

**Remarks by
ATD Chairman Kyle Treadway
to the
2011 ATD Convention
April 16, 2011
Phoenix, Ariz.**

Good afternoon, and welcome to all dealers, managers, suppliers, manufacturers, family members and guests.

Thank you to Governor Graves for joining us at our annual convention and sharing some insights into ATA's view of the world today.

It's always good to hear our customers' issues and priorities.

And we appreciate the Governor's leadership through these trying times.

It's appropriate that we're meeting in Phoenix – the city named after a mythical bird that rises from the ashes to begin life anew.

While virtually all regions of North America took their economic hits these past few years ... the Southwestern U.S. has seen more than its share of national headlines about foreclosures, bank failures and political fallout.

Likewise, our industry has taken many punches.

In addition to the general global economic downturn, we've had to weather a series of regulatory changes that magnified the ups and downs of our already cyclical business.

But thankfully that tide appears to have turned.

Since we last met in Orlando – another hard-hit region of the country – the recovery has begun:

February's TransCore North American Freight Index increased 65% over prior year.

ATA's Freight Tonnage Index has improved 15 straight months to finally reach pre-recession levels.

More importantly, freight rates are pushing upward with more industry leading fleets announcing rate increases giving our customers breathing room, and the ability to generate profits.

We saw it first as dealers with the demand for used trucks.

We didn't sell very many trucks over the past three years, so the U.S. and Canadian Class 3 through 8 truck population declined roughly 70,000 units.

And the average equipment age continued to rise until the first quarter of this year, according to R.L. Polk's 1st Quarter 2011 Commercial Vehicle Report.

A buyer's definition of an "acceptable" piece of used equipment changed: older, higher mileage chassis with less specific spec's sufficed at first.

But then even those less than choice trucks became harder to find.

The average retail price for a similar spec'ed used truck climbed as much as 20% over the course of 2010.

At the same time, we saw our parts and service business volume gradually improve.

The volume was erratic – two good weeks of higher shop capacity, followed by a poor one – but with each month the good weeks improved and became more consistent.

Our customers' extended replacement cycles finally met the reality of deferred maintenance?

The next sign of improved fortunes came in the rental and leasing arena.

Many dealers saw rental utilization rates defy seasonal declines and hover month-after-month at 90% or higher.

Customers remained uncertain that their business volumes would remain so high ... and they liked the flexibility leasing and rental provided.

If a "double dip" recession materialized, they could quickly downsize and minimize their exposure.

Experts now tell us that the manufacturing sector has emerged as our recovery's leader.

Good news for us, because that means more freight.

And the final sector of our business to join the feast is new truck sales.

Orders have been building in the first quarter and in the natural course of things, our manufacturers and suppliers have gleefully been extending their lead times.

Their business plans now include recalling furloughed workers, expanding or adding shifts.

In an ironic twist, concerns about building lead times have been replaced with supply chain capacity and inflationary pressures.

Some dealers are cautiously recalling workers, resurrecting technician apprentice programs, adding swing shifts and increasing stock levels.

Leaving the detailed economic analysis to the professionals, it nevertheless appears to this layman that our recovery is by no means a sure thing and could be easily derailed by volatile fuel prices, an unpredictable regulatory environment, international political upheaval, global disasters and so on.

In this speech at the last couple of conventions I've described myself as someone who prefers to see the glass as half full.

I've shared with you inspirational stories of others who overcame challenges and change and urged you to take inspiration from their stories.

This last August the whole world watched another such drama unfold when 33 miners were trapped in a collapsed copper mine in the Atacama Desert of Northern Chile.

Remember the angst and amazement you felt when you heard the daily bulletins?

At first it was just another mine disaster, buried in the paper and mentioned only briefly on the evening news.

But 17 days later the world collectively gasped in shock when a rescue drill operator felt some vibrations on his 150-pound drilling hammer and raised it to find a bag tied to the drilling tube.

Inside the bag was a small note in red lettering that read, "We are fine in the refuge, the 33."

