

MARTEN TRANSPORT LTD  
Form DEF 14A  
March 16, 2012

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting material under Rule 14a-12.

MARTEN TRANSPORT, LTD.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Dear Stockholder:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of Marten Transport, Ltd. The meeting will be held on May 1, 2012, at 4:00 p.m. local time, at The Plaza Hotel & Suites, 1202 West Clairemont Avenue, Eau Claire, Wisconsin.

We suggest you carefully read the enclosed Notice of Annual Meeting and Proxy Statement.

We hope you will attend the Annual Meeting. Whether or not you attend, we urge you to complete, sign, date and return the enclosed proxy card in the enclosed envelope in order to have your shares represented and voted at the Annual Meeting.

Very truly yours,

Randolph L. Marten  
Chairman of the Board and  
Chief Executive Officer

March 23, 2012

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MARTEN TRANSPORT, LTD.

129 Marten Street  
Mondovi, Wisconsin 54755

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 1, 2012

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TO THE STOCKHOLDERS OF MARTEN TRANSPORT, LTD.:

The Annual Meeting of Stockholders of Marten Transport, Ltd. will be held on May 1, 2012, at 4:00 p.m. local time, at The Plaza Hotel & Suites, 1202 West Clairemont Avenue, Eau Claire, Wisconsin, for the following purposes:

1. To elect six directors to serve for the next year or until their successors are elected and qualified.
2. To consider and hold a vote on an advisory resolution to approve executive compensation.
3. To consider and vote on a proposal to ratify the selection of KPMG LLP as our independent public accountants for 2012.
4. To transact other business if properly brought before the Annual Meeting or any adjournment thereof.

Only stockholders of record as shown on the books of the Company at the close of business on March 7, 2012, will be entitled to vote at the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors

Thomas A. Letscher  
Secretary

March 23, 2012

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MARTEN TRANSPORT, LTD.

129 Marten Street  
Mondovi, Wisconsin 54755

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PROXY STATEMENT FOR  
ANNUAL MEETING OF STOCKHOLDERS

MAY 1, 2012

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INTRODUCTION

The Annual Meeting of Stockholders of Marten Transport, Ltd. will be held on May 1, 2012, at 4:00 p.m. local time, at The Plaza Hotel and Suites, 1202 West Clairemont Avenue, Eau Claire, Wisconsin. See the Notice of Meeting for the purposes of the meeting.

A proxy card is enclosed for your use. You are solicited on behalf of the Board of Directors of Marten Transport, Ltd. to **MARK, SIGN, DATE AND RETURN THE PROXY CARD IN THE ENVELOPE PROVIDED**. Postage is not required if mailed in the United States. We will pay the cost of soliciting proxies, including preparing, assembling and mailing the proxies. We will also pay the cost of forwarding such material to the beneficial owners of our common stock, par value \$.01 per share. Our directors, officers and regular employees may, for no additional compensation, solicit proxies by telephone or personal conversation. We may reimburse brokerage firms and others for the expenses of forwarding proxy material to the beneficial owners of our common stock.

Any proxy given in accordance with this solicitation and received in time for the Annual Meeting will be voted in accordance with the instructions given in the proxy. Any stockholder giving a proxy may revoke it at any time before its use at the Annual Meeting by giving written notice of revocation to our Secretary. The revocation notice may be given before the Annual Meeting, or a stockholder may appear at the Annual Meeting and give written notice of revocation before use of the proxy.

We expect to mail this Proxy Statement, the proxy card and Notice of Meeting to stockholders on or about March 23, 2012.

The terms “we,” “us,” “our,” or the “Company” or similar terms refer to Marten Transport, Ltd.

## VOTING OF SHARES

Only holders of common stock of record at the close of business on March 7, 2012 will be entitled to vote at the Annual Meeting. On March 7, 2012, we had 22,057,795 shares of common stock outstanding. For each share of common stock that you own of record at the close of business on March 7, 2012, you are entitled to one vote on each matter voted on at the Annual Meeting. Holders of shares of common stock are not entitled to cumulative voting rights.

Presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the outstanding shares of common stock on March 7, 2012 (11,028,898 shares) is required for a quorum to conduct business. In general, shares of common stock represented by a properly signed and returned proxy card will count as shares present at the Annual Meeting to determine a quorum. This is the case regardless of whether the proxy card reflects votes withheld from the election of director nominees or abstentions (or is left blank) or reflects a "broker non-vote" on a matter. A proxy card reflecting a broker non-vote is any that is returned by a broker on behalf of its beneficial owner customer and not voted on a particular matter because voting instructions have not been received and the broker has no discretionary authority to vote.

Assuming a quorum is present at the Annual Meeting, any business, except for the election of directors, that may properly come before the Annual Meeting requires the approval of a majority of the shares voting in person or by proxy on that proposal. With respect to the election of directors, the six director nominees receiving the greatest number of votes cast for the election of directors will be elected as directors. The advisory vote on executive compensation is non-binding; provided, however, our Compensation Committee and Board expect to take into account the outcome of the vote when considering future executive compensation decisions.

You may vote for or against a proposal, or may abstain from voting on a proposal. Shares voted as abstaining on a proposal will be treated as votes against the proposal. You may vote for all nominees for director, or withhold authority to vote for all or certain nominees but you do not have the choice to abstain. Votes withheld from the election of director nominees, therefore, will be excluded entirely from such vote and will have no effect. Broker non-votes on the proposal for the election of directors and the advisory vote on executive compensation will be treated as shares not entitled to vote on such proposals and, therefore, will not be counted as voted shares. A broker may exercise discretion and may vote shares that are not directed how to vote on the ratification of KPMG LLP as our independent public accountants.

Shares of common stock represented by properly executed proxy cards will be voted as directed on the proxy cards. Proxies signed by stockholders but lacking any voting instructions will be voted in favor of each of the proposals or in favor of management's recommendation for a proposal, as appropriate. The proxies named on the proxy cards will use their judgment to vote such proxies on any other business that may properly come before the Annual Meeting.

## ELECTION OF DIRECTORS

### Proposal 1

#### Nomination

Our Bylaws provide that the Board shall have at least one member, or a different number of members as may be determined by the Board of Directors or the stockholders. The Nominating/Corporate Governance Committee has recommended to our Board of Directors that the six persons listed below be nominated for election at the Annual Meeting, and our Board has nominated the six persons listed below. If elected, the individuals will serve until the next Annual Meeting of Stockholders or until their successors are duly elected and qualified. All of the nominees are members of the present Board of Directors, and all were elected at last year's Annual Meeting of Stockholders.

The Board recommends a vote FOR the election of each of the nominees listed below. The six nominees for election as directors at the Annual Meeting who receive the greatest number of votes cast will be elected as directors. If, before the Annual Meeting, the Board learns that any nominee will be unable to serve because of death, incapacity or other unexpected occurrence, the proxies that would have been voted for the nominee will be voted for a substitute nominee recommended by the Nominating/Corporate Governance Committee and selected by the Board. The proxies may also, at the Board's discretion, be voted for the remaining nominees. The Board believes that all nominees will be able to serve at the time of the Annual Meeting. No arrangements or understandings exist between any nominee and any other person under which such nominee was selected.

#### Information About Nominees

The following chart and paragraphs provide information as of the date of this proxy statement about each nominee. The information presented includes information each director has given us about his age, all positions he holds, his principal occupation and business experience for the past five years, and the names of other publicly-held companies of which he currently serves as a director or has served as a director during the past five years. In addition to the information presented below regarding each nominee's specific experience, qualifications, attributes and skills that led our Board to the conclusion that he should serve as a director, we also believe that all of our director nominees display personal and professional integrity; broad-based business acumen; a high level of understanding of our business and the transportation industry; strategic thinking and a willingness to share ideas; and have a diversity of experiences, expertise and background.

