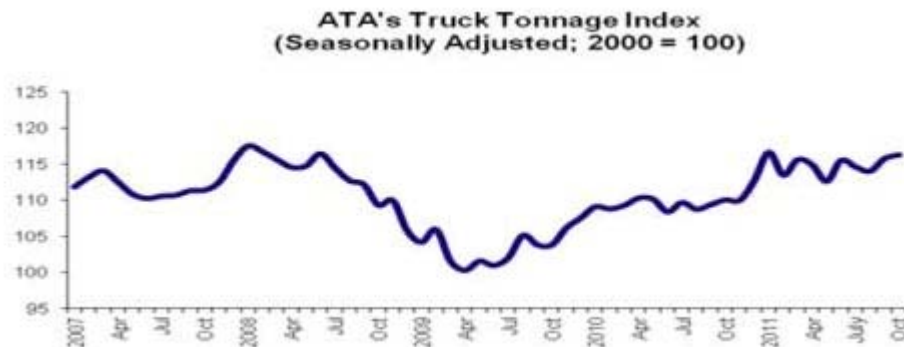


ATA Truck Tonnage Index Shows Economy is Not Sliding into Recession

As we move into the typical "down season" for flatbed carriers, the outlook remains relatively positive. Growth over same month prior year and growth over previous month continues although at a slightly slower pace. Indicators so far lead us to project that the winter freight will hold stronger than in the past several years which is certainly good news for flatbed drivers who typically see miles driven decrease from November through February.

Shipper reaction to the market is quite diverse. We are seeing some shippers continue their historic practices of issuing RFQs in the winter and demanding carriers to hold prices for the coming 12 months. However, we are seeing a number of more aggressive shippers approaching the rate/capacity issue from different perspectives largely based on the degree of their concern or lack of concern regarding capacity and productivity next summer. Several major shippers are adopting proactive core carrier programs that actually rewards core carriers who assign more equipment to them with slightly higher rates, fuel surcharge, preferred loading/unloading times, load selection. Needless to say, these approaches are received very favorably by carriers. Other shippers are striving to leverage volume for "guaranteed" capacity commitments by either increasing load volumes to select carriers or threatening to reduce load volumes unless carriers "guarantee" a certain number of trucks.



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The American Trucking Associations' advance seasonally adjusted For-Hire Truck Tonnage Index increased 0.5% in October after rising a revised 1.5% in September 2011.

September's increase was slightly less than the 1.6% gain ATA reported on October 25, 2011. The latest gain put the SA index at 116.3 (2000=100) in October, up from the September level of 115.8.

The not seasonally adjusted index, which represents the change in tonnage actually hauled by the fleets before any seasonal adjustment, equaled 118.5 in October, which was 0.8% below the previous month.

Compared with October 2010, SA tonnage was up 5.7%. In September, the tonnage index was 5.8% above a year earlier. Further, October's tonnage reading was just 4.4% below

the index's all-time high in January 2005.

"Tonnage readings continue to show that economy is growing and not sliding back into recession," ATA Chief Economist Bob Costello said. **"Over the last two months, tonnage is up nearly 2% and is just shy of the recent high in January of this year."**

Costello added that he expects freight and the economy to increase at a slower pace next year, but that truck tonnage can outpace GDP growth.

"Manufacturing output has been the primary reason why truck freight volumes are increasing more than GDP. The industrial sector should slow next year, but still grow more than GDP, which means truck tonnage can increase faster than GDP too," he said.

Note on the impact of trucking company failures on the index:

Each month, ATA asks its membership the amount of tonnage each carrier hauled, including all types of freight. The indexes are calculated based on those responses. The sample includes an array of trucking companies, ranging from small fleets to multi-billion dollar carriers. When a company in the sample fails, we include its final month of operation and zero it out for the following month, with the assumption that the remaining carriers pick up that freight. As a result, it is close to a net wash and does not end up in a false increase. Nevertheless, some carriers are picking up freight from failures and it may have boosted the index. Due to our correction mentioned above however, it should be limited.



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