



Covenant Transport Courier

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Trucking Will Benefit... Eventually

Bob Costello, Chief Economist for the American Trucking Associations

The housing market woes and the credit crunch continue to plague the U.S. economy; the fear is that these problems will filter into the broader economy. Consequently, I've increased the probability of a recession from 35% to 40%. The good news is that other economic indicators are not pointing to a recession, at least not yet. Employment and total business sales (including manufacturing, retail and wholesale trade) have certainly slowed, but they have not contracted, suggesting that a recession is not imminent. Nevertheless, the first two quarters of 2008 are expected to be quite weak, even if we avert a recession. Gross domestic product is projected to grow at only a 0.8% annualized rate for the first half of next year. Recent interest rate reductions by the Federal Reserve will help, but not necessarily save the day.

Everyone knows we're in a down cycle now, but one thing is clear. Over the longer term, there is a significant projected increase in freight demand coming our way. Truck tonnage is expected to grow nearly 30% from 2006 to 2018. By 2018, trucks will haul 70% of all freight tonnage in the U.S., up from 69% in 2006. Hang in there for now. Trucking will benefit when the economy recovers.



Down the Road with Joey Reflecting on 2007, Projecting for 2008

Joey Hogan, President

Happy New Year everyone! I am proud of and thankful for the tremendous progress Covenant employees made in a difficult economy and freight environment in 2007. Our utilization was up 6% YTD through November, 2007 over last year. We have become more efficient in running our trucks and providing our drivers more miles. Our service levels are rising, and driver turnover has reduced dramatically. Owner/operator turnover is just 33%, an unbelievable metric versus industry averages, attributable in part to the change in the owner operator pay package announced last August. Our experienced driver turnover is running a little over 100%, and we will work diligently to reduce that number even more. Student turnover is 122%, an unheard of number in the industry. Covenant trucks are full! We are succeeding in managing the expectations of drivers working for our company.

I see the progress and momentum building into 2008. At the same time, my eyes are wide open to the continuing economic challenges we face. First, we expect our miles per truck to continue to grow by 2-3%. Second, we don't plan to add any trucks this year, but we hope not to reduce any. We will replace about 600 trucks with new trucks. Third, we will work to attain service performance of 97% or higher consistently, and for the last several months, we have hit that number. Fourth, we will work diligently to lower costs. We expect fuel to be tough next year, but we will control the costs that we can control. We will maximize the use of our trailers and work on reducing accidents. We will challenge ourselves on non-driver headcount. At this time, I do not anticipate we will be able to raise our driver pay scales in 2008, but we will work diligently to get our drivers more miles. The result of all of this is that we could possibly lose money in the first half of 2008, but we have a shot at moving to break even or possibly making money in the second half of 2008, if economic forces move in the right direction.

We are in it for the long haul, and we have the foundation in this company to weather almost any storm. We are on the verge of turning the corner with some tremendous accomplishments that are continuing to gain traction. When some of the major freight-bearing economic sectors awaken to put some wind in our sails, watch out!

In This Issue:

- Driver News & Recognition2-4
- Safety Update5
- Company News6-7

Denise Godfrey - Editor
Phyllis Williams - Editor
John Arthur Daniel - Editor in Chief



Driver News & Recognition...

Avoiding Freight Refusals

Mike Owens, Director of Driver Services



One of the most frustrating things a driver can hear from a consignee is, "We're refusing your freight because it's damaged." Drivers, when this happens, you and Covenant are at the shipper's mercy. In most cases, however, the consequences of damaged freight can be avoided

by following some simple steps. First, inspect the trailer before loading. Look for holes in the structure that might permit moisture. Look for areas inside the trailer where freight might snag or be punctured during loading or unloading. If those areas are found, contact your Fleet Manager for instructions before allowing the trailer to be loaded.

Secondly, remain on the dock and observe your trailer being loaded, preventing freight that is already damaged from being loaded, and make sure loading personnel are more careful.

Third, once the freight has been loaded and braced, it is your responsibility to make sure the load is ready for transit. If you don't feel that a shipment will stand up to the rigors of transit, work with the shipper then to find a solution. If the shipper is not cooperative, contact OS&D (Overages, Shortages and Damages) or Operations immediately before signing for or taking possession of the load. Once you sign for a load, it is your, as well as Covenant's, responsibility.

