FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**
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FILER

MARTEN TRANSPORT LTD

CIK:**799167**| IRS No.: **391140809** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **000-15010** | Film No.: **99573463**
SIC: **4213** Trucking (no local)

Mailing Address
3400 PLAZA VII
45 SOUTH SEVENTH ST
MINNEAPOLIS MN 55402

Business Address
129 MARTEN ST
MONDOVI WI 54755
7159264216

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

<TABLE>
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For the year ended:	Commission file number:
DECEMBER 31, 1998	0-15010

</TABLE>

MARTEN TRANSPORT, LTD.

(Exact name of registrant as specified in its charter)

<TABLE>
<S> <C>

DELAWARE	39-1140809
(State of incorporation)	(I.R.S. Employer Identification No.)

</TABLE>

129 MARTEN STREET
MONDOVI, WISCONSIN 54755
(Address of principal executive offices)

Registrant's telephone number:
(715) 926-4216

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE
SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
COMMON STOCK, PAR VALUE $.01 PER SHARE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

As of March 22, 1999, 4,477,645 shares of Common Stock of the Registrant were deemed outstanding, and the aggregate market value of the Common Stock of the Registrant (based upon the closing price of the Common Stock at that date as reported by The Nasdaq Stock Market), excluding outstanding shares beneficially owned by directors and executive officers, was approximately $25,131,550.

Part II of this Annual Report on Form 10-K incorporates by reference information (to the extent specific pages are referred to in this Report) from the Registrant's Annual Report to Shareholders for the year ended December 31, 1998 (the "1998 Annual Report"). Part III of this Annual Report on Form 10-K incorporates by reference information (to the extent specific sections are referred to in this Report) from the Registrant's Proxy Statement for the annual meeting to be held May 11, 1999 (the "1999 Proxy Statement").

FORWARD-LOOKING INFORMATION

THIS ANNUAL REPORT ON FORM 10-K CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS. ANY STATEMENTS NOT OF HISTORICAL FACT MAY BE CONSIDERED FORWARD-LOOKING STATEMENTS. WRITTEN WORDS SUCH AS "MAY," "EXPECT," "BELIEVE," "ANTICIPATE" OR "ESTIMATE," OR OTHER VARIATIONS OF THESE OR SIMILAR WORDS, IDENTIFY SUCH STATEMENTS. THESE STATEMENTS BY THEIR NATURE INVOLVE SUBSTANTIAL RISKS AND UNCERTAINTIES, AND ACTUAL RESULTS MAY DIFFER MATERIALLY, DEPENDING ON A VARIETY OF FACTORS, SUCH AS THE INDUSTRY DRIVER SHORTAGE, THE MARKET FOR REVENUE EQUIPMENT, FUEL PRICES AND GENERAL WEATHER AND ECONOMIC CONDITIONS.

PART I

ITEM 1. BUSINESS

(a) GENERAL DEVELOPMENT OF BUSINESS.

Marten Transport, Ltd. is a long-haul truckload carrier providing protective service and time-sensitive transportation. "Protective service transportation" means temperature controlled or insulated carriage of temperature-sensitive materials and general commodities. We have operating authority, both contract and common, granted by the Interstate Commerce Commission ("ICC") and are currently regulated by the United States Department of Transportation ("DOT") and the Federal Highway Administration ("FHWA").

As of December 31, 1998, we operated a fleet of 1,460 tractors and 2,097 trailers. Most of our trailers are protective service trailers. As of December 31, 1998, 994 tractors and 2,094 trailers in our fleet were company-owned and 466 tractors and 3 trailers were under contract with independent contractors. As of December 31, 1998, we had 1,337 employees, including 1,026 drivers. Our employees are not represented by a collective bargaining unit.

Organized under Wisconsin law in 1970, we are a successor to a sole proprietorship Roger R. Marten founded in 1946. In 1988, we reincorporated under Delaware law. Our executive offices are located at 129 Marten Street, Mondovi, Wisconsin 54755. Our telephone number is (715) 926-4216.

(b) FINANCIAL INFORMATION ABOUT SEGMENTS.

Since our inception, substantially all of our revenue, operating profits and assets have related primarily to one business segment--long-haul truckload carriage of time- and temperature-sensitive materials and general commodities.

(c) NARRATIVE DESCRIPTION OF BUSINESS.

We specialize in protective service transportation of foods, chemicals and other products requiring temperature-controlled carriage or insulated carriage. We also provide dry freight carriage. In 1998, we earned approximately 79% of our revenue from hauling protective service products and 21% of our revenue from hauling dry freight. Most of our dry freight loads require the special services we offer or allow us to position our equipment for hauling protective service loads. The specialized transportation services we offer include:

- dependable, late-model tractors allowing timely deliveries;
- late-model, temperature controlled trailers;
- scheduled pickups and deliveries;
- assistance in loading and unloading;
- availability of extra trailers placed for customers' convenience;
- sufficient equipment to respond promptly to customers' varying needs; and
- an on-line computer system, which customers use to obtain information on the status of deliveries.

MARKETING AND CUSTOMERS

Our senior management and marketing personnel seek customers whose products require protective or other specialized services and who ship multiple truckloads per week. To minimize empty miles, we also solicit customers whose shipping requirements allow us to balance the number of loads originating and terminating in any given area.

Our marketing strategy emphasizes service. A key element of this strategy is our strong commitment to satisfying the individualized requirements of our customers. In addition, we have developed an electronic data interchange ("EDI") system. We use this system to provide customers with current information on the status of shipments in transit. Customers also place orders, and we bill customers, electronically using this system. We also use a satellite tracking system to enhance monitoring of shipment locations.

