



MARTEN TRANSPORT, LTD.

2012 Annual Report



Who We Are

Marten Transport, Ltd., with headquarters in Mondovi, Wisconsin, strives to be the premier supplier of time- and temperature-sensitive transportation and distribution services to customers in the United States, Canada and Mexico. We will accomplish this by exceeding the expectations of our customers, employees, stockholders and society. We serve customers with demanding delivery deadlines, as well as those who ship products requiring modern temperature-controlled trailers to protect goods.

Founded in 1946, we have been a public company since 1986. Our common stock trades on the NASDAQ Global Select Market under the symbol MRTN. At December 31, 2012, we employed 2,946 people, including drivers, office personnel and mechanics.

Five-Year Financial Summary

<i>(Dollars in thousands, except per share amounts)</i>	Years ended December 31,				
	2012	2011	2010	2009	2008
FOR THE YEAR					
Operating revenue	\$ 638,456	\$ 603,679	\$ 516,920	\$ 505,874	\$ 607,099
Operating income	45,853	43,030	35,289	29,359	32,705
Net income	27,267	24,285	19,742	16,267	18,071
Operating ratio ⁽¹⁾	92.8%	92.9%	93.2%	94.2%	94.6%
PER-SHARE DATA					
Basic earnings per common share	\$ 1.24	\$ 1.10	\$ 0.90	\$ 0.74	\$ 0.83
Diluted earnings per common share	1.23	1.10	0.90	0.74	0.82
Dividends paid per common share	0.845	0.08	0.04	–	–
Book value	15.01	14.57	13.48	12.56	11.79
AT YEAR END					
Total assets	\$ 490,623	\$ 470,579	\$ 460,308	\$ 414,838	\$ 397,443
Long-term debt	2,726	–	19,346	1,499	2,857
Stockholders' equity	331,923	320,359	295,904	274,907	257,451

(1) Represents operating expenses as a percentage of operating revenue.

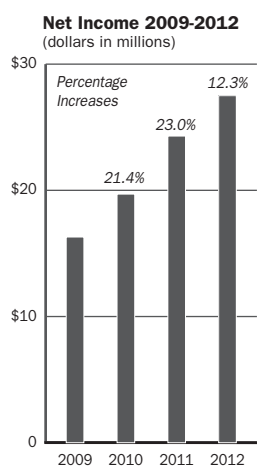
To Our Stockholders and Employees

Marten Transport overcame stiff economic headwinds again in 2012 to post its third consecutive year of double-digit earnings growth. With increased productivity from all facets of our expanding business platform, net earnings increased 12.3 percent on a 5.8 percent increase in operating revenue. We closed 2012 with our eleventh consecutive quarter of year-over-year increases in quarterly net income. Our operating ratio improved for the fifth consecutive year.

Operating revenue, which consists of revenue from truckload and logistics operations, increased to \$638.5 million for 2012 from \$603.7 million for 2011. Truckload revenue increased 6.0 percent to \$483.3 million from \$455.8 million for 2011, reflecting continued regional growth. The logistics segment increased its revenue by 4.9 percent to \$155.1 million from \$147.8 million for

2011, with increased contributions from both intermodal and internally managed brokerage components. Fuel surcharges increased 7.2 percent to \$121.1 million from \$113.0 million for 2011.

Net income increased to \$27.3 million, or \$1.23 per diluted share, up from \$24.3 million, or \$1.10 per diluted share, for 2011. Excluding fuel surcharges, our operating ratio (operating expenses as a percentage of operating revenue before fuel surcharges) improved to 91.1 percent for 2012 from 91.2 percent for 2011.



Performance Keys

The resilience of Marten's performance reflects our continuing focus on the growth of our multifaceted business platform and the productivity improvements that drive it. The key elements in the disciplined execution of this strategy are:

- *A customer solutions focus* that has added regional, intermodal and brokerage leadership to our traditional long-haul truckload capabilities. The result is a business platform shaped by the growing and changing needs and opportunities of our customers. Our customer focus has driven an infrastructure buildout and expansion of our logistics business and regional operations throughout the country. Over the past three years, truckload revenue increased by 21.8 percent on the strength of regional growth. Logistics revenue expanded by 42.2 percent over the same period, with strong contributions from both intermodal and brokerage operations.



