Tire operations	29,405	20,967
Other	1,250	1,190
	--------	--------
	$264,981	$229,210
	========	========

OPERATING EXPENSES AND COSTS		
CARRIER OPERATIONS		
Salaries and wages	$155,442	$141,120
Supplies and expenses	24,502	23,386
Operating taxes and licenses	9,238	8,116
Insurance	4,368	4,031
Communications and utilities	5,726	5,999
Depreciation and amortization	5,889	7,051
Rents	16,762	9,807
Other	1,336	1,124
Other non-operating (net)	179	372
	223,442	201,006
TIRE OPERATIONS		
Cost of sales	21,548	14,942
Selling, administrative and general	6,033	4,464
Other non-operating (net)	197	29
	27,778	19,435
SERVICE AND OTHER	1,691	1,506
	$252,911	$221,947
OPERATING PROFIT (LOSS)		
Carrier operations	$ 10,884	$ 6,047
Tire operations	1,627	1,532
Other	(441)	(316)
TOTAL OPERATING PROFIT	12,070	7,263
MINORITY INTEREST	490	469
INTEREST EXPENSE	1,344	2,333
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	$ 10,236	$ 4,461

</TABLE>

The following table sets forth for the periods indicated a summary of the Company's operations as a percentage of revenues presented on a business segment basis as shown in the table on the preceding page. The basis of presentation for business segment data differs from the basis of presentation for data the Company provides to the ICC.

<TABLE>
<CAPTION>

	Three Months Ended March 31	
	1994	1993

<S> <C> <C>

CARRIER OPERATIONS		
Salaries and wages	66.3%	68.2%
Supplies and expenses	10.5	11.3
Operating taxes and licenses	3.9	3.9
Insurance	1.9	1.9
Communications and utilities	2.4	2.9
Depreciation and amortization	2.5	3.4
Rents	7.2	4.7
Other	0.6	0.5
Other non-operating (net)	0.1	0.3
Total Carrier Operations	95.4%	97.1%
TIRE OPERATIONS		
Cost of sales	73.3%	71.3%
Selling, administrative and general	20.5	21.3
Other non-operating (net)	0.7	0.1
Total Tire Operations	94.5%	92.7%

</TABLE>

Results of Operations

Three Months Ended March 31, 1994 As Compared With Three Months Ended March 31, 1993

Consolidated revenues of the Company for the three months ended March 31, 1994 were $265.0 million compared to $229.2 million for the three months ended March 31, 1993. Operating profit for the Company was $12.1 million for the three months ended March 31, 1994 compared to $7.3 million for the three months ended March 31, 1993. Net income for the three months ended March 31, 1994 was $5.6 million, or $.23 per common share, compared to a net income of $2.0 million, or $.07 per common share for the three months ended March 31, 1993. Income before extraordinary item was $5.6 million, or $.23 per common share for the three months ended March 31, 1994, compared to income before extraordinary item of $2.2 million, or $.08 per common share for the three months ended March 31, 1993. During the first three months of 1993, the Company recorded an extraordinary loss of $(167,000) (net of income tax benefit of $102,000), or $(.01) per common share for the net loss on extinguishment of debt. Earnings per common share for the three months ended March 31, 1994 give consideration to preferred stock dividends of $1.1 million. Average common shares outstanding for the three months ended March 31, 1994 were 19.3 million shares compared to 19.2 million shares for the three months ended March 31, 1993.

Motor Carrier Operations Segment. Revenues for the motor carrier operations segment increased 13.2% to $234.3 million for the three months ended

March 31, 1994 from $207.1 million for the three months ended March 31, 1993, reflecting primarily an 11.8% increase in total tonnage and a 1.6% increase in revenue per hundredweight. The increase in total tonnage consisted of a 12.2% increase in LTL tonnage and a 10.5% increase in a truckload tonnage. During the first three months of 1994, the economy continued to improve resulting in an increase in available freight. Also during the first three months of 1993, competitive pressure on pricing had a negative impact on tonnage and rates. Effective January 1, 1994, ABF implemented a general freight rate increase of 4.5%. Management believes the rate increase resulted in approximately a 2.6% impact on revenues during the first three months of 1994. The diminished effect was the result of pricing that is on a contract basis which can only be increased when the contract is renewed.

Motor carrier segment operating expenses as a percent of revenues was 95.4% for the three months ended March 31, 1994 compared to 97.1% for the three months ended March 31, 1993. Salaries and wages for motor carrier operations as a percent of revenues decreased to 66.3% for the three months ended March 31, 1994 from 68.2% for the three months ended March 31, 1993. The decrease resulted primarily from the covering of the fixed portion of salaries and wages expense by the higher level of revenues and the utilization of alternate modes of outside transportation during periods of peak activity. Supplies and expenses for motor carrier operations as a percent of revenues decreased to 10.5% for the three months ended March 31, 1994 from 11.3% for the three months ended March 31, 1993. The decrease resulted primarily from a 10% decrease in fuel cost per gallon and the covering of the fixed costs by the higher level of revenues.