We maintain marketing offices in our Mondovi, Wisconsin headquarters, as well as in other locations throughout the United States. Marketing personnel travel in their regions to solicit new customers and maintain contact with customers. Once we establish a customer relationship, the customer's primary contact is one of our customer service managers. Working from our terminal in Mondovi, the customer service managers regularly contact customers to solicit additional business on a load-by-load basis. Each customer service manager is assigned to particular customers and takes responsibility for monitoring overall transportation, service requirements and shipments for each customer. These efforts to coordinate shipper needs with equipment availability have been instrumental in maintaining an average empty mile rate of 6.6% in 1998.

We set our own freight rates instead of using those published by tariff publishing bureaus. This allows us to offer rates that are more responsive to market conditions and the level of service required by a particular customer. We have designed our rate structure to compensate us for the cost of protective service revenue equipment as well as for hauling loads into areas generating empty miles.

A single customer, The Pillsbury Company, accounted for approximately 11% of our revenue in 1998, 13% of our revenue in 1997 and 13% of our revenue in

1996.

OPERATIONS

Our operations are designed to efficiently use our equipment while emphasizing individualized service to customers. Our EDI system provides real-time and on-line shipment tracking information, increases equipment utilization and assists management in long-range planning and trend analysis.

We maintain our dispatch operations in our Mondovi, Wisconsin headquarters. We assign customer service managers to particular customers and regions. Customer service managers work closely with our fleet managers, marketing personnel and drivers. Customer service managers also coordinate with our marketing personnel to match customer needs with our capacity and location of revenue equipment. Fleet managers, who are assigned a group of drivers regardless of load destination, dispatch loads. After dispatching a load, a fleet

manager takes responsibility for its proper and efficient delivery and tracks the status of that load through daily contact with drivers. During these daily contacts, fleet managers and drivers discuss the driver's location, load temperature and any problems. We constantly update this information, along with information concerning available loads, on our EDI computer system. We use this computer-generated information to meet delivery schedules, respond to customer inquiries and match available equipment with loads.

Our primary traffic lanes are between the Midwest and the following regions: West Coast, Pacific Northwest, Southwest, Southeast and the East Coast; and from California to the Pacific Northwest and the Midwest. The average length of a trip (one-way) was 1,081 miles during 1998, 1,092 miles during 1997 and 1,095 miles during 1996. Our loads generally move directly from origin to destination, which eliminates the need for freight terminals. We operate maintenance facilities in Mondovi, Wisconsin; Ontario, California; Wilsonville, Oregon; and Jonesboro, Georgia.

We have agreements with various fuel distributors. These agreements allow our drivers to purchase fuel at a discount while in transit. We also purchase fuel in bulk in Mondovi and at our maintenance facilities.

DRIVERS

As of December 31, 1998, we employed 1,026 drivers and had contracts with independent contractors for the services of 466 tractors. Independent contractors provide both a tractor and a qualified driver for our use. We recruit drivers from throughout the United States. The ratio of drivers to tractors as of December 31, 1998, was approximately 1 to 1. Our drivers are not represented by a collective bargaining unit. Our turnover of drivers was approximately 62% in 1998. Based on industry surveys, we believe our driver turnover rate is in line with the industry.

We select drivers, including independent contractors, using our specific guidelines for safety records, driving experience and personal evaluations. We maintain stringent screening, training and testing procedures for our drivers to reduce the potential for accidents and the corresponding costs of insurance and claims. We train new drivers at our Wisconsin terminal in all phases of our policies and operations, as well as in safety techniques and fuel-efficient operation of the equipment. All new drivers must also pass DOT required tests prior to assignment to a vehicle. We maintain a toll-free number, satellite tracking and a staff of fleet managers to communicate and support drivers while on the road for extended periods.

To retain qualified drivers and promote safe operations, we purchase premium quality tractors and equip them with optional comfort and safety features. These features include air ride suspension on the chassis and cab, air conditioning, high-quality interiors, power steering, engine brakes and double sleeper cabs.

We pay company-employed drivers a fixed rate per mile. The rate increases based on length of service. Drivers are also eligible for bonuses based upon safe, efficient driving. We believe that our compensation program provides an important incentive to attract and retain qualified drivers. Drivers that have been with us for at least six months are also eligible to purchase shares of our Common Stock under a stock purchase plan we sponsor. We pay the brokerage commissions on purchases and the plan's administrative costs.

We pay independent contractors a fixed rate per mile. Independent contractors pay for their own fuel, insurance, maintenance and repairs. Independent contractors that have been under contract with us for at least six months are also eligible to purchase shares of our Common Stock under a stock purchase plan we sponsor. We pay the brokerage commissions on purchases and the plan's administrative costs.

REVENUE EQUIPMENT

The trucking industry requires significant capital investment in revenue equipment. We finance a portion of our revenue equipment purchases using long-term debt. We purchase tractors and trailers

manufactured to our specifications. Freightliner or Peterbilt manufacture most of our tractors. Most of our tractors are equipped with 435/500 or 370/435 horsepower Detroit Diesel or Cummins engines. These engines enable the equipment to maintain constant speed with optimum fuel economy under conditions often encountered by our equipment, such as mountainous terrain and maximum weight loads. Utility, Great Dane or Wabash manufacture most of our single van trailers. Most of our trailers are equipped with Thermo-King cooling and heating equipment. Our single van refrigerated trailers are either 53 feet long (1,605 trailers) or 48 feet long (489 trailers). All of our trailers are 102 inches wide and have at least 106 inches of inside height. We standardize equipment to simplify driver training, control the cost of spare parts inventory, enhance our preventive maintenance program and increase fuel economy.