Fourth, if a shipper loaded the freight, but you didn't verify the count, sign the bills "SLC" for "Shipper Load and Count." If a shipper loaded the freight, and you did verify the count, sign the bills "Shipper Load," and note the piece count. If you are asked to verify a piece count but can only verify pallet count, sign "STC" for "Said to Contain," before signing for that piece count.

Finally, before leaving a shipper, ask the shipper to seal the trailer with their own seal or a company seal, which is required for documentation. The shipper should also sign for verification that the seal was placed on the trailer. Before breaking the seal at the consignee, the consignee should verify seal integrity by signing the manifest. If there are multiple drops, the consignee should verify that a new seal was placed back on the trailer,

so that the next consignee can verify seal integrity. If anyone refuses to sign a seal manifest, contact OS&D immediately. Remember, a lock will help protect a load from theft (and should be used), but a seal will protect the company and, more importantly, you. If you have any questions, call OS&D at 1-800-721-5202, #5, #9.

Important Changes to Permits

April Grist, Permits Supervisor



Beginning January 1, 2008 our trucks that are base-plated out of Oklahoma only will receive Indiana plates and registrations. Before going into Oregon with an Indiana plate, make sure your Oregon weight receipt matches your base plate. To receive your new Oregon weight receipt, call

Permits during normal business hours, and we will fax the permit to you. If you have not received your new Indiana base plate, Oregon will still honor your old Oregon weight receipt that matches your Oklahoma plate until February 28, 2008. (For all of our Tennessee base-plated trucks, your Oregon weight receipt has an extension until February 28, 2008).

If you have Oklahoma plates and have not received your new 2008 Indiana registrations and plates, Oklahoma IRP is honoring the extension on your Oklahoma registration until March 1, 2008. Call Permits now to request your new plate at 1-800-721-5202, #5, #6. New Mexico and New York have also changed their policies. Beginning January 1, 2008 you will no longer need permits for these two states. However, they will require that you are in their system. Permits will make sure that all your information is updated in these states.

IFTA stickers are still required. The actual permit ran out December 31, 2007, but the grace period extends to February 28, 2008.

Call Permits at 1-800-721-5202, #5, #8 to receive your new 2008 permits. We look forward to helping you!



Driver News & Recognition...

Freight Referral Winners

Matt Long, Manager of Business Development



The following Covenant drivers earned extra money in October and November, respectively, by helping Covenant locate new customers: Edgardo Rivera TR11761, Timothy Stark TR10769, Faye Vercillo TR11198, David J. Millette TR11661, William D. Jackson TR10723M and Billy Thompson TR11713M.

These drivers observed potential customers and received credit for the referral by either a) submitting a lead form in the trip pack, or b) sending a referral message to his/her fleet manager. With each referral, their name was entered into the monthly, random drawing for \$50. We encourage all of our drivers to participate in this "easy" way to make extra cash.

Sniders Win the \$5,000 Driver Referral Bonus



Driver Relations is Back!

John Cooper, Director of Driver Relations



Drivers, I am excited to announce that the Driver Relations Department is back, and I have a great team working with me: Melissa Harris (x3546), Frankie Mitchell (x3544) and Stephanie Storey (x3545). My new extension is 3547. We know that your

Fleet Manager is your main line of communication, but when you get a situation that the two of you or your Fleet Manager's Supervisor can't solve, let us know. (We can also help you reach your Fleet Manager.) Before you hit the door or the third floor, give us the opportunity to help you.

In addition to helping you solve problems, Driver Relations sends one-year anniversary gifts to drivers, birthday and Christmas cards, sponsors driver appreciation days, calculates miles, sends million mile plaques and mails welcome packets to new hire families.

You can reach us through the Driver Services line, 1-800-721-5202, #755, page us at Outbound, or call our extensions. We're here to help make your relationship with Covenant a long and prosperous one. We are committed to CARE!

Congratulations to David and Paula Snider, Team XL drivers on truck 11803, who won the Billy Ray Payday Driver Referral Program quarterly bonus of \$5,000 in November! In addition to their regular pay for great miles with Fleet Manager Eddie Lyons, the Sniders receive extra money on their paychecks periodically for referring experienced drivers to Covenant who hire on. With each hired referral, David and Paula's names are put into a hat for a chance to win the quarterly drawing, a \$5,000 prize. The Sniders live in Dannebrog, Nebraska, and originally hired with Covenant in 1999.