- *A freight network productivity focus* targeting customer diversity, lane density and improved freight efficiency – keeping our equipment moving. In a measure of equipment utilization, truckload miles per tractor increased by 5.2 percent in 2012. Tractor loads per week increased from 2.96 to 3.12. These increases drove a 5.6 percent increase in average truckload revenue, net of fuel surcharges, per tractor per week—our main measure of asset productivity.

- *A cost solutions focus* on overcoming our industry's disproportionately heavy cost-inflation headwinds. These include regulatory requirements for new tractor engines, tightened driver regulations, rising diesel fuel prices, higher refrigerated unit fuel usage during an exceptionally hot summer, higher drivers' pay and equipment price increases. We were successful in limiting the impact of higher fuel costs through multiple fuel initiatives and were also able to trim maintenance costs despite higher tire costs.

- *Marten's people, culture and teamwork.* Marten people make the difference with their smart, hard work and sense of urgency – as a team – to support each other in our culture of continuous improvement of systems and processes. They focus daily on sustainable cost and productivity improvement: growth in revenue per tractor, improvement in equipment utilization and fuel economy, collaborative customer relationships, and increased customer diversity. Our people have been and are the single most important reason for our profitable growth during challenging economic times.

The Shape and Scope of Change

Our logistics business segment accounted for nearly a quarter of Marten's operating revenue in 2012 and contributed a 17.0 percent year-over-year increase in operating income. Logistics revenue is generated by our intermodal and internal brokerage



operations, and through our 45 percent interest in MW Logistics, LLC, a third-party provider of logistics services.

Our intermodal business combines flexible door-to-door truckload service with the economies and energy efficiency of long-haul rail transportation. Intermodal loads increased by 13.1 percent in 2012, revenue by 9.7 percent. Our intermodal network now includes 25 major rail terminals in 20 states. We are the largest truckload temperature-controlled carrier with BNSF Railway Company.

Marten's brokerage operations meet customer needs that fall outside our traditional temperature-controlled capabilities through arrangements with smaller third-party carriers. The number of loads handled by our internal brokerage operations in 2012 increased by 28.0 percent from 2011. Revenue grew by 9.9 percent.

The scope of Marten's transformation over the past five years is clearly visible in the buildout of our infrastructure nationally and the broadening and diversification of our revenue base. All major components of the company have grown, but our regional truckload operations and the logistics segment have had the most graphic increases, in line with customers' evolving needs.

Our regional tractor fleet has grown from 4.6 percent of our total fleet at the end of 2007 to 73.7 percent at the end of 2012. The number of regional operating centers has grown from five in five states to 13 in a dozen states across the country to create a geographically balanced service network offering customers a diversified combination of transportation options through Marten.

For intermodal, annual revenue, net of fuel surcharges, has grown from \$17.5 million in 2007 to \$55.2 million in 2012. Brokerage revenue has grown from \$15.2 million to \$53.2 million over the same period. MRTN de México, which did not exist in 2007, contributed \$29.0 million in 2012.

'Most Trustworthy'

We are pleased to have again been named one of America's 100 Most Trustworthy Companies in the annual survey commissioned by Forbes magazine. Marten was one of only three companies to be named to the list for the fourth consecutive year. The listing, compiled for Forbes by GovernanceMetrics International (GMI), recognizes US exchange-listed companies with market capitalizations of at least \$250 million that display the highest corporate integrity as measured by GMI's Accounting and Governance Risk score – a measure of the transparency and reliability of a company's financial reporting and governance practices.