The celebrations and elation were short lived, however, when experts soon determined that the rescue would be unlike any other.

Unstable rock and soil conditions required a rescue shaft be drilled slowly and carefully over the course of three or four months to reach the 33 as they waited 700 meters below.

The idea of spending that much time underground was inconceivable.

How could anyone survive physically or mentally that long under the stresses and deprivations?

Sure, marine crews on nuclear submarines, astronauts on space stations and scientists on arctic research stations were trained for the isolation – but this was entirely different.

What followed was an amazing drama of human resiliency, grace and discipline.

The miners developed a near-military organizational structure, dividing responsibilities and directing everyone's efforts toward saving the group.

Fifty-four year old Shift Foreman Luis Urza set up an office in the cab of a White Nissan Terrano pickup truck, then divided the miners' world of over two kilometers of tunnels and caves into a work area, a 35-square-meter sleep area and a sanitary facility.

Using the headlights of mining trucks to simulate sunlight, he organized a routine in their round-the-clock work assignments, including clearing 3,000 to 4,000 tons of debris generated from the rescue hole and reinforcing the roof of their shelter.

This amazing commander also assisted the rescue efforts by drawing detailed maps of the miners' underground world and coordinated daily briefings with a doctor and a psychologist on the surface.

Fifty year old Yonny Barrios served as impromptu medical monitor, drawing on a six-month nursing course he took 15 years prior to administer medicines and wellness tests under the direction of health officials.

And 62 year old Mario Gomez, the oldest member of the crew, served as spiritual guide and unofficial aide working with psychologists on the surface.

The media used the intervening time to flesh out portraits of the miners and their families.

We learned some amazing stories of strength and fortitude, some tragedies and frankly, some embarrassments.

After all, this was reality TV with a drama goldmine – (*pun intended*).

The eventual rescue and heroes' parades were followed by a global sigh of relief and expert analysis of their experience.

We all marveled at the resiliency of the human spirit, the pragmatism under overwhelming odds and the amazing teamwork both above and below ground.

It's been several months now since the drama unfolded – but don't you think the toughest challenge is still ahead for the 33?

Yes, they are physically removed now from that mine / prison ... but what about the residual effects of isolation and deprivation?

In the near term, the group has been standing by a solidarity pact they made while encased in the bowels of that collapsed mine: they will stand as one – not only during the ordeal, but in the media crush to follow and the inevitable quiet healing that must serve as an epilogue.

Some stories have begun to leak out about cracks in their tough armor.

Clearly they can't escape the mental prison alone either.

Like the Chilean 33, we are survivors of a traumatic episode.

Our survivors relied upon resiliency, grace and discipline to emerge a little bruised, but eager to return to a normal life.

We are tougher than we thought and the casualties of our recession have been fewer than expected.

None of us could have done it alone – we each relied upon our management teams, employees, suppliers, customers, manufacturers, trade association, families and friends to support us through the tough times and rebuild our businesses.

And like the Chilean 33, the aftermath requires as much care and remediation as the crisis itself.

We've shored up the roof from falling, removed the rubble, cleared the escape shaft and are emerging from the mine.

Now what?

It's not back to "business as usual."

We need to resume technician-apprentice programs, rebuild inventories, shore up our cash flow, review wage rates.

Oh, and yes, sell some trucks.

As your trade association, ATD has heard your demands that we actively engage with our elected leaders to help you rebuild.

We all know that emissions standards imposed on our industry over the course of the past decade rocked our world.

The need for us to gather together and use our voice is more critical than ever.

As they say in Washington DC, "if you're not at the table, you're on the menu."

You can rest assured that with A-T-D's Legislative and Regulatory staff in Washington, ATD is at the table.

This past year ATD raised the profile of the trucking industry to key policymakers in Congress and the White House, including meetings with high level economic advisors to President Obama.