Name of Nominee	Age	Principal Occupation	Director Since
Randolph L. Marten	59	Our Chairman of the Board and Chief Executive Officer	1980
Larry B. Hagness	62	President of Durand Builders Service, Inc., Durand, Wisconsin	1991
Thomas J. Winkel	69	Management Consultant	1994
Jerry M. Bauer	60	President of Bauer Built, Inc., Durand, Wisconsin	1997
Robert L. Demorest	66	President, Chief Executive Officer and Chairman of the Board of MOCON, Inc., Minneapolis, Minnesota	2007
G. Larry Owens	74	Retired Chairman of the Board, Chief Executive Officer, President and Secretary of Smithway Motor Xpress Corp., Fort Dodge, Iowa	2007

#### Other Information About Nominees

Randolph L. Marten has been a full-time employee of ours since 1974. Mr. Marten has been a Director since October 1980, our Chairman of the Board since August 1993 and our Chief Executive Officer since January 2005. Mr. Marten also served as our President from June 1986 until June 2008, our Chief Operating Officer from June 1986 until August 1998 and as a Vice President from October 1980 to June 1986. We believe Mr. Marten's qualifications to sit on our Board of Directors include his four decades of experience in the trucking industry, including 24 years as our President.

Larry B. Hagness has been a Director since July 1991. Mr. Hagness has been the President of Durand Builders Service, Inc., a retail lumber/home center outlet and general contractor, since 1978. Mr. Hagness has been an officer and owner of Main Street Graphics, a commercial printing company, since 1985, and has also served on the Board of Directors of Chippewa Valley Technical College since 2007. We believe Mr. Hagness's qualifications to sit on our Board of Directors include his management experience with Durand Builders Service, Inc. and his years of experience as our director.

Thomas J. Winkel has been a Director since April 1994. Since January 1994, Mr. Winkel has been a management and financial consultant and private investor. From 1990 to 1994, Mr. Winkel was the majority owner, Chairman of the Board, Chief Executive Officer and President of Road Rescue, Inc., a manufacturer of emergency response vehicles. Mr. Winkel is a retired certified public accountant having served in various professional capacities over a 23 year career with a national accounting firm, including as a partner from 1977 to 1990. Mr. Winkel has also served on the National Board of Directors of the Alzheimer's Association since 2007, currently serving as Treasurer and Chairman of the Finance Committee, and served as a director of Featherlite, Inc., a manufacturer of specialty trailers



and luxury motorcoaches from 1994 through October 2006 upon the sale of Featherlite.

We believe Mr. Winkel's qualifications to sit on our Board of Directors include his experience as a CEO and President of a manufacturer of specialty vehicles and his prior experience as a board member and committee chairman of a publicly-traded manufacturing company combined with his extensive financial and accounting experience as an audit partner in a national accounting firm.

Jerry M. Bauer has been a Director since January 1997. Mr. Bauer has been the President of Bauer Built, Inc. since 1976. Bauer Built is a distributor of new and retreaded tires and related products and services throughout the Midwest, and a distributor of petroleum products in west central Wisconsin. Mr. Bauer has also served on the Board of Directors of Security Financial Bank, Durand, Wisconsin since 1992 and served on the Board of Directors of Mason Companies, Inc., Chippewa Falls, Wisconsin from 1999 through 2008. We believe Mr. Bauer's qualifications to sit on our Board include his operational experience as the President of a company that specializes in tires and fuel, both important components for a trucking company, combined with his board experience.

Robert L. Demorest has been a Director since December 2007. Mr. Demorest has served as the President, Chief Executive Officer and Chairman of the Board of MOCON, Inc., a publicly traded company that provides consulting services and designs, manufactures, markets and services measurement and analytical instruments primarily for food, beverage and pharmaceutical companies world-wide, since April 2000. Prior to that time, Mr. Demorest had been President of MOCON, Inc. for more than five years. We believe Mr. Demorest's qualifications to sit on our Board of Directors include his experience as a Chief Executive Officer leading a world-wide, publicly-traded organization.

G. Larry Owens has been a Director since December 2007. Mr. Owens served as the Chief Executive Officer, President and Secretary of Smithway Motor Xpress Corp., a formerly publicly traded truckload carrier that provides nationwide transportation of diversified freight, concentrating primarily on the flatbed segment of the truckload market, from March 2004 to December 2007, and served as the Chairman of the Board of Smithway Motor Xpress Corp. from April 2004 to December 2007, at which time he retired. Mr. Owens had served prior to that time as the Executive Vice President and Chief Financial Officer of Smithway Motor Xpress Corp. from January 1993 and Chief Administrative Officer from August 2001. Mr. Owens also served as the Chief Operating Officer of Smithway Motor Xpress Corp. from May 1998 to August 2001. Prior to joining Smithway Motor Xpress Corp., Mr. Owens spent twenty-five years in the banking industry, most recently from 1982 through 1992 as President of Boatmen's Bancshares' regional banks in Spencer and Fort Dodge, Iowa. We believe Mr. Owens' qualifications to sit on our Board of Directors include his industry experience as the Chairman of the Board, Chief Executive Officer, President and Secretary of a publicly-traded trucking company and his extensive financial background.

