



Diamond Transportation System, Inc.

Volume 4, Issue 1

First Quarter 2006

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The Diamond Dust

ACI Program a Success in 1st Year!

In 2005, Diamond Transportation introduced an owner operator incentive program designed to reward the very best of our hard-working owner operators.

In this Annual Contactor Incentive (ACI) program, those owner operators who earned over \$25,000 in a quarter saw a bonus, a percentage based on tenure, kick in for that quarter. As you know those bonuses were accumulated for an entire year (October 04—September 05) and paid out in full in November.

Many of our owner operators received a good sized bonus applied to their settlement check as a reward for hard work and as an incentive for fu-

ture hard work. Those bonuses ranged from \$125 to over \$3000.

These numbers fell directly in line with the projections we drew up when putting the program together. This makes it a success and we hope that we will have greater success in future years.

This year's program is already underway as the first quarter for this year's bonus was the fourth quarter of 2005. Diamond would like to see more drivers participate in the bonus this year.

We know that more participation means Diamond will be paying out more money, but it is a small price to pay when you talk about the additional revenue it brings to us, and the reward it gives to our owner operators.

Diamond Maximizes Its' Opportunities

As 2005 has come to a close and we enter 2006, we are projecting increases in rates and charges.

Over the past six months we have moved forward with increases from major customers and are working with these and other customers to adjust rates throughout the U.S. We are also making more adjustments into areas where deadheading is the only way out in order to assure a profitable operation for the owner operator.

Back in the 60's & early 70's it was nothing to deadhead 50% of the time, but as freight charges didn't keep pace in our industry we began to realize that we needed to reduce the deadhead to insure continued profits. Now our deadhead goal is 15% or less or we are

all losing money.

One of the methods we have taken to overcome this is to set in place charges that compensate for deadhead miles. Last year we were able to provide a program where trucks were loaded from Belleville, PA & Baltimore, MD to Mapleton, ND and then relayed to an owner operator who was Canadian authorized to take the loads to destinations in AB, MB & SK knowing that we were going to return to Mapleton empty. Charges to the customer were such that all drivers for the move were compensated to the point where we were making in excess of \$1.00 per mile for all miles

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Owner Operator of the Year 2005: Paul Schneider

Diamond is pleased to announce that the Owner Operator of the Year for 2005 is Mr. Paul Schneider.

Paul joined the Diamond team in July 1999 and has been an enormous asset to our organization ever since. First, Paul has an excellent grasp of the intricacies of hauling specialized freight. He is exceptionally professional on the job, with customers as well as office staff. Beyond that, Paul is simply one of the nicest guys you'd ever want to meet.

When told he received the award, Paul replied, "I'm dumbfounded. I don't know what to say. There are so many great drivers here at Diamond and they picked me. What an honor." That is just the kind of humble reply you'd expect from Paul!

Paul makes his home in North Dakota where he lives with his wife of 34 years, Joann. His daughter lives nearby and Paul enjoys spending time with his grandchildren, Kendra (10 years old) and

Brody (6 years old). We bet that's what keeps you so young, Paul!

In his spare time, he and Joann putter around the house and enjoy simply relaxing together. Paul also likes to fish for walleye and trout in nearby lakes.

Paul, from all of us here at Diamond, employees and owner-operators alike, we want to say *Congratulations* on this well-deserved recognition. We wish you many more years of safe driving and enjoyment of the simple pleasures in life!



CUSTOMERS AND AGENTS

SHIPPER NEWS: Pat McLeod Moves in as V.P. of Sales

Since taking over our sales department recently I have had conversations with many of our customers and agents and I am very encouraged by the feedback I have received.

In addition to solid sales numbers in the agriculture and construction sectors for 2006, we are being presented with some new opportunities and new origins. Port traffic at Baltimore, MD, Charleston, SC, Brunswick, GA and Houston/Galveston, TX all looks promising. We are also looking at some opportunities at Port Hueneme, CA, although it is more local freight.

We are going to be working very hard to increase our traffic from Hesston, KS, Grand Island, NE, Madison, SD, Yankton, SD and Goodfield, IL to name a few. We also believe that we will begin getting freight from Sioux City, IA and New Braunfels, TX.