Our industry's major challenges are still with us, including restrictive driver regulations and a national driver shortage, fuel price volatility and industry-specific cost inflation running well ahead of national inflation indices. We will experience some additional cost challenges with higher refrigerated trailer costs resulting primarily from regulations for emission reductions to temperature-control units in 2013. This will be on top of the already higher costs for each new trailer as we continually replenish and grow our fleet. We will also be challenged with more regulatory driver costs from additional federal hours of service changes. As a company dedicated to providing the best driving jobs in the industry for the best drivers in the industry, we have raised pay rates and taken other steps to ensure that our drivers are not hurt economically by these restrictions. In 2012 that translated to driver pay inflation of over 2 cents per mile, which like other cost increases had to be overcome by improved mileage and load productivity.

Over the past three years, our commitment to customer solutions, cost efficiencies and productivity improvement has driven earnings growth of 67.6 percent on a 14.9 percent increase in operating revenue, net of fuel surcharges. In 2013, we face another challenging cost year combined with a still-sluggish economy. But we are confident we will continue to overcome the challenges with our continuous improvement cost solutions culture. We are encouraged by the ongoing profitable development of our regional, intermodal, brokerage and MRTN de México operations in collaborative relationships with our customers. We believe that with our present multifaceted business infrastructure and the dedicated people who have built it we are better positioned than ever for future performance growth.



Sincerely,

A handwritten signature in black ink that reads "Randolph L. Marten".

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

February 28, 2013

This Annual Report, including the Stockholders and Employees Letter above, contains forward-looking statements. Written words such as "may," "expect," "believe," "anticipate," "plan," "goal," or "estimate," or other variations of these or similar words, identify such statements. Our actual results may differ materially from those expressed in such forward-looking statements because of important factors known to us that could cause such material differences including those noted in the attached Form 10-K under the heading "Risk Factors."



Corporate Information

Corporate Headquarters

129 Marten Street
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Fax: (715) 926-4530
www.marten.com

Stockholder Information

Additional copies of our 2012 Annual Report on Form 10-K as filed with the Securities and Exchange Commission are available by writing to James J. Hinnendael, chief financial officer, at our corporate headquarters.

Annual Meeting

Stockholders, employees and friends may attend our annual meeting on Friday, May 3, 2013, at 1:00 p.m. at The Plaza Hotel & Suites, 1202 West Clairemont Avenue, Eau Claire, Wisconsin.

Stock Listing

NASDAQ Global Select Market symbol: MRTN

Legal Counsel

Oppenheimer Wolff & Donnelly LLP
Campbell Mithun Tower – Suite 2000
222 South Ninth Street
Minneapolis, Minnesota 55402

Independent Registered Public Accounting Firm

KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, Minnesota 55402

Transfer Agent and Registrar

Computershare Shareowner Services
480 Washington Boulevard
Jersey City, New Jersey 07310
Telephone: (866) 637-5412
TDD: (800) 231-5469
Foreign: (201) 680-6578
www.bnymellon.com/shareowner/equityaccess

Direct communications about stock certificates or a change of address to Computershare Shareowner Services.



Executive Officers and Directors

Randolph L. Marten

Chairman of the Board,
Chief Executive Officer and Director

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Robert G. Smith

Chief Operating Officer

Timothy P. Nash

Executive Vice President of Sales and Marketing

James J. Hinnendael

Chief Financial Officer

John H. Turner

Vice President of Sales

Thomas A. Letscher

Secretary

Partner, Oppenheimer Wolff & Donnelly LLP
Minneapolis, Minnesota

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President, Durand Builders Service, Inc.
Durand, Wisconsin

Thomas J. Winkel

Director

Management Consultant
Pewaukee, Wisconsin

Jerry M. Bauer

Director

Chairman of the Board and Chief Executive Officer,
Bauer Built, Inc.
Durand, Wisconsin

Robert L. Demorest

Director

President, Chief Executive Officer and Chairman of the Board,
MOCON, Inc.
Minneapolis, Minnesota

G. Larry Owens

Director

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President and Secretary,
Smithway Motor Xpress Corp.
Fort Dodge, Iowa

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