## Corporate Governance

Our Board of Directors has adopted an Audit Committee Charter, a Compensation Committee Charter, a Nominating/Corporate Governance Committee Charter, Corporate Governance Standards, Policy Regarding Related Party Transactions, a Code of Ethics for Senior Financial Management and a Code of Ethics/Conduct that applies to all officers, directors, employees and independent contractors. We have posted all of these documents on our website at [www.marten.com](http://www.marten.com). The information contained in or connected to our website is not incorporated by reference into or considered a part of this Proxy Statement.

## Board Oversight of Risk

Management is responsible for the Company's day-to-day risk management and the Board's responsibility is to engage in informed oversight of and provide overall direction with respect to such risk management. Our Board administers its risk oversight function directly and through its committees. Our Board's approach to risk management is to focus on understanding the nature of our enterprise risks, to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance stockholder value, while at the same time overseeing an appropriate level of risk for the Company. We believe our current board leadership structure helps ensure proper risk oversight, based on the allocation of duties among committees and the role of our independent directors in risk oversight.

While our Board has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk management. As part of its charter, the Audit Committee discusses with management and the independent auditors our adequacy and effectiveness of accounting and financial controls, including our system to monitor and manage business risks. The Audit Committee charter also charges the Audit Committee with setting the overall tone for sound business risk practices. The Company's Compensation Committee reviews the Company's overall compensation programs and is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The Nominating and Corporate Governance Committee manages risks associated with the Board's composition and corporate governance practices. The Board and its committees regularly discuss with management our major risk exposures, their potential impact on us, and the steps we take to manage them.

## Corporate Governance Standards

Our Corporate Governance Standards provide guidelines which govern the qualifications and conduct of our Board. Our standards are consistent with the corporate governance requirements of the Sarbanes-Oxley Act of 2002, and the corporate governance listing requirements applicable to companies whose securities are listed on the NASDAQ Global Select Market. Our Corporate Governance Standards address, among other matters, the following:

regular meetings of our Board of Directors;

attendance by directors at annual meetings of stockholders;

conduct of Board meetings;

meetings of independent directors;

director access to executive officers and employees;

the composition, membership and selection of our Board of Directors;

the compensation and evaluation of performance of our Board of Directors and its committees;

the organization and basic function of Board committees;

the evaluation of the performance of our Chairman of the Board and Chief Executive Officer; and

stockholder communications with directors.

#### Code of Ethics for Senior Financial Management

Our Code of Ethics for Senior Financial Management applies to all of our executive officers, including our Chairman of the Board and Chief Executive Officer and our Chief Financial Officer, along with our Controller and other employees performing similar functions who have been identified by the Chairman of the Board and Chief Executive Officer, and meet the requirements of the Securities and Exchange Commission. We have posted our Code of Ethics for Senior Financial Management on our website at [www.marten.com](http://www.marten.com). We intend to disclose any amendments to and any waivers from a provision of our Code of Ethics for Senior Financial Management on our website within five business days following the amendment or waiver.

#### Risk Considerations in our Compensation Program

Our Compensation Committee has discussed risk as it relates to our compensation policies and practices for our employees and the Committee does not believe our compensation policies and practices for our employees are reasonably likely to have a material adverse effect on us because of the way we structure our compensation policies and practices. We structure our compensation policies and practices to consist of both fixed and variable compensation. The fixed (or salary) portion of compensation is designed to provide a steady income regardless of the metrics associated with our business so that employees do not feel pressured to focus exclusively on business metrics to the detriment of our business. The variable component of our pay structure includes stock options, performance unit awards and both performance based and cash bonus plans. Our stock options generally vest over five years and are only valuable if our stock price increases over time so employees are encouraged to add to our long-term value. Our performance unit awards primarily vest based upon increases in our profitability over a five-year period, and also include a service-based vesting component and a requirement that at least half of all vested awards must be credited to the named executive officer's discretionary account in our deferred compensation plan. We believe that our compensation programs have an appropriate mix of fixed and variable compensation to insure our compensation objectives and philosophy are being met without encouraging our employees to engage in unnecessary or excessive risk-taking that are reasonably likely to have a material adverse effect on us.