Expanding the role we play with current shippers as well as adding new shippers are two of our primary goals this year. Another very important area for sales is in the area of pricing. We are reviewing many of our rates and increasing them whenever possible. As contracts come up for renewal, we are taking the opportunity to raise rates while still remaining competitive. Shippers are always price conscious, and typically this is

what drives their carrier selection process. One good trend we have seen over the past year or so is due to the improved economy, shippers are willing to pay a higher price if they can get the service. We hope to see this trend continue.

A percentage of Diamond's business is generated by our agents. We have some excellent agents with excellent customers. We are actively seeking new agents and trust that you will see some of those results in the near future. We are very encouraged by new business being offered by this group and again, you should start to see those results soon.

A key part of capturing additional traffic is having the dedicated personnel to do so. Tony, Randy, Rebecca, Sandy and Judy are all working very hard to expand our customer base.

I am having some encouraging conversations with long time shippers which I have not worked with in a while.

All and all we are very upbeat about this year's freight outlook. Working together I feel confident that we will achieve our goals this year. The business is there, we all have to work hard to earn it and keep it.

- Pat McLeod, Vice President—Sales & Marketing



Pat McLeod

Diamond is Carrier of the Year Again!

For the second year in a row, Diamond was the recipient of the "Carrier of the Year" award via the logistics provider of one of our major customers, CNH. We have accepted this award based on the efforts of the entire company, but special thanks go to our owner operators who provided the superior service, the customer service representatives who obtained the loads, and the fleet managers who coordinated everyone's efforts to ensure the shipments were picked up and delivered on time and without cargo damage.

Carriers are not provided many opportunities to compete for and receive these types of awards and we are pleased to be the carrier of choice by one of our major customers. The scheduling and coordination efforts are sometimes stressful, but are all worth it when we receive this type of recognition.

In coming months, we will be expected to maintain this level of service, not just with CNH, but with other customers both large and small. I would hope that each of us accept the challenge to perform at this level throughout 2006 and beyond. I would like to extend my sincere thanks to each of you who assisted Diamond in reaching this goal.



News and Notes continued on next page

PRESIDENT'S SAFE DRIVING CLUB

Diamond Transportation would like to congratulate Irvin Woodruff, Richard Ruger, Phil Jostad, Arvin Weber and Arlan Turk on being selected to the Wisconsin Motor Carrier's 2005 President's Safe Driving Club. Achieving this award is an accomplishment you should be very proud of and shows your commitment to putting safety first.

The club is based on a minimum of 10,000 miles of safe driving in Wisconsin and a clean MVR both on and off duty.

For Irvin this is the 10th year, 8th for Richard, 6th for Phil and Arvin and the 4th for Arlan.

TOP-FIVE AGENTS OCTOBER—DECEMBER

1. Frank Lantrip
2. Debbie Murphy
3. Rob Hartman
4. Brenda Suttles
5. Tom Cucciare

Diamond congratulates all of our agents! Our agents are considered a large part of our sales force and customer base. Remember commission invoices are due on Tuesday for Thursday payment.

KUDOS—On separate occasions over the past few months we have received calls from either customers, shipper or consignees expressing gratitude or to tell us of a job well done regarding specific owner operators. Those drivers were Paul Sizemore, Don Losey and Casey Skillingstad, we thank you all for your extra effort and professionalism.

BUSINESS CARDS—I would like to take this opportunity to remind you of the tremendous benefit of giving out your business card to shippers and consignees. You would be surprised how well they are received and as business increases these individuals appreciate having additional resources to move their freight. Please advise Gary if you are running low on business cards.

Continued on next page

SAFETY & COMPLIANCE

DRIVE SAFE: Sideswipe and Lane Change Accidents

There are many types of hazards that a semi-driver must identify on a daily basis. Two of the most serious and severe driving hazards are those caused by drivers making abrupt lane changes or improper lane usage.

Recently we have seen an increase in these types of accidents. There are many reasons why drivers enter into the wrong lane or make abrupt lane shifts but as a defensive driver, we must learn how to identify areas where increased risks for these types of accidents occur.

In 88% of opposite direction sideswipe accidents, the automobile was the striking vehicle and in 72% of the same direction sideswipe accidents, the automobile was the striking vehicle. According to this information, we need to develop the skills to prevent ourselves from becoming involved in a lane change/sideswipe accident whether the other driver strikes you or you are found at fault.