Depreciation and amortization expense for motor carrier operations as a percent of revenues decreased to 2.5% for the three months ended March 31, 1994 from 3.4% for the three months ended March 31, 1993. During the last three years, ABF financed its road tractor replacement program with operating leases instead of capital leases, which decreased both interest and depreciation expense and increased rent expense. Rent expense for motor carrier operations as a percent of revenues increased to 7.2% for the three months ended March 31, 1994 from 4.7% for the three months ended March 31, 1993. The additional rent expense was incurred primarily as a result of the operating leases discussed above and the utilization of alternate modes of outside transportation during periods of peak activity.

Tire Operations Segment. TREADCO's revenues for the three months ended March 31, 1994 increased 40.2% to $29.4 million from $21.0 million for the three months ended March 31, 1993. The increase resulted primarily from internal growth and the addition of five facilities through the August 30, 1993 acquisition of Trans-World Tire Corporation in Florida. Revenues from retreading for the three months ended March 31, 1994 increased 36.3% to $16.6 million from $12.2 million for the three months ended March 31, 1993. Revenues from new tire sales increased 45.8% to $12.8 million for the three months ended March 31, 1994 from $8.8 million for the three months ended March 31, 1993.

Tire operations segment operating expenses as a percent of revenues were

94.5% for the three months ended March 31, 1994 compared to 92.7% for the three months ended March 31, 1993. Cost of sales for the tire operations segment as a percent of revenues increased to 73.3% for the three months ended March 31, 1994 from 71.3% for the three months ended March 31, 1993

resulting primarily from integrating last fall's acquisition of five Florida facilities into TREADCO. Although the integration is progressing as planned, the costs of sales as a percent of revenues are higher at the Florida locations. Also, late in the fourth quarter of 1992, TREADCO was able to purchase a large quantity of tires at a larger than normal discount which had a positive impact on the cost of new tires sold during the first three months of 1993.
Selling, administrative and general expenses for the tire operations segment decreased to 20.5% for the three months ended March 31, 1994 from 21.3% for the three months ended March 31, 1993. The decrease resulted primarily from the covering of the fixed portion of selling, administrative and general expenses by the increase in sales.

Interest. Interest expense decreased 42.1% to $1.3 million for the three months ended March 31, 1994 from $2.3 million during the three months ended March 31, 1993. A reduction in long-term debt outstanding, lower interest rates and utilization of operating leases resulted in the decrease in interest expense. The reduction in long-term debt consisted primarily of retiring $50 million in principal of a term loan under its existing Credit Agreement, maintaining a lesser average balance outstanding under the revolving credit facilities, and financing a portion of its revenue equipment with operating leases.

Income Taxes. The difference between the effective tax rate for the three months ended March 31, 1994 and the federal statutory rate resulted primarily from state income taxes, amortization of goodwill, minority interest, undistributed earnings of TREADCO and other nondeductible expenses (see Note D to the consolidated financial statements).

Liquidity and Capital Resources

The ratio of current assets to current liabilities was 1.08:1 at March 31, 1994 compared to 1.07:1 at December 31, 1993. The improvement in the current ratio resulted primarily from an increase in cash and trade receivables and a decrease in the current portion of long-term debt. Net cash provided by operating activities for the three months ended March 31, 1994 was $22.6 million compared to $10.5 million for the three months ended March 31, 1993. The increase is due primarily to higher net income and changes in operating assets and liabilities.

The Company and certain banks are parties to a Credit Agreement with Societe Generale, as Agent and NationsBank of Texas a Co-Agent (the "Credit Agreement") which provides funds available under a three-year Revolving Credit Facility of $100 million, including $40 million for letters of credit. There are no borrowings outstanding under the Revolving Credit Facility and approximately $37.4 million of letters of credit outstanding at March 31,

1994. The Revolving Credit Facility is payable on June 30, 1996. Outstanding revolving credit advances may not exceed a borrowing base calculated using the Company's revenue equipment, real property and the Treadco common stock owned by the Company. At March 31, 1994, the borrowing base was $97.8 million. The Company has paid and will continue to pay certain customary fees for such commitments and loans. Amounts advanced under the revolving credit facility bear interest, at the Company's option, at a rate per annum of either: (i) the greater of (a) the agent bank's prime rate and (b) the Federal Funds Rate plus 1/2%; or (ii) LIBOR plus 1 1/2%.