More specifically, ATD was successful on the following issues:

- Extension of the lower personal incomes tax rates
- Reduction in the Estate and Gift tax rates
- 100% bonus depreciation for trucks placed in service through the end of this year, followed by a 50% bonus depreciation in 2012

- Increasing Section 179 expensing limits
- A “safe harbor” provision for uniform capitalization rules.

I highly recommend you consult your accountant about availing yourself of this election – it will save you tens of thousands of dollars.

- Preserved the Graves/Boucher Lessor’s Vicarious Liability law.

And just this month, thanks to ATD and your efforts, Congress passed and President Obama signed the repeal of the expanded 1099 mandate.

Over the coming year we have an equally aggressive agenda.

These issues include:

- Modification of the 12% federal excise tax to spur sales of Class 8 vehicles
- First ever fuel economy and CO2 emission standards
- Smartway program expansion
- Comprehensive Safety Analysis (CSA) – yes it does affect dealers and we are now treated as “carriers” under the well established rules
- Highway funding – will FET continue to be a primary funding source?
- Continuation of an industry coalition of stakeholders including OEM’s and affiliated trade associations
- Formation of a Congressional Trucking Caucus to focus on our issues, and
- Outreach to newly elected members of Congress.

This last program has already commenced and we’re pleased that many elected officials have been accepting invitations to visit dealerships in their respective districts.

I was privileged to host my two senators – Orrin Hatch and Mike Lee – at our Salt Lake City dealership a few weeks ago.

While I’ve been calling on Capitol Hill for several years now, this was the first time my representatives came to see and learn about our world.

It was a great opportunity to explain our business model and highlight the challenges we’ve faced these past few years.

Needless to say, politicians are not experts on running truck dealerships, so the visit will make them more receptive to follow up discussions between ATD's lobbyists and their staffs.

But a handful of visits like these are only the beginning.

We need you to step up and host officials in your dealerships.

It's critical that you extend the invitation and spend the time to show them our world.

We'll help you put it all together – starting with Monday's Super Session at this convention.

Political pundit Charlie Cook will keynote the morning with his insightful comments on Washington, DC's political realities.

The Media Workshops conducted by our Vice President of Public Affairs David Hyatt will help you parlay your congressional visit into local exposure with the print and broadcast media.

And of course, we'll brief you on the critical statistics and issues that should punctuate your time with these leaders.

Another key initiative ATD is launching at this convention is the NextGen ATD.

You've heard of Young Presidents' Organization, Young Executive Network and other programs geared toward successor candidates.

Our version is also targeting future dealers and managers with publications, webinars, seminars, and social gatherings – but we've added a few twists:

First, the group's platform will be social media, similar to Facebook, Twitter and YouTube.

As the tool of the future, it's a language our successors and increasingly our customers are comfortable with.

I can't profess to understand all the nuances of the new media, but am anxious to see how it evolves.

Second, the group will be essentially self-guided.

The ATD board and staff have set up some basic parameters to launch this concept, but from there forward the process will be organic.

Our initial thought was that the conversation in the room (both literally and figuratively) would be very different if "AARP members" like us were present, than if we left the room to the young people.

Finally, an Affiliate Membership will be available to supplier and manufacturer candidates.

We all know that our business is relationship based and networking is a key part of professional development.

The dealers and general managers of the future need to meet and greet the OEM and supplier senior managers of the future.

I strongly encourage you to explore this new program.

If you like what you see in the Dealer Academy and 20 Groups, you're going to really like NextGen ATD.

An introductory gathering is scheduled this evening at 5:00 in the District Wine Lounge at the Sheraton for those who think they might like to join the group.

More information can also be found at the ATD booth in the Expo.

So we at ATD are working hard to help you rebuild your dealership and gear it for the future.

The next step is up to you. This is your "Call to Action."

It's crunch time and we need you to be part of the team.

Like the Chilean 33, everyone has a role in saving the group.

Some will reinforce the roof timbers ... others will remove the debris.

Please do your part and join us as we climb back to prosperity.

Best of luck to you and have a great convention!