Properly adjust your mirrors. You might also consider installing fender mounted mirrors which would increase your visibility of



those vehicles trying to merge into your lane. Don't use your size and weight to "bully" your way into traffic. Always use your turn signals before you change lanes. Flash your signal at least three times before moving the steering wheel to change lanes.

Whenever possible drive in the right-hand lane except when passing. After completing a passing move, make certain that you see the vehicle you just passed in your right mirror and to the rear of your vehicle before returning to the right lane. Be especially alert when passing the entrance to a controlled access highway. A vehicle entering the highway on your right may not be seen and if you attempt a lane change an accident could result. Keep your eyes moving from the front, to the right mirror, back to the front, to the left mirror, back to the front, and so on. If there was a vehicle behind you in the right lane and it is no longer there, find out where it went before attempting any lane change. If you are in the left lane, chances are that vehicle is attempting to pass you to the right and is now sitting at your passenger door.

Remember, if you are found to be at fault for a sideswipe or lane change accident, it is considered a preventable accident.

- Diane Dahse, Safety Director

More News and Notes

LIGHTS ON—For basic safety reasons, it is the policy at Diamond that you operate with your tractor and trailer lights on at all times. Also remember that your trailer lights must be on for the tire inflation system work properly.

CALIFORNIA ACCIDENTS—Remember that California restricts the taking of pictures and exchange of information when an accident occurs. If you are involved in an accident there, check for injuries, then snap pictures and attempt to get the name, phone number and insurance information on the other parties. As always, do not admit anything and do not discuss the accident other than the information exchange.

PROTECT YOUR CDL—Effective September 1, 2005, new DOT regulations call for mandatory suspension of a CDL if you are involved in a serious traffic violation in your personal or commercial vehicle. Suspensions will range from 60 days to a lifetime depending on severity of the infraction. Other states are unable to issue an occupational license while the suspension is being served. These are tough consequences, so take good care of your CDL!

REAR END COLLISIONS—These are the most avoidable type of accidents and we feel it is important enough to say again: **KEEP YOUR DISTANCE!**

Employee News & Anniversaries

Diamond would like to express its' gratitude to all of you for another year of service. In addition to those new owner operators listed below, Diamond also welcomes four new additions to our team, Judy Hanlon and Sandy Scott in customer service, Donna Kwasniewski in recruiting and Ruby Kristan in permits.

Employee Anniversaries

- Helen Leitzel—33 yrs. February
- Jon Coca—11 yrs. January
- Ginny Dahl—22 yrs. February
- Carolina Hentschel—3 yrs. March
- Tari Herman—12 yrs. January
- Lynn Johansen—5 yrs. March
- Gary Snyder—28 yrs. March
- Danny Thomsen—3 yrs. February

New Owner Operators

- Greg Vellender
- Kelly Vincent
- Dale Spicer
- Dan Latham
- Ken Skyles
- Chris Gerdiman
- Harmon Meeker
- Tammra Collier
- Derrell Isaacs
- Steve Hayden
- Jeffrey Smith
- Paul Dye
- Billy Parker
- Steve Benson
- Scott Finlayson
- Keith Fox
- Dennis Snible
- Chris Ray

Owner Operator Anniversaries

- James Reynolds—2 yrs. Jan.
- Arthur Sesser—2 yrs. Jan.
- Greg St. Martin—17 yrs. March
- Van Williams—1 yr. Feb.
- James Yates—2 yrs. Jan.
- James Atchley—8 yrs. March
- Tony Barbera—10 yrs. Feb.
- Sam Billingsley—18 yrs. Jan.
- Charlie Coe—11 yrs. Feb.
- Paul Fisher—2 yrs. Feb.
- Gary Garris—1 yr. Feb.
- Stanley Hauschild—5 yrs. Feb.
- Don Losey—1 yr. March

Owner Operators of the Month: July, August & September

Congratulations to Robert Key, James 'Jay' White and Duayn Tatro who earned Owner Operator of the Month awards for July, August and September 2005, respectively.