The following table shows the type and age of equipment we own as of December 31, 1998:

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Model Year	Tractors	Single Van Trailers
<S>	<C>	<C>
1999	144	232
1998	189	593
1997	230	376
1996	319	471
1995	110	236
1994	1	155

1993	-	30
1992	1	-
1990	-	1
Total	994	2,094

</TABLE>

We replace our tractors and trailers based on factors such as age, the market for used equipment and improvements in technology and fuel efficiency. We have a comprehensive maintenance program for our company-owned tractors and trailers to minimize equipment downtime and enhance resale or trade-in value. We regularly perform inspections, repairs and maintenance at our facilities in Mondovi, Wisconsin; Ontario, California; Jonesboro, Georgia; and Wilsonville, Oregon, and at independent contract maintenance facilities.

EMPLOYEES

As of December 31, 1998, we employed 1,337 people. This total consists of 1,026 drivers, 116 mechanics and maintenance personnel, along with 195 support personnel. Support personnel includes management and administration. Our employees are not represented by a collective bargaining unit. We consider relations with our employees to be good.

COMPETITION

The trucking industry is highly competitive. Our primary competitors are other protective service truckload carriers and private carriage fleets. For freight not requiring protective service trailers, our competitors also include dry freight truckload carriers and railroads. To compete, we rely primarily on our quality of service and our ability to provide protective service and other specialized services. We have substantially less financial resources, own less equipment and carry less freight than several other truckload carriers offering protective service.

REGULATION

We are a motor common and contract carrier. The DOT and the FHWA, along with various state agencies, regulate our operations. These regulatory authorities have broad powers, generally governing

activities such as authority to engage in motor carrier operations, rates and charges, and certain mergers, consolidations and acquisitions. The Motor Carrier Act of 1980 (the "MCA") substantially increased competition among motor carriers and limited the level of regulation in the industry. The MCA allowed applicants to obtain ICC operating authority more easily and allowed interstate motor carriers to change their rates without ICC approval. The law also removed many route and commodity restrictions. The Trucking Industry Regulatory Reform Act of 1994 (the "TIRRA") has further increased industry competition and limited industry regulation. The TIRRA repealed tariff filing for individually determined rates, simplified the granting of operating authority, and pre-empted price, route and service regulation by the states. Effective January 1, 1996, the ICC Termination Act of 1995 abolished the ICC and transferred its regulatory authority to the DOT and the FHWA.

Motor carrier operations are subject to the DOT's safety requirements governing interstate operations. Matters such as weight and dimensions of equipment are also regulated by federal and state authorities.

We also have operating authority between the United States and the Canadian Provinces of Alberta, British Columbia, Manitoba, Ontario, Quebec and Saskatchewan.

ITEM 2. PROPERTIES

Our executive offices and principal terminal are located on approximately seven acres in Mondovi, Wisconsin. This facility consists of approximately 28,000 square feet of office space and approximately 21,000 square feet of equipment repair and maintenance space. Originally constructed in 1965, these facilities were expanded in 1971, 1980, 1987 and 1993.

We maintain a maintenance facility in Ontario, California. We purchased this facility in 1997 for $1.5 million from R & R Properties, a sole-proprietorship owned by Randolph L. Marten. From 1985 through 1997, we leased this facility from R & R Properties. Total rental expense for this lease was $126,000 per year during 1995 through 1997. This facility includes approximately 2,700 square feet of office space, 8,000 square feet of equipment repair and maintenance space and a parking lot of 150,000 square feet.

We purchased a maintenance facility in Jonesboro, Georgia in 1993. The building at this facility is approximately 12,500 square feet and consists of office space and a two and one-half bay service and repair space. This facility also has parking for up to forty tractors and trailers.

We purchased a maintenance facility in Wilsonville, Oregon in 1995. The building at this facility is approximately 20,000 square feet and consists of office space and an eight-bay service and repair space. This facility also has an eight-acre paved and fenced yard area.

ITEM 3. LEGAL PROCEEDINGS

We periodically are a party to routine litigation incidental to our business. Primarily, this litigation involves claims for personal injury and property damage caused while transporting freight. There are currently no material pending legal, governmental, administrative or other proceedings to which we are a party or of which any of our property is the subject which are unreserved.

We partially self-insure for losses relating to workers' compensation, auto liability, general liability and cargo claims, along with employees' group health benefits. We self-insure for property damage claims. We also maintain an insurance policy that limits annual total losses to $7.5 million for auto liability, workers' compensation and general liability claims. We believe that our current liability limit is reasonable. However, we could suffer losses over our policy limits. Losses in excess of our policy limits could negatively affect our financial condition.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the year ended December 31, 1998.

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

Our executive officers, with their ages and the offices held as of

March 1, 1999, are as follows:

Name	Age	Position
Randolph L. Marten	46	Chairman of the Board, President and Director
Darrell D. Rubel	53	Executive Vice President, Chief Financial Officer, Treasurer, Assistant Secretary and Director
Robert G. Smith	55	Chief Operating Officer and Vice President of Operations
Timothy P. Nash	47	Vice President of Sales
Franklin J. Foster	42	Vice President of Finance

Randolph L. Marten has been a full-time employee since 1974. Mr. Marten has been a Director since October 1980, our President since June 1986 and our Chairman of the Board since August 1993. Mr. Marten also served as our Chief Operating Officer from June 1986 until August 1998 and as a Vice President from October 1980 to June 1986.