What's in the Billy Ray Payday Program for you? Any driver can enter. You can earn \$500 for an experienced solo driver who hires on, and \$1,500 for an experienced team that hires on. To get credit, you must either call 1-866-391-0141 and leave your referral information, submit your referral online by logging on to www.billyraypayday.com, or your referral(s) need to tell the recruiter at their point of hire that they were referred by you.

When do you get paid? One-half of your referral bonus will be paid upon receipt of the referred driver's first trip pack, and the remainder will be paid once the referred driver completes 30 days of service. Upon receiving your referral payout, you are eligible for the quarterly drawing (one chance per payout). If your name is drawn, you win another \$5,000!



Driver News & Recognition...

What the Executive Council Accomplished in 2007

David Manning, Director of National Recruiting



As we start 2008, let's look back at 2007 and the progress the Executive Council made for our drivers. As a result of the Council working with Covenant's executive leadership team, some positive changes were put into motion:

- Covenant is now equipping all new trucks with tire racks and increasing the number of dropoff locations for tire casings.
- Covenant is testing a new satellite communication device with GPS directions capability for possible inclusion on all fleet trucks.
- To decrease the incidence of damaged trailers being left for other drivers to pick up, the company will fine offending drivers \$50. Drivers who have to repair a damaged trailer dropped by someone else will receive \$25 pay for the inconvenience.
- The company created an On Break Macro 47 for drivers to utilize to prevent the interruption of sleep during a break.
- The company has dropped the trip pack fee and has made Pre-Pass Plus with EZ-Pass available to all drivers for scales and tolls for a \$4 fee per truck.
- Covenant installed free Wi-Fi service in Chattanooga and Hutchins, soon to be available at other terminals.
- The company completed the remodeling project at the Pomona terminal to make it more driver-friendly.
- The training period for students has been increased from 21 to 35 days to produce more qualified, safe drivers.
- The Safety Department formed the Trainer Mentor Program to provide all trainers with access to a select group of our finest trainers.
- The Council continues to share driver needs and concerns with president Joey Hogan and his staff on a weekly conference call and at a quarterly meeting at headquarters in Chattanooga.

Your Council is on the job looking out for your interests. We encourage all drivers to listen to the weekly Executive Council updates by dialing 1-800-721-5202, x7003. To communicate your constructive suggestions to the Council, contact them on the road or by e-mail at council@covenanttransport.com.

Preventing Winter Maintenance Headaches

Mike Miller, Breakdown Supervisor



Even though we're deep into the winter months, equipment maintenance doesn't have to bring on a headache!

1. You can easily prevent moisture damage to your transmission and braking system by draining your air tanks at least once per day until moisture begins to come out.
2. All drivers should have an air pressure and tire depth gauge on your truck to complete your DOT inspection, as well as the pre and post trip inspections required by the company. Keep 100 pounds of air pressure in all truck and trailer tires to prevent premature wear.
3. Remember that a clean cab helps your A/C work properly. A/C issues are often the result of trash packed under a bunk, debris clogging the system, or dirty HVAC filters.



The Tennessee Trucking Association recently recognized Covenant Master Trainer Frederick Krebsbach as a Tennessee Trucking Association Road Team Captain.



Safety Update...

Drivers with One Million Miles and No Preventable Accidents (through November 7, 2007)

- | | |
|---------------------|-----------------------|
| David Allen, Sr. | Marilyn May |
| Phillip Anderson | Richard May |
| Jim Barnhart, Sr. | Country McCartney |
| Mark Brennecke | Dennis McDonald |
| Cheryel A. Brown | Ricky McFarland |
| James A. Burklow | William McMaster |
| Kathy D. Caudill | Istvan Muller |
| Robert G. Caudill | Chuck Norris, Jr. |
| Billy Conrad | Gerard Parent |
| Billy Day | Debra Peinhardt |
| Edward H. Dore | Tim "Ice Man" Person |
| Terry French | William "Slim" Record |
| Leon Garrison | Tom Sanders |
| Sage Goodner | Thomas Schuette |
| Peter Hayes | Scott Schultz |
| Buddy Henry, Jr. | Eddie Scurlock |
| Ida Jackson | Jose Serrano |
| Bobby Johnston, Jr. | Jerry Sharbono |
| Rosie Jonas | Barbara Shepherd |
| Richard Kettell | Fred Shepherd, Jr. |
| Thomas Lazarski | Kenney Wilson |
| Don Lord | John Woods |
| Herb Luther | Donald R. Young |

Drivers with Two Million Miles and No Preventable Accidents (through November 7, 2007)

- Renae Dohrer
- Donald Douglas
- Roger Rollins

Winter Blitz Breaks All Records

Michael Smith, Director of Safety



Attendance at our Winter Safety Blitz exceeded our fall numbers by 312 drivers, bringing participation to one-third of our driving force! The Blitz has become a great venue for interacting with drivers, clearing crucial compliance flags and providing invaluable Safety training. Plan now to attend the Spring Blitz, scheduled for March 17 - 22, 2008.