Robert joined Diamond in September 2004 and has been very successful by following the "Diamond system". After being out several weeks, Robert heads back to Texas to spend time with his wife, Connie.

In his own words, he says he likes to relax and do nothing! We also wish Robert a speedy recovery after a surviving a dangerous accident.

Jay came on board with Diamond in April 2005 and this is the second time he has achieved this honor. What an enormous tribute to a driver with only 6 months' tenure at Diamond!

When off the road, Jay heads home to Illinois where he and

his wife Sharon enjoy spending time together and, hopefully, getting in a few rounds of golf.

Duayn returned to Diamond in April 2005 after testing the waters with another carrier. Duayn's success is due to his strong belief in the partnership he has with Diamond and his personal commitment to achieving mutual profitability.

Duayn makes his home in Arizona and in his spare time, enjoys target shooting and building on his knowledge of political history.



Key



White



Tatro

Owner Operators of Month: October, November & December

Congratulations to Tony Barbera, Paul Schneider and Scott Krueger who earned Owner Operator of the Month awards in October, November and December 2005, respectively.

Tony joined Diamond in February 1996, and this is the third time he has achieved this honor. Tony is taking full advantage of our



Barbera



Schneider



Krueger

customer referral program by giving Diamond every lead he encounters.

Tony's professionalism and dedication to Diamond is greatly appreciated. Tony

and his fiancé Laurel plan to be married in June 2006. They spend their spare time riding Harley Davidson motorcycles.

Paul joined Diamond in July 1999, and this is the second time he has achieved this honor.

Paul, consistently professional and always cheerful with his co-workers, is a valued team member. Paul and his wife Jo Ann just celebrated their 35th wedding anniversary in August 2005. In his spare time, Paul likes spending time with his two grandchildren and also likes to go fishing.

Scott joined Diamond in November 2004 and has a true understanding of the sophisticated nature of specialized freight.

When he takes time out of the truck, Scott enjoys nothing more than spending time with his three grandchildren. If the kids haven't worn him out, he and his wife, Teresa, enjoy putting around their house in Illinois.

THE DISPATCH PERSPECTIVE

GO LIKE YOU KNOW!

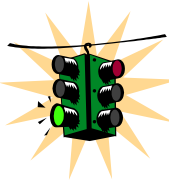
Most of the owner operators that have been around Diamond for any length of time have heard this phrase, and it makes sense. The rest of that phrase is 'there is a reload at the other end.'

The idea is to get your load and get to the destination, safely, in the shortest amount of time within the legal limits of the law. Without unforeseen delays over the road, this will amount to more loads in a shorter timeframe, which means more money for you and Diamond.

Being consistent in this practice will create a trust between you and your fleet manager and in turn will give the customer service representatives (load planners) the confidence to plan you immediately on your next load based on your ETA.

Without this trust and confidence it is difficult to secure freight with any assurance to the customer about a scheduled pickup or delivery. Without that assurance many customers won't tender the freight. And without freight there won't be that load at the other end.

Keep this all in mind, it is a domino effect. It all begins with



reliable pickups and deliveries.

DON'T GO 'TIL YOU KNOW!

No I am not trying to contradict myself, but rather address a separate issue in regard to loading. It is vital that our shipments match our bills of lading.

On every load assigned to you, our fleet managers are faxing you a load sheet. This load sheet has dimensions, commodity, pieces, serial numbers, destinations, etc. Check all the information before you leave the shipper and compare to the bills.

If anything is different than what you have been given or told, call your fleet manager immediately. We will need to contact the customer for approval, verification and sometimes more money.

We have run into situations where we have had to return a product to the shipper, had the wrong permits (fines), or delivered to the wrong consignee all because the shipment was not verified or measured properly.

Save yourself the hassle, embarrassment and loss of revenue. Take the extra time to look over the paperwork closely.

DON'T GO LIKE YOU KNOW UNTIL YOU KNOW!