Darrell D. Rubel has been a Director since February 1983, our Chief Financial Officer since January 1986, our Treasurer since June 1986, our Executive Vice President since May 1993 and our Assistant Secretary since August 1987. Mr. Rubel also served as our Secretary from June 1986 until August 1987 and as a Vice President from January 1986 until May 1993.

Robert G. Smith has been our Chief Operating Officer since August 1998 and our Vice President of Operations since June 1993. Mr. Smith also served as our Director of Operations from September 1989 to June 1993. Mr. Smith served as director of operations for Transport Corporation of America, an irregular-route truckload carrier, from January 1985 to September 1989.

Timothy P. Nash has been our Vice President of Sales since November 1990 and served as our Regional Sales Manager from July 1987 to November 1990. Mr. Nash served as a regional sales manager for Overland Express, Inc., a long-haul truckload carrier, from August 1986 to July 1987.

Franklin J. Foster has been our Vice President of Finance since December 1991 and served as our Director of Finance from January 1991 to December 1991. Mr. Foster served as a vice president in commercial banking for First Bank National Association from October 1985 to January 1991.

Our executive officers are elected by the Board of Directors to serve one-year terms.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information in the "Common Stock Data" section of our 1998 Annual Report on page 12 is incorporated in this Report by reference.

We had no unregistered sales of equity securities during the fourth quarter of the year ended December 31, 1998.

ITEM 6. SELECTED FINANCIAL DATA

The financial information in the "Five-Year Financial Summary" section of our 1998 Annual Report on the inside front cover thereof is incorporated in this Report by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our 1998 Annual Report on pages 2 through 4 is incorporated in this Report by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our credit facility described in Note 2 to the financial statements as well as in the Management's Discussion and Analysis carries interest rate risk. Amounts borrowed under this agreement are subject to interest charges at a rate equal to either the London Interbank Offered Rate plus applicable margins, or the bank's Reference Rate. The Reference Rate is generally the prime rate. Should the lender's Reference Rate change, our interest expense will increase or decrease accordingly. As of December 31, 1998, we had borrowed approximately $4.8 million subject to interest rate risk. On this amount, a 1% increase in the interest rate would cost us $48,000 in additional gross interest cost on an annual basis.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our Financial Statements and the Report of Independent Public Accountants on pages 5 through 12 of our 1998 Annual Report are incorporated in this Report by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

A. DIRECTORS OF THE REGISTRANT.

The information in the "Election of Directors--Information About Nominees" and "Election of Directors--Other Information About Nominees" sections of our 1999 Proxy Statement is incorporated in this Report by reference.

B. EXECUTIVE OFFICERS OF THE REGISTRANT.

Information about our executive officers is included in this Report under Item 4A, "Executive Officers of the Registrant."

C. COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

The information in the "Section 16(a) Beneficial Ownership Reporting Compliance" section of our 1999 Proxy Statement is incorporated in this Report by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information in the "Election of Directors--Director Compensation" and "Compensation and Other Benefits" sections of our 1999 Proxy Statement is incorporated in this Report by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information in the "Principal Stockholders and Beneficial Ownership of Management" section of our 1999 Proxy Statement is incorporated in this Report by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information in the "Certain Transactions" section of our 1999 Proxy Statement is incorporated in this Report by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. FINANCIAL STATEMENTS:

The following Financial Statements are incorporated in this Report by reference from the pages noted in our 1998 Annual Report:

Report of Independent Public Accountants - page 12

Balance Sheets as of December 31, 1998 and 1997 - page 5

Statements of Operations for the years ended December 31, 1998, 1997 and 1996 - page 6

Statements of Changes in Shareholders' Investment for the years ended December 31, 1998, 1997 and 1996 - page 6

Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996 - page 7

Notes to Financial Statements - pages 8 through 12

2. FINANCIAL STATEMENT SCHEDULES:

None.

3. EXHIBITS:

The exhibits to this Report are listed in the Exhibit Index on pages 11 through 13. A copy of any of the exhibits listed will be sent at a reasonable cost to any shareholder as of March 22, 1999. Requests should be sent to Darrell D. Rubel, Executive Vice President and Chief Financial Officer, at our corporate headquarters.

The following is a list of each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Report under Item 14(c):

(1) Marten Transport, Ltd. 1986 Incentive Stock Option Plan, as amended.

(2) Marten Transport, Ltd. 1986 Non-Statutory Stock Option Plan, as amended.

(3) Employment Agreement, dated May 1, 1993, with Darrell D. Rubel.

(4) Marten Transport, Ltd. 1995 Stock Incentive Plan.

(5) Amendment to Employment Agreement, dated January 27, 1999, with Darrell D. Rubel

(b) REPORTS ON FORM 8-K FILED IN THE FOURTH QUARTER OF 1998:

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Marten Transport, Ltd., the Registrant, has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 26, 1999 MARTEN TRANSPORT, LTD.

By /s/ Randolph L. Marten

Randolph L. Marten
Chairman of the Board and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on March 26, 1999 by the following persons on behalf of the Registrant and in the capacities indicated.