Code of Ethics/Conduct

Our Code of Ethics/Conduct applies to all officers, directors, non-driver employees, driver employees and independent contractors of the Company. The Code is intended to promote honest and ethical conduct and to provide guidance for the appropriate handling of various business situations. The Code addresses, among other matters, legal and regulatory compliance, insider trading, confidentiality, conflicts of interest, competition and fair dealing, financial reporting and record-keeping, protection and proper use of Company assets, and the reporting of illegal or unethical behavior. Employees may anonymously report possible violations of the Code via a toll free telephone number. Waivers of the Code for officers and directors may be made only by our Board and will be promptly disclosed if and as required by law or NASDAQ listing requirements. We have posted our Code of Ethics/Conduct on our website at [www.marten.com](http://www.marten.com).

## Board and Board Committees

We continue to monitor the rules and regulations of the Securities and Exchange Commission and NASDAQ to ensure that a majority of our Board remains composed of “independent” directors. Mr. Winkel, Mr. Hagness, Mr. Bauer, Mr. Demorest and Mr. Owens are all “independent” directors, as defined by current NASDAQ listing standards. Our independent directors hold meetings, referred to as “executive sessions,” on a periodic basis and at least two times each year, at which only the independent directors are present. We have appointed Mr. Winkel as our lead independent director to preside at executive sessions of our independent directors.

Our Board of Directors held four meetings during 2011, and each current director attended all Board meetings, as well as all meetings of committees of the Board on which they served, except Mr. Demorest was unable to attend one Audit Committee meeting. The Board of Directors has established an Audit Committee, a Compensation Committee and a Nominating/Corporate Governance Committee. Our Board of Directors adopted a policy that all directors are expected to attend our annual meeting of stockholders and we generally schedule a meeting of the Board on the same day as our annual meeting of stockholders in order to facilitate attendance of all directors at the annual meeting. All directors attended last year’s annual meeting of stockholders.

## Leadership Structure of the Board

We currently combine the positions of Chairman of the Board and Chief Executive Officer. We have adopted a counterbalancing governance structure to protect the interests of our stockholders by preventing the Board from being unduly influenced by the combination of these positions. Some components of our counterbalancing governance structure include:

- a designated lead independent director;

- a Board entirely composed of independent members, with the exception of the Chairman and Chief Executive Officer;

- annual election of directors;

- committees entirely composed of independent directors;

- our independent directors hold executive sessions on a periodic basis and at least two times each year, at which only the independent directors are present; and

- established corporate governance standards and ethics guidelines.

The independent lead director presides at executive sessions of our independent directors, as well as performs other duties applicable to that position including, among other things, providing guidance to the Chair regarding agendas for Board and committee meetings, advising the Chair as to the information to be provided the Board for its meetings, chairing meetings of the Board in the event the Chairman cannot be in attendance, and acting as principal liaison between the independent directors and the Chair. The lead director is expected to foster a cohesive board that cooperates with the Chief Executive Officer towards the ultimate goal of creating stockholder value.

#### Audit Committee

The Audit Committee provides assistance to the Board in satisfying its fiduciary responsibilities for our accounting, auditing, operating and reporting practices. The committee oversees the financial reporting process, has the sole authority to appoint, compensate, retain and oversee the work of our independent registered public accounting firm, reviews and pre-approves all audit services and permissible non-audit services performed by our independent registered public accounting firm, establishes procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters, oversees the establishment and administration of a written code of ethics for our senior financial management, reviews and either approves or disapproves of all related party transactions and performs other related duties delegated to it by the Board. The responsibilities and functions of the Audit Committee are further described in the Audit Committee Report beginning on page 12 of the Proxy Statement. The Audit Committee currently consists of Mr. Winkel (Chair), Mr. Demorest and Mr. Owens. All of the members of the Audit Committee are “independent” as defined by current NASDAQ listing standards and the rules of the Securities and Exchange Commission. In addition, our Board has determined that Mr. Winkel is an “audit committee financial expert” as defined by the rules and regulations of the Securities and Exchange Commission. During 2011, the Audit Committee met seven times.