-Jon Coca, Vice President—Operations

Cell Phone Usage While Driving

STATE	BANNED?
Alabama	No
Alaska	No
Arkansas	Partial
Arizona	Partial
California	No
Colorado	No
Connecticut	Partial
Delaware	No
District of Columbia	Yes
Florida	Partial
Georgia	Partial
Hawaii	In Debate
Idaho	No
Illinois	Partial
Indiana	No
Iowa	In Debate
Kansas	No
Kentucky	No
Louisiana	In Debate
Maine	Partial
Maryland	No
Massachusetts	Partial
Michigan	No
Minnesota	Partial
Mississippi	No
Missouri	No
Montana	No
Nebraska	No
Nevada	No
New Hampshire	Partial
New Jersey	Yes
New Mexico	Partial
New York	Yes
North Carolina	In Debate
North Dakota	In Debate
Ohio	Partial
Oklahoma	No
Oregon	No
Pennsylvania	Partial
Rhode Island	Partial
South Carolina	No
South Dakota	No
Tennessee	Partial
Texas	No
Utah	No
Vermont	No
Virginia	Partial
Washington	No
West Virginia	No
Wisconsin	No
Wyoming	No
Nationwide	In Debate

The Port of Baltimore

Much of our freight requires travel in and out of the Port of Baltimore. We thought it would be helpful to share information we have gathered about systems and procedures in and around the Port.

Keep in mind that there is no one available over the lunch hour (11:45 a.m.—1:00 p.m.) to help load trucks and locate units, so plan your day accordingly.

We know drivers have waited 1-2 hours to complete their paperwork and sometimes must go to multiple windows if they have freight coming off multiple vessels. The reason drivers must sometimes go to multiple windows is because each worker handles one vessel.

One customer, Deere, is seriously looking into getting a Deere dedicated person/window for all our drivers (both imports and exports) but this will take a little while to organize.

There are four ramps total, three of which are mobile. Typically, the three mobile ramps are not moved because the drivers tend to know where they all are and the traffic patterns around them. Moving them could create havoc in these areas. Remember, if there is a long wait for these ramps, drivers are always allowed to use the shed aprons to load their product.

Be sure you arrive with your paperwork in order as the clerks will have an easier time processing your paperwork. If you are already at port, your paperwork can be faxed to the downstairs fax at the Mid Atlantic Terminal.

Make Your Time On the Road Really Worth It

This is just a reminder to all of you to keep your eyes and ears open for new customers for Diamond. New customers provide growth opportunities for all of us and this will also provide a financial bonus for you.

Remember, if you bring a new customer to Diamond, you will receive an additional 4% on all freight tendered to Diamond through this new account *whether you haul the freight or not!*

What a sweet deal!

Be sure to submit the proper paperwork to ensure that your name is tied to the new account. If you do not have this paperwork, contact Gary Snyder or your fleet manager to have a copy forwarded to you.

DID YOU KNOW... If you are driving on I-5, there's only 5% of the U.S. west of you. If you are running on I-95, 95% of the U.S. is west of you. If you are on I-10, 10% of the U. S. is south of you and if you are on I-70, 70% of the U.S. is south of you.

A city bypass (or loop) will begin with an even number if it loops back to the same interstate. For example, I-490 ends up back on I-90. A city bypass will begin with an odd number when it doesn't loop back to the same interstate; in fact, it's called a spur, not a loop. I-590 does not lead back to I-90.

Mile markers (yardsticks) go down as you travel south and/or west, and go up as you travel north and/or east. An exit number at the top right side of an interstate sign means the exit is the right and if the exit number is on the top left side, your exit will be to the left.

Tactics For Dealing with Road Rage

Recently we had a situation where a driver was involved in an accident and when he got out of his truck to exchange information, he was assaulted by the driver of the other vehicle involved.

These angry drivers can commit incredible acts of violence - including assault and murder. To avoid being the victim of an aggressive driver, consider the following:

1. **Don't Offend**—A few specific behaviors seem unusually likely to enrage other drivers. Cutting off, driving slowly in the left lane, tailgating and gestures.

2. **Don't Engage**—One angry driver can't start a fight unless another is willing to join in. You can protect yourself against aggressive drivers by refusing to become angry with them. Steer clear, avoid eye contact and get help if necessary.

3. **Adjust your attitude**—Try these ideas for a pleasant change. Forget winning, it is not a contest. Put yourself in the other driver's shoes and if you think you have a problem, ask for help. Courses in anger management have been shown to reduce heart attacks. Drivers who successfully "reinvent" their approach to the road report dramatic changes in attitude and behavior.