Signature	Title
/s/ Randolph L. Marten --------------------------- Randolph L. Marten	Chairman of the Board, President (Principal Executive Officer) and Director
/s/ Darrell D. Rubel --------------------------- Darrell D. Rubel	Executive Vice President, Chief Financial Officer, Treasurer, Assistant Secretary (Principal Financial and Accounting Officer) and Director
/s/ Larry B. Hagness --------------------------- Larry B. Hagness	Director

/s/ Thomas J. Winkel   Director

Thomas J. Winkel

/s/ Jerry M. Bauer   Director

Jerry M. Bauer

/s/ Christine K. Marten   Director

Christine K. Marten

MARTEN TRANSPORT, LTD.
EXHIBIT INDEX TO ANNUAL REPORT
ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 1998

<TABLE>
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ITEM NO.	ITEM	FILING METHOD
<S>	<C>	<C>
3.1	Certificate of Incorporation of the Company. . .	Incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-8 (File No. 33-75648).
3.2	Bylaws of the Company.	Incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-8 (File No. 33-75648).
4.1	Specimen form of the Company's Common Stock Certificate	Incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-1 (File No. 33-8108).
4.2	Certificate of Incorporation of the Company. . .	See Exhibit 3.1 above.
4.3	Bylaws of the Company.	See Exhibit 3.2 above.
9.1	Voting Trust Agreement dated February 14, 1983, as amended	Incorporated by reference to Exhibit 9.1 of the Company's Registration Statement on Form S-1 (File No. 33-8108).
9.2	Agreement regarding Voting Trust Agreement, dated May 4, 1993	Incorporated by reference to Exhibit 19.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 (File No. 0-15010).

10.1	Marten Transport, Ltd. 1986 Incentive Stock Option Plan, as amended.	Incorporated by reference to Exhibit 10.1 of the Company's Annual Report on Form 10-K for the year ended December 31, 1986 (File No. 0-15010).
10.2	Marten Transport, Ltd. 1986 Non-Statutory Stock Option Plan, as amended.	Incorporated by reference to Exhibit 10.2 of the Company's Annual Report on Form 10-K for the year ended December 31, 1987 (File No. 0-15010).
10.3	Stock Restriction Agreement among Roger R. Marten, Randolph L. Marten and Darrell D. Rubel	Incorporated by reference to Exhibit 10.5 of the Company's Registration Statement on Form S-1 (File No. 33-8108).

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<TABLE>
<CAPTION>

ITEM NO.	ITEM	FILING METHOD
<S>	<C>	<C>
10.4	Agreement on Credit Terms dated January 5, 1990 between the Company and First Bank National Association	Incorporated by reference to Exhibit 10.10 of the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 0-15010).
10.5	Amendment to Agreement on Credit Terms dated July 31, 1990 between the Company and First Bank National Association.	Incorporated by reference to Exhibit 10.10 of the Company's Annual Report on Form 10-K for the year ended December 31, 1990 (File No. 0-15010).
10.6	Security Agreement dated January 12, 1990, as amended, between the Company and First Bank National Association.	Incorporated by reference to Exhibit 10.15 of the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 0-15010).
10.7	Second Amendment to Agreement on Credit Terms dated May 31, 1991 between the Company and First Bank National Association.	Incorporated by reference to

		Exhibit 10.16 of the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 0-15010).
10.8	Amendment No. 3 to Agreement on Credit Terms dated May 17, 1993 between the Company and First Bank National Association.	Incorporated by reference to Exhibit 19.3 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 (File No. 0-15010).
10.9	Employment Agreement dated May 1, 1993 between the Company and Darrell D. Rubel. .	Incorporated by reference to Exhibit 19.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 (File No. 0-15010).
10.10	Stock Redemption Agreement dated June 21, 1994 between the Company and Darrell D. Rubel, as Personal Representative of the Estate of Roger R. Marten	Incorporated by reference to Exhibit 10.16 of the Company's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 0-15010).

</TABLE>

<TABLE>
<CAPTION>

ITEM NO.	ITEM	FILING METHOD
<S>	<C>	<C>
10.11	Marten Transport, Ltd. 1995 Stock Incentive Plan	Incorporated by reference to Exhibit 10.18 of the Company's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 0-15010).
10.12	Note Purchase and Private Shelf Agreement dated October 30, 1998, between the Company and The Prudential Insurance Company of America.	Incorporated by reference to Exhibit 10.12 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 (File No. 0-15010).
10.13	Credit Agreement dated October 30, 1998, between the Company and U.S. Bank National Association.	Incorporated by reference to

		Exhibit 10.13 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 (File No. 0-15010).
10.14	Amendment to Employment Agreement, dated January 27, 1999, between the Company and Darrell D. Rubel	Filed with this Report.
13.1	1998 Annual Report to Shareholders	Filed with this Report.
23.1	Consent of Arthur Andersen LLP	Filed with this Report.
27.1	Financial Data Schedule.	Filed with this Report.

</TABLE>

AMENDMENT TO EMPLOYMENT AGREEMENT

This Agreement is made between MARTEN TRANSPORT, LTD. ("Employer"), and DARRELL D. RUBEL ("Employee"), to amend that certain Employment Agreement between the Employee and the Employer dated May 1, 1993, as set forth herein.

1. In recognition of the services and benefits provided in the past by Employee for the Employer, and in addition to all other income, benefits and bonuses, the Employer agrees to pay to the Employee an additional amount of One Thousand and no/100 Dollars ($1,000.00) per month for the period of 60 months.

2. This amount shall be due and payable to Employee, or Employee's estate or beneficiaries and heirs, for the period commencing on January 1, 1998, and on the first day of each month thereafter with the last payment due on December 1, 2002. The obligation to make this payment shall not be affected by the subsequent employment status, resignation, disability or death of Employee, or the termination of the Employment Agreement, as amended.

3. This Agreement shall be binding on both parties and their respective heirs, personal representatives, successors and assigns.

Dated this 27th day of January, 1999.