The Credit Agreement contains various covenants which limit, among other things, dividends, indebtedness, capital expenditures, loans and investments, as well as requiring the Company to meet certain financial tests. As of March 31, 1994, these covenants have been met. If there is an event of default which is not remedied or waived within 10 days, the Credit Agreement will become secured to the extent of amounts then outstanding of all of the Company's revenue equipment, real property and common stock included in the borrowing base (subject to certain exceptions).

The Company entered into a $20 million credit agreement, dated as of April 25, 1994, with Nationsbank of Texas, N.A. as agent and Societe Generale Southwest Agency. The proceeds from the agreement will be used in financing the construction of the Company's corporate office which is expected to be completed by January 1995. Amounts advanced and unpaid shall bear interest of 8.07% per annum. The Company shall repay the outstanding principal amount in 40 equal installments, each in the amount of $500,000, due and payable on the fifteenth day of each January, April, July, and October hereafter commencing on July 15, 1994.

On March 2, 1994, ABF, Renaissance Asset Funding Corp. ("Renaissance") and Societe Generale entered into a receivables purchase agreement. The agreement allows ABF to sell to Renaissance interest of up to $55 million in a pool of receivables. At March 31, 1994, ABF had financed $1 million of receivables through this facility. ABF expects to use this facility from time to time throughout the year for various corporate needs, including working capital.

Management believes, based upon the Company's current levels of operations and anticipated growth, the Company's cash, capital resources, borrowings available under the Credit Agreement and cash flow from operations will be sufficient to finance current and future operations and meet all present and future debt service requirements.

Seasonality

The motor carrier segment is affected by seasonal fluctuations, which affect tonnage to be transported. Freight shipments, operating costs and earnings are also affected adversely by inclement weather conditions. The third calendar quarter of each year usually has the highest tonnage levels while the first quarter has the lowest. TREADCO's operations are somewhat seasonal with the last six months of the calendar year generally having the highest levels of sales.

New Accounting Standards

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits." This Statement addresses the accounting for benefits to former or inactive employees after employment but before retirement. The Company's accounting for such benefits was not affected by the Statement.

Subsequent Events

ABF's labor agreement with the International Brotherhood of Teamsters ("IBT") expired on March 31, 1994. On April 6, 1994, when the terms of a new agreement had not been agreed to between the industry's bargaining group, Trucking Management, Inc. ("TMI"), and the IBT, the Teamster employees of ABF and 20 other carriers went on strike. On April 29, 1994, TMI and the IBT reached a tentative agreement on a new four year contract. ABF Teamster employees began returning to work at 12:01 a.m. on April 30, 1994. Before the new contract is effective, it will have to be voted on and ratified by the IBT membership.

The Company experienced a consolidated net loss (unaudited) of $12,688,000 for the month of April, 1994 and expects to have a loss for the second quarter due to the labor strike. The Company has identified accounts where it believes business has been lost to non-union carriers as a result of the strike. However, despite this lost business, management anticipates post-strike business for May and June to be at least equal to last year's business for the same months due to new business secured during the six months prior to the strike and growth in existing accounts due to the economy.

PART II.

OTHER INFORMATION
ARKANSAS BEST CORPORATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, the Company is named as a defendant in legal actions, the majority of which arise out of the normal course of its business. The Company is not a party to any pending legal proceeding which the Company's management believes to be material to the financial condition of the Company. The Company maintains liability insurance against risks arising out of the normal course of its business (see Note F to the Company's Unaudited

Consolidated Financial Statements).

ITEM 2. CHANGES IN SECURITIES.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits.

Exhibit 11 - Statement Re: Computation of Earnings Per Share.

(b) Reports on Form 8-K.

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ARKANSAS BEST CORPORATION
(Registrant)

Date: May 13 1994

s/Donald L. Neal

Donald L. Neal - Senior Vice President - Chief Financial Officer, and Principal Accounting Officer

EXHIBIT 11

<TABLE>

STATEMENT RE: COMPUTATION OF EARNINGS PER SHARE

ARKANSAS BEST CORPORATION

<CAPTION>

	Three Months Ended March 31 1994	1993
	($ thousands, except per share data)	
<S>	<C>	<C>
PRIMARY:		
Average shares outstanding	19,195,794	19,058,472
Net effect of dilutive stock options -- Based on the treasury stock method using average market price	143,595	136,123
Average common shares outstanding	19,339,389	19,194,595
Income before extraordinary item	$ 5,575	$ 2,162
Less: Preferred stock dividend	1,075	681
	4,500	1,481
Extraordinary item:		
Loss on extinguishments of debt	-	(167)
Net income available for common	$ 4,500	$ 1,314
Per common and common equivalent share:		
Income (loss) before extraordinary item	$ .23	$ .08
Extraordinary item:		
Loss on extinguishments of debt	.00	(.01)
Net income per common share	$ .23	$ .07

</TABLE>

Fully-diluted earnings per share are not presented, as such calculations would be anti-dilutive.