THE BACK PAGE

Last Word: Help Increase Our Fleet

As the economy continues to rebound, there is an increasing demand for drivers. Due to escalating costs over the last year, however, there is a decrease in the number of owner-operators.

It is more important than ever that we use all the resources at our disposal to continue to maintain the strength of our fleet. A significant part of our resources are our owner-operators, who are our eyes and ears over the road.

We ask that you look for any opportunity to speak with other drivers about Diamond. Just get them to call us and we will do the rest! To help motivate you to recruit for Diamond, we have increased the referral bonus during the first quarter from \$1,000 to \$1,250. Over the last six months, we hired 5 drivers based on referrals from our own owner operators like Dale Spicer and Harmon Meeker. Thanks to all of you for promoting Diamond and helping increase the fleet!

- Liz Bruns, Recruiting Director

The Daily Routine

DOT INSPECTIONS—Remember that you will earn \$50.00 for every clear DOT inspection you submit. If you had a violation, be sure to send your receipts for the repairs to our safety department. If you do the repairs yourself, you must submit a letter to Diamond indicating you did them. This keeps your truck from being put out of service.

MEASURE YOUR LOAD—This is another one of those no-brainers, but it's surprising how often drivers neglect to measure their loads. Not doing so can result in permit problems, DOT violations, cargo claims and, most importantly, cause a safety issue for you.

GEORGIA—Routes on permit freight are not required in Georgia so keep this in mind when traveling through that area.

DRIVER COMMENDED—Diamond received a phone call from an employee of Mississippi Power to congratulate Greg Vellender on a job well done. Greg was working in the disaster area following Hurricane Katrina and during this time, he never lost his high level of professionalism in all areas of job performance. Congratulations, Greg, on a job well done!

PETRO DISCOUNT—Petro is offering all Diamond drivers a cost of retail minus 2 cents at all locations. This will show up in the upper right hand corner of the receipt.

TARP REPAIR/EXCHANGE—It has become apparent that there are drivers that have holes, rips or tears in their tarps and have indicated they sent them to the tarp shop for repair or they left them at home because they were tore up. Either situation is an excuse that takes away from our ability to perform to the level necessary in offering to tarp shipments.

We are implementing a program by which you can exchange a damaged tarp for an identical repaired tarp. Once the damaged tarp is repaired it will be placed in inventory to be used as a replacement for another damaged tarp that is brought in. If the owner operator brings in a tarp that is not of our normal size, we will still take the tarp and have it repaired and returned to the owner operator.

The repair cost is the owner operator's responsibility and if a tarp is turned in that cannot be repaired then the owner operator will be required to purchase a new or repaired tarp.



Newsletter by Email

Would like to have this newsletter emailed directly to your computer? Let us know. Simply send your email address to webmaster@diamondtrans.net with the subject "Diamond Dust." We will then send you our newsletter in Adobe Acrobat format.



Opportunity Knocks

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traveled plus fuel surcharges.

In the past we would not have been able to handle that traffic or when we did it was not profitable and everyone lost time and money. We are moving forward with plans to provide similar operations with bringing traffic to Mapleton, ND; Bettendorf, IA or Racine, WI where we can transfer the freight to another one of our owner operators to take into Canada.

We have also been reviewing our government traffic and you will be seeing increases in the amount of traffic that we will be moving. We now have multiple agents throughout the country that have strong relationships with personnel at various military installations.

Military traffic 10 to 15 years ago was the last thing you wanted to haul due to the low rates. Things have changed and as many of you may have seen when hauling military freight in the past few years, the rates have increased. They will continue to increase especially in the area of RGN and stepdeck shipments.

AS WE MOVE INTO 2006 - As most of you are aware, we made some dramatic changes in our house this year. To recap, Pat McLeod has taken over the sales area. Diane Dahse was promoted and has taken complete charge of the safety department. Liz Bruns is now responsible for both the recruiting and orientation areas. Jon Coca's function in operations now includes both the fleet managers, permits and brokerage. Chad Thur remains as the controller being responsible for all of the financial areas of the company.

With these changes and the personnel that we have, we are looking forward to 2006 being a very profitable year for the Company, the Owner Operators and all of the employees here at Diamond.

- Paul Martinson, President

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