MARTEN TRANSPORT, LTD.
EMPLOYER

By: /s/ Thomas J. Winkel

Chairman, Compensation Committee

DARRELL D. RUBEL
EMPLOYEE

By: /s/ Darrell D. Rubel

WHO WE ARE

Marten Transport, Ltd., with headquarters in Mondovi, Wisconsin, strives to be the premium supplier of time- and temperature-sensitive transportation services to customers nationwide. We serve customers with more 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 Stock Market under the symbol MRTN. At December 31, 1998, we employed 1,337 people, including drivers, office personnel and mechanics.

Our mission is to provide:

- customers with transportation services that exceed expectations;

- employees, at all levels, with satisfying and financially rewarding work, and with continued opportunities for professional development;

- shareholders with a superior return on their investments; and

- society with a cleaner, safer environment.

FINANCIAL HIGHLIGHTS

(DOLLARS IN THOUSANDS, EXCEPT PER-SHARE AMOUNTS)	Years ended December 31, 1998	1997	1996
FOR THE YEAR			
Operating revenue	$ 193,648	$172,412	$ 146,151
Operating income	16,345	12,847	6,160
Net income	7,574	5,307	1,630
Operating ratio	91.6%	92.5%	95.8%
PER-SHARE DATA(1)			
Basic earnings per common share	$ 1.69	$ 1.19	$ .37
Diluted earnings per common share	1.67	1.19	.37
Book value	11.90	10.21	9.02
AT YEAR END			
Total assets	$ 156,709	$145,266	$ 138,135
Long-term debt, less current maturities	47,232	30,663	33,505
Shareholders' investment ..	53,278	45,704	40,044

(1) Earnings per common share and book value amounts for 1997 and 1996 have been retroactively adjusted to reflect a three-for-two stock split effective for shareholders of record as of December 15, 1997.

FIVE-YEAR FINANCIAL SUMMARY

(IN THOUSANDS, EXCEPT PER-SHARE AMOUNTS)	Years ended December 31, 1998	1997	1996	1995	1994
FOR THE YEAR					
Operating revenue	$ 193,648	$ 172,412	$ 146,151	$ 137,704	$ 122,730
Operating income	16,345	12,847	6,160	11,378	13,015
Net income	7,574	5,307	1,630	5,009	6,375
PER-SHARE DATA(1)					
Basic earnings per common share	$ 1.69	$ 1.19	$ .37	$ 1.14	$ 1.34
Diluted earnings per common share	1.67	1.19	.37	1.12	1.33
AT YEAR END					
Total assets	$ 156,709	$ 145,266	$ 138,135	$ 123,141	$ 105,648

Long-term debt, less current maturities	47,232	30,663	33,505	27,079	24,917
Shareholders' investment	53,278	45,704	40,044	38,242	33,104

</TABLE>

(1) Earnings per common share amounts for 1997 and prior years have been retroactively adjusted to reflect a three-for-two stock split effective for shareholders of record as of December 15, 1997.

TO OUR SHAREHOLDERS AND EMPLOYEES 1

Our annual report is a welcome opportunity to communicate to shareholders, customers, prospects and employees the aspects of our business that make us successful, as well as to highlight our financial results. Our success, coupled with the discipline we use to manage our company, helps build Marten's reputation as a financially solid, respected transportation company.

The partnerships we form with drivers and independent contractors, non-driver employees, customers and suppliers are extremely important. This year, we'll describe how these individual partnerships contribute to Marten's continued growth and profitability.

1998 FINANCIAL HIGHLIGHTS

For the fiscal year ended December 31, 1998, we posted record revenue of $193.6 million, up 12 percent from $172.4 million in 1997. Net income for 1998 increased 43 percent to $7.6 million, or $1.67 per diluted share, from $5.3 million, or $1.19 per diluted share, in 1997.

Operating income for 1998 was $16.3 million, compared with $12.8 million in 1997. Marten's operating ratio, which compares operating costs to revenue, decreased to 91.6 percent in 1998 from 92.5 percent the year earlier.

Revenue gains stem from several factors. First, we increase the potential for higher revenue by enlarging our fleet. We went from 1,317 tractors and 1,835 trailers at December 31, 1997, to 1,460 and 2,097, respectively, at December 31, 1998. Second, we significantly expanded our dedicated service business, which I'll address later in this letter. Third, we increased our revenue from our top 10 customers by 9 percent in 1998. This reflects the solid relationships we maintain with our top customers.

A RELATIONSHIP BUSINESS

Operating a successful transportation business requires close partnerships with people inside and outside the organization. We recognize the need to build, maintain and manage partnerships, and we've designed programs and systems with our business partners to strengthen our service and financial performance. Key examples follow.

DRIVERS/INDEPENDENT CONTRACTORS: The industry-wide driver shortage continues to affect our business. To help manage our driver turnover, we provide referral bonuses to drivers who bring us qualified new recruits. We paid more than $140,000 in referral bonuses in 1998 -- an important investment in our future. Likewise, sharpening our focus on dedicated service programs also reduces driver turnover. Some employees like driving in dedicated lanes, which offers more predictable scheduling.

Independent contractors, who represent 31 percent of our total driver network, are extremely important to Marten. The Contractor Services Program launched in mid-1998 helps independent contractors (including former Marten-employed drivers) build their own businesses. The program includes accounting firm referrals, equipment advice, sources for insurance and other essential start-up elements. We've signed up 30 independent contractors for this program so far.

NON-DRIVER EMPLOYEES: Partnerships with non-driver employees at all four Marten locations -- from mechanics to fleet managers, sales and office personnel -- also are critical. Overall, we benefit from a very stable workforce. Two areas worth special note are Marten's empowering of terminal managers, who now have more control of day-to-day operations within their regions, and the introduction of a popular scholarship program for children of Marten employees.

