Trucking’s Importance to the Economy Has Surged Over the Decades

Source: U.S. Freight Transportation Forecast to 2025, Eno Foundation, ATA
Distribution of Tonnage by Mode: 2013 vs 2025

2013:
- Total Trucking: 69.1%
- Truck: TL 33.6%
- Truck: LTL 1.0%
- Truck: Private 34.4%
- Rail Carload 13.3%
- Pipeline 10.3%
- Water 5.9%
- Rail Intermodal 1.2%
- Air 0.1%

2025:
- Total Trucking: 71.4%
- Truck: TL 35.3%
- Truck: LTL 1.2%
- Truck: Private 34.9%
- Rail Carload 12.1%
- Pipeline 9.2%
- Water 5.4%
- Rail Intermodal 1.8%
- Air 0.1%

Source: U.S. Freight Transportation Forecast to 2025
Fact: In 2013, the top 20 for-hire TL carriers accounted for just 11% of total TL industry revenue.

Sources: U.S. Freight Transportation Forecast to 2025; American Trucking Trends
Trucking Economic Update: State of the Truckload Industry
• Demand for TL services picked up late first quarter 2014 after several winter storms. Since then demand has remained strong.
• At the same time, capacity remains constrained as fleets struggle to retain current drivers and recruit new ones. The largest constraint to adding capacity is finding the additional drivers.
• As a result, revenue per mile increased throughout 2014, and even accelerated in the second half of the year.
• These trends should remain in 2015 absent an economic downturn.
Truckload Industry Loads

Index: 2000=100; Seasonally Adjusted

Through November 2014

Source: ATA
TL Supply

2005 = 100

Through November 2014

Source: ATA based on Trucking Activity Report
Truckload Revenue/Mile

Year-over-Year Percent Change

Data is a mix of contract and spot freight.

Source: ATA's Trucking Activity Report
Driver Challenges
Median Employee Driver Age

<table>
<thead>
<tr>
<th>Category</th>
<th>Median Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Fleets</td>
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<tr>
<td>LTL</td>
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<td>TL</td>
<td>49</td>
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<tr>
<td>Drayage Carriers</td>
<td>47</td>
</tr>
<tr>
<td>All US Workers</td>
<td>42</td>
</tr>
</tbody>
</table>

Sources: ATA’s Driver Compensation Study 2014 and US Census Bureau
Annual Employee Driver Compensation
2013 Median Pay Including Incentives and Bonuses

TL National Irregular Route Van
Flatbed
Van Dedicated
LTL Local P&D
Tank Truck OTR
Refrigerated
LTL OTR
Private Non-Van
Private: Van Only

Source: ATA’s Driver Compensation Study 2014
At current trends, the shortage could balloon to 240,000 – We are in big trouble if it gets there.

The shortage is an OTR TL issue.
Average Number of New Drivers Needed Per Year Over the Next 10 Years: 96,178

- Industry Growth: 36%
- Retirements: 37%
- Voluntary Non-Retirement Departures: 11%
- Non-Voluntary Departures: 16%

Source: ATA Benchmarking Guide for Driver Recruitment & Retention
Regulatory Factors That Will Impact Driver Supply

- Electronic Logging Devices – Some Drivers Are Simply Technology Adverse and Will Refuse to Use ELDs.
- Hours of Service – Reduced Productivity Per Driver Will Increase Demand.
- Sleep Apnea Screening and Treatment – Obese Drivers may Refuse To Be Tested or To Endure CPAP Therapy
- CSA – Greater Scrutiny of Safety Metrics Will Make More Drivers Unemployable
- Medical Registry – Tighter Controls on Medical Qualifications Will Weed Out Unqualified Drivers, Further Shortening Supply.
- Background Checks – Redundant and Costly Criminal History Records Checks Are a “Hassle Factor” for Drivers.
Trucking Is a Large Industry

2012 Total Annual Wages by Industry

- Railroads: $8.6 billion
- Auto Manufacturing: $13.8 billion
- Aircraft Manufacturing: $22.0 billion
- Airlines: $29.7 billion
- Grocery Stores: $56.4 billion
- Restaurants: $143.6 billion
- Hospitals: $262.7 billion
- Trucking*: $280.0 billion

*Trucking is total related employment across all sectors, not just for-hire trucking.

Sources: Department of Labor, ATA, AAR
Average Weekly Earnings of Production Workers

- Construction Worker
- Factory Worker
- OTR TL Driver

Year:
- 1990
- 1991
- 1992
- 1993
- 1994
- 1995
- 1996
- 1997
- 1998
- 1999
- 2000
- 2001
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013

Earnings Levels:
- $400
- $500
- $600
- $700
- $800
- $900
- $1,000

AMERICAN TRUCKING ASSOCIATIONS
Legislative & Regulatory Issues
Trucking’s Legislative Priorities

• Highway trust fund reauthorization (expires 5/30)
  • Fuel tax increase with indexing
  • Oppose tolling of interstates
• Highway bill reauthorization (expires 5/30)
  • Permanent HOS fix
  • Dedicated highway freight program
  • CSA reform
  • Twin 33’s
  • Hair Testing
  • Driver Shortage, including CDL/DOD equivalency, probationary lowering of driver age program
• Comprehensive tax reform
• Energy bill, including KXL Pipeline
Trucking’s Top Regulatory Issues

- Sensible Hours-of-Service Rules
- Continued CSA Improvements
- Electronic Logging Device Mandate
- Fuel Efficiency/GHG Reduction Standards – Round II
- Alternative Fuels
- Improved Driver Screening – D&A Clearinghouse
- Implement MAP 21 Freight Provisions
- Fix Redundant Security Threat Assessments
Thank You

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