Doug Cook and Michael Smith, left, with Roger and Sherry Thon of Compliance Advantage.

Compliance Advantage Conducts Audit

The Safety Department recently hired Compliance Advantage Safety & Consulting to conduct a regulatory compliance audit of our driver records. Roger Thon, Senior Consultant and owner of C.A., noted that, "A strong safety culture is evident throughout the management of Covenant, and also with its drivers."

A Pennsylvania Motorist Notices Covenant's Safe Drivers

"I am writing to compliment and thank Covenant Transport for the safe driving practices of your company's truck drivers. I live in PA and travel every day on I-81 near Harrisburg and regularly on I-70 through central MD, routinely surrounded by trucks. I have consistently observed a significant difference between the driving practices of [Covenant's] drivers and others. [Covenant] drivers travel the speed limit, stay within their lane without weaving, signal when they intend to change lanes and travel a safe distance from other vehicles. This is so obviously consistent among Covenant drivers that I can only attribute it to what must be a corporate culture with an emphasis on safety. Please share this message with those people in your company who are responsible for setting company policies regarding trucking safety, those who train the drivers and, of course, the drivers themselves. I thank all of you for a job very well done." --JK



Company News... News...

10-Year Employees Recognized in 2007

Kenneth Arrington	Road Course Instructor
Robert Avery	Solo OTR
James Branham	Team Driver
Mark Brennecke	Master Trainer, Exec. Council
David Brockman	Solo, GP Dedicated
Jerome Dunham	Trainer
Janice Edwards-Hayes	Compliance Coordinator
Mike Hamrick	Facility Management
Peter Hayes	Dedicated
Mark Henry	MIS Program Analyst
Joey Hogan	President
Kellie Holland	Recruiting Assistant
Thomas Howard, Jr.	Solo, Regional
Ida Jackson	Team Driver
Nelson Jackson	Team Driver
Robert Johnston	Trainer
James Kitson	Dedicated
Davis Lawson	Team Driver
Suzanne Lazarski	Team Driver
Fred Little	Lead Mechanic
Roger Miller	Team Driver
Gerald Parent	Trainer
Timothy Person	Trainer
Terry Pickens	Senior Trainer
Timothy Pierce	Solo, OTR (Military Leave)
William Record	Trainer
David Reeves	Breakdown Supervisor
Mark Reiser	Trainer
Pam Robinson	Van Driver
Steven Schueller	Solo Otr
James Shepard	Trainer
Barbara Shepherd	Team Driver
Fred Shepherd	Team Driver
Daniel Slatton	Shop, Lead Mechanic
Gary Snider	Solo
Lisa Strader	Manager, Customer Service
Gregory Strawter	Night, Sr. Fleet Manager
Gena Thomas	Imaging, Senior Clerk
Virgil Wall	Shop, Yard Attendant
Eric Whitton	MIS, Senior Manager
Jeffery Williamson	Body Shop, Senior Repairer
Gladys Willis	Team Driver
Jerol Wilson	Shop, Senior Clerk

Wellness Committee Launches Quit Smoking Program

Gene Ingram, Manager of Corporate Training & Development



In support of "The Great American Smokeout" in November, the Covenant Transport Wellness Committee provided two "lunch and learn" events to encourage employees to stop smoking. Jay Collum from the Chattanooga-Hamilton County Health Department gave an informative presentation

and supplied lots of educational materials. More than 65 committed employees who either wanted to stop smoking or wanted to help someone else stop smoking attended the events. The Wellness Committee held a drawing and awarded some great prizes. Twanna Wallace in Permits won a \$100 gift card. Linda Bruce, an OTR driver currently working in-house, won a \$50 gift card, and Ted Draper in Marketing won a day of paid vacation. To take the first step toward quitting smoking, call 1-800-QUIT-NOW.