In the area of terminal operations, we moved some of our daily operations management to regional staff. For example, instead of overseeing driver recruiting from our Mondovi headquarters, we solicit driver candidates from all four regional facilities. We've also asked regional managers to supervise many of the loading/unloading programs in their areas and maintain direct contact with many nearby customers, which helps improve service.

In 1998, we invested $10,000 in a new scholarship program for college-bound children of Marten employees. Last year, we received 17 applications and awarded scholarships to eight students. We expect an even larger number of applications this year.

CUSTOMERS: Many aspects of our business contribute to mutually beneficial customer relationships. Superior service and state-of-the-art equipment, for example, provide the capacity our customers require. We spend considerable time building an understanding of each other's needs. When customers understand the cost elements associated with running a transportation business,

and we understand the implications of meeting customer requests, we form long-term, "win/win" partnerships. If we maintain open-ended communication, we can improve equipment utilization, reduce costs and increase margins.

We win business because we're responsive. We keep relationships because we have the equipment and flexibility to meet the individualized needs of every customer -- and because our people deliver the service level expected. We are known in the industry as a premier carrier for customers who require time- and temperature-sensitive service.

SUPPLIERS: We contract with equipment suppliers who provide the best tractors and trailers in the industry. The same is true of companies that supply technology resources to manage our business and vendors who help add speed to our system.

Many of our customers have very tight delivery windows and travel deadlines. Our information systems personnel work with our network, hardware and software vendors to design and maintain systems to our specifications. This allows us to successfully communicate with customers, drivers and Marten operations personnel.

We're in great shape to surpass $200 million in revenue in 1999, thanks in large part to the partnerships highlighted here. Our balance sheet is strong and our expense control disciplines continue to drive profitability. We have invested time and resources in response to the "Year 2000 problem" and don't anticipate that the costs to address this issue will have a material effect on our financial or service performance going forward. (See Management's Discussion and Analysis for details.)

I'd like to thank all who contribute to our continued success. Thanks especially to Robert Smith, promoted to chief operating officer last August, for his dedication to Marten and our business associates.

Sincerely,

/s/ Randolph L. Marten

Randolph L. Marten
[PHOTO] President and Chairman of the Board
March 22, 1999

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS Operating revenue for the year ended December 31, 1998, increased 12 percent over 1997, compared with increases of 18 percent in 1997 and 6 percent in 1996. These increases were the result of transporting additional freight associated with increases to our fleet each of the last three years. Average freight rates and equipment utilization, measured by average miles traveled per tractor, increased in 1998 and 1997 due to stronger customer demand, as compared to 1996. Average freight rates and utilization declined in 1996. Our contracts with customers require fuel surcharges and rebates based on significant fluctuations in the price of diesel fuel. Operating revenue in 1998 was reduced by fuel rebates of $496,000 due to a decrease in the price of diesel fuel. Operating revenue was increased by fuel surcharges of $1.2 million in 1997 and $1.4 million in 1996 due to an increase in the price of diesel fuel. We expect operating revenue in 1999 to exceed 1998 levels due primarily to planned revenue equipment additions.

Operating expenses in 1998 represented 91.6 percent of operating revenue, compared with 92.5 percent in 1997 and 95.8 percent in 1996. This ratio improved in 1998 and 1997 due primarily to an increase in the revenue generated per tractor, reflecting more efficient utilization of our equipment. This ratio was not as favorable in 1996 due to reduced equipment utilization and lower freight rates. The aggregate amount of operating expenses increased 11 percent in 1998, 14 percent in 1997 and 11 percent in 1996.

The transportation of additional freight and expansion of our fleet caused most expense categories to increase during the last three years. Purchased transportation expense increased to 24.2 percent of revenue in 1998, compared with 20.8 percent in 1997 and 13.7 percent in 1996. These increases reflect planned growth in the number of independent contractor-owned vehicles. Independent contractors assume responsibility for their own

salaries, wages and benefits expense, fuel and fuel tax expense, and supplies and maintenance expense. As a result, our expenses in these categories have been reduced relative to revenue during the last three years. A significant decrease in the price of diesel fuel caused an additional reduction in fuel and fuel tax expense in 1998. A significant increase in the price of diesel fuel negatively impacted fuel and fuel tax expense in 1997 and 1996. An increase in our trailer fleet caused depreciation expense to increase during the last three years. Our insurance and claims expense continued to be positively impacted by our strong focus on driver safety and training, which has led to improved accident experience over the last three years. Insurance and claims expense represented 1.9 percent of revenue in 1998, compared with 2.0 percent in 1997 and 4.7 percent in 1996. Our gain on disposition of revenue equipment has fluctuated over the last three years due to changes in the market value received for used revenue equipment. We anticipate our 1999 operating expenses as a percent of revenue will remain at current levels.

Interest expense as a percent of revenue declined in 1998 to 2.0 percent of revenue, compared with 2.4 percent in both 1997 and 1996. This improvement was primarily caused by a decrease in our average long-term debt during 1998. We anticipate interest expense in 1999 as a percent of revenue will remain at 1998 levels.

Our effective tax rate was 40 percent for the last three years. We expect the effective tax rate to be 40 percent or less in 1999.

In 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as discussed in Note 1 to the financial statements. This statement, effective in our first quarter of 2000, is expected to have minimal impact on our results of operations and financial position because we did not have significant derivative instruments as of December 31, 1998.

Inflation can be expected to affect most of our operating expenses. The impact of inflation, however, was minimal during the three years ended December 31, 1998.