#### Compensation Committee

The Compensation Committee establishes the compensation philosophy and policy for our executive officers and other key employees, which includes reviewing and approving corporate goals and objectives relevant to their compensation, reviewing and evaluating their performance, monitoring the effectiveness of our benefit plans and, where appropriate, approving changes, reviewing and approving, or recommending to the full Board of Directors, executive incentive compensation plans and equity-based plans, supervising and overseeing the administration of our incentive compensation and equity-based programs and reviewing the compensation levels of independent directors from time to time. The committee reviews our compensation policies and practices to confirm that such policies and practices do not encourage unnecessary risk taking and reviews and discusses, at least annually, the relationship between risk management policies and practices, corporate strategy, and our compensation policies and practices. The committee also serves as the disinterested administrator of our 2005 Stock Incentive Plan. The responsibilities and functions of the Compensation Committee, including the use of compensation consultants and the involvement of management in compensation decisions, are further described in the Compensation Discussion and Analysis beginning on page 19 of the Proxy Statement. The Compensation Committee currently consists of Mr. Winkel (Chair), Mr. Hagness, Mr. Bauer, Mr. Owens and Mr. Demorest. Mr. Demorest joined the Compensation Committee in March 2011. All of the members of the Compensation Committee are “independent” directors, as defined by current NASDAQ listing standards. During 2011, the Compensation Committee met four times.

#### Nominating/Corporate Governance Committee

The Nominating/Corporate Governance Committee reviews and makes recommendations to the Board regarding the size and composition of the Board, considers and recruits candidates for director nominees based upon recommendations from current outside directors, members of management, outside consultants or search firms and stockholders, recommends on an annual basis a slate of director nominees for approval by the Board and the stockholders, reviews our committee structure and membership, reviews and advises the Board regarding our corporate governance standards, advises the Board on emerging corporate governance matters, develops and recommends to the Board for its approval an annual self-evaluation process of the Board and its committees and provides suitable programs for the orientation and continuing education of directors. The Nominating/Corporate Governance Committee currently consists of Mr. Hagness (Chair), Mr. Winkel, Mr. Bauer and Mr. Demorest. All of the members of the Nominating/Corporate Governance Committee are “independent” directors, as defined by current NASDAQ listing standards. During 2011, the Nominating/Corporate Governance Committee met one time.

In evaluating and determining whether to recommend a person as a candidate for election as a director, the Nominating/Corporate Governance Committee’s criteria reflects the requirements of the NASDAQ definitions with respect to independence and financial literacy and the following factors: the needs of the Company with respect to the particular talents and experience of its directors; personal and professional integrity of the candidate; level of education and/or business experience; broad-based business acumen; the level of understanding of the Company’s business and the transportation industry; strategic thinking and a willingness to share ideas; and diversity of experiences, expertise and background. The Committee will use these criteria to evaluate potential nominees and will not evaluate proposed nominees differently depending upon who has made the recommendation.

The Nominating/Corporate Governance Committee will consider proposed nominees whose names are submitted to it by stockholders; however, it does not have a formal process for that consideration. The Nominating/Corporate Governance Committee has not adopted a formal process since it believes its informal consideration process has been adequate because historically stockholders have not proposed any nominees. The Nominating/Corporate Governance Committee intends to review periodically whether a more formal policy should be adopted.



In considering whether to recommend any director nominee, including candidates recommended by stockholders, the Nominating/Corporate Governance Committee will apply the criteria set forth in its charter. These criteria include, among other things, the candidate's diversity of experiences, expertise and background. While the Company does not have a separate policy related to diversity, the Nominating/Corporate Governance Committee seeks nominees with a broad diversity of experience, expertise and backgrounds. The Nominating/Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. We believe that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis prescribed by law.