Recognizing Employees for Exhibiting Covenant Values

Jon Huston, Director of Human Resources



Several employees received Spirit of Covenant awards during September, October and November, 2007 for exhibiting the values that make Covenant a great place to work. Congratulations to these recipients:

Sales & Marketing: Rona Carlos, Ted Draper, Ken Hartman and Florence Waruga

Customer Service: Crystal Carver, Joseph Etheredge, Casey Fowler, Anthony Friedrich, Michael Holbrook, Melissa Hyde and Jennifer Trimble

Personnel: Karen Harpe

OTR Drivers: David and Paula Snider

Soon, the Spirit of Covenant program will be known as The Extra Mile. Extra Mile awards will recognize employees who exhibit their commitment to care for others, initiative and strength of character. Any full-time Covenant Transport employee with more than three months of continuous service can be nominated by their co-workers. To nominate someone, go to Connection, click on the Extra Mile icon, and follow the instructions. All nominees will be recognized, and each month's winner will be recognized by senior management, will be invited to lunch with Mr. Hogan and will be allowed to park in Mr. Hogan's parking space for that month.



Company News...

Unlock Purchasing Power Through Fleet\$avings

Scottie Flerl, Manager of Business to Business Solutions



One of the fastest growing segments of Covenant Transportation Group is Covenant Transport Solutions, a brokerage operation utilizing over 5,000 qualified partner carriers. Solutions already provides the average small carrier one primary service - freight. Now, Solutions has rolled out Fleet\$avings, which

leverages CTG's collective purchasing power to provide fleet owners with discounts and rebates on tire, fuel and equipment purchases. Fleet\$avings is a one-stop shop for trucking essentials that unlocks savings to small and medium-sized carriers which were previously inaccessible. With skyrocketing operating costs, these savings could be the difference between success and failure for some of our smaller peers in the industry. To see how Fleet\$avings can work for you, call 1-800-264-0119 or visit online at www.fleetsavings.net.



Tips for the Fleet

Jerry Eddy, Senior VP, Fleet Operations



Drivers, we trust that you are refreshed after the holidays and are ready to roll! Spring is just a few weeks away, but keep in mind that black ice, high winds and other winter conditions are still major safety concerns. Please remain vigilant and alert. In extreme weather, the company also needs your help in controlling fuel costs by reducing idle time. Utilizing the Tri-pak unit, keep idle time below 5%; without Tri-pak installed, keep idle time below 30%.

Drivers, if you want more miles and more money in your pocket,

- Keep your PTA updated and accurate. Our load planning group will realize that you are available and reliable, and you will get your next load more quickly.
- Participate in Per Diem. To enroll, call Payroll at 1-800-721-5202, #8, 8 - 5 p.m. EST. In almost every case, you will increase your take-home pay.

Thank you for the great job you did in 2007. Together, if we all COMMIT TO CARE, we can reach our fleet and company goals in 2008.

Indy and Pomona Terminals Gaining Ground

Colyn Shirley, Terminal Administration Manager



We're glad to report that we have opened a facility in Indianapolis that should serve Covenant well as a via point for loads developing from the East and West Coast, and as we attempt to penetrate more Midwest opportunities. The new facility will

include an up-to-date driver lounge, kitchen area, vending machines and coffee makers, a quiet room, a shower and laundry facility, and an area for "Tread One" training. The new terminal is located at 3049 Chief Lane near the Indianapolis International Airport. Dennis Marino is the Manager of the new facility, and Tom Perdue is heading up the Safety operations there. We'd like your feedback on this new location as you visit and meet the staff, and at our grand opening in conjunction with the Spring Safety Blitz.

Also, please welcome Donald Dye, our new Terminal Manager at the Pomona facility. Donald retired after 20 years as a police officer, where he was Watch Commander, and became a dedicated and local driver for Covenant out of Pomona. He holds a Bachelor of Science degree in Criminal Justice and a Masters in Public Administration from the University of California, Long Beach.



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Company News...

Safety and Personnel Commit to Care



Safety and Personnel recently sent a care package and Christmas stockings to Lance Corporal Bill Davenport UMC stationed in Iraq. Bill is the son of Gary Davenport, Safety Director for the Kansas Motor Carrier Association. Thanks, Safety and Personnel, for putting actions behind your Commitment to Care!

Lance Corporal Bill Davenport UMC



Left to right: Jan Luttrell, Doug Cook, Marilyn Smith, June Moore, Daniel Smith, Michael Smith and Joanne Phipps