CAPITAL RESOURCES AND LIQUIDITY Net cash provided by our operating activities in 1998 was $24,486,000. Our business requires significant capital expenditures to update and expand our fleet with new, more efficient tractors and trailers. We invested $29,262,000 in property and equipment and other assets in 1998, requiring net cash from financing activities of $3,840,000. We are committed to purchase approximately $26 million of new revenue equipment, net of trade-in allowances, in the first half of 1999. We have paid, and expect to pay, for these purchases using cash flows from operations and proceeds from long-term debt.

In 1998, we issued $25 million in Series A Senior Unsecured Notes and obtained a $40 million unsecured committed credit facility. The Senior Notes bear fixed interest at 6.78 percent and mature in 2008. The credit facility matures in 2001 and bears variable interest based upon, at our option, either the London Interbank Offered Rate plus applicable margins, or the bank's Reference Rate. The proceeds of these fundings were used to retire a substantial portion of existing long-term debt, causing current maturities of long-term debt to decrease. This reduction in current maturities resulted in a positive working capital position. Cash flows from operating activities have historically met our working capital needs despite a working capital deficit. The working capital deficit in prior years was caused by current maturities of long-term debt associated with additions to our fleet. Our operating profits, short turnover in accounts receivable and cash management practices allow us to effectively meet our working capital requirements. Short-term borrowings have not been and are not expected to be used to meet working capital needs. We believe our liquidity will adequately satisfy expected near-term operating requirements.

SEASONALITY The trucking industry experiences seasonal fluctuations in revenue and expenses. Our operations are consistent with this pattern. We experience revenue declines after the winter holiday season because our customers reduce shipments. Operating expenses temporarily increase in the winter due to reduced fuel efficiency and additional maintenance cost.

IMPACT OF YEAR 2000 Computer programs have historically been written to abbreviate dates by using two digits instead of four digits to identify a particular year. The so-called "Year 2000 problem" is the inability of computer software or hardware to recognize or properly process dates ending in "00" and dates after the Year 2000. Significant attention is being focused as the Year 2000 approaches on updating or replacing such software and hardware in order to avoid system failures, miscalculations or business interruptions that might otherwise result. Marten is taking the steps we believe are necessary to insure that this potential problem does not adversely affect our operating results in the future. We are continuing our as-yet incomplete assessment of the impact of the Year 2000 problem.

Marten has reviewed its internal information systems and believes that the costs and efforts to address the Year 2000 problem will not be material to our business, financial condition or results of operations, and may be resolved through replacements and upgrades to our software or hardware. The Year 2000 problem may, however, adversely impact Marten by affecting the business and operations of parties with which we transact business, although we are unable to precisely determine the likelihood or potential impact of any such event. There can be no assurance that Marten will be able to effectively address Year 2000 issues in a cost-efficient manner and without interruption to our business,

or that Year 2000 problems encountered by our suppliers, customers or other parties will not have a material impact on our business, financial condition and results of operations.

Marten's state of readiness for the Year 2000, our estimated costs associated with Year 2000 issues, the risks we face associated with Year 2000 issues and our Year 2000 contingency plans are summarized below.

STATE OF READINESS - Internally, we have implemented a three-phase process to assess Year 2000 compliance of our systems and remediate any material non-compliance. The phases are (1) to identify and test our material computer software and hardware in order to determine whether they are Year 2000 compliant; (2) to correct or replace those software or hardware systems in which we determine there is a material problem with Year 2000 compliance; and (3) to internally test the corrected or upgraded systems in order to determine whether they are Year 2000 compliant. We have completed all three phases with respect to most of our material internally written and purchased information technology (IT) systems and non-IT systems and believe the systems are Year 2000 compliant. However, Marten also utilizes a sales and marketing system, an insurance claims management system and a maintenance tracking system, all of which are in the second phase. We expect these three systems will be through phase three and achieve Year 2000 compliance in 1999.

Externally, we have implemented a three-phase process to assess Year 2000 compliance of the systems of our vendors and third-party servicers, and remediate any material non-compliance. The phases are (1) to identify the vendors and other third parties with whom we transact business and determine whether they are significant to our business ("core" parties); (2) to contact the vendors and other third parties with whom we do business by, among other methods, sending them letters and questionnaires designed to solicit information relating to the Year 2000 problem; and (3) to evaluate the responses received from the vendors and other third parties. The questionnaire we are using asks vendors and other third parties such questions as (i) whether they have a documented Year 2000 compliance plan, (ii) whether they are aware of any Year 2000 readiness issues that could affect Marten, (iii) whether, if such an issue exists, they have plans in place to ensure compliance, (iv) what their target date is for Year 2000 compliance and (v) whether they have any contingency plans. We have substantially completed all three phases with respect to our vendors and third-party service providers. We plan to follow up during 1999 with our core vendors and third parties with whom we do business to update our information regarding the Year 2000 problem.

COSTS ASSOCIATED WITH YEAR 2000 ISSUES - We estimate that the future costs associated with implementing all phases of our Year 2000 assessment and resolving any Year 2000 problems will be between $100,000 and $200,000. This estimated range includes expenditures for both repairs and upgrades. We believe that these costs, assuming this estimate is accurate, would not have a material effect on our business, financial condition and results of operations. We estimate our costs to date associated with Year 2000 issues to be less than $25,000. We anticipate that cash flow from operations will be used to pay the costs to address Year 2000 issues. All Year 2000 costs are expensed as incurred.

RISKS ASSOCIATED WITH YEAR 2000 ISSUES - We are unaware of any material risk to Marten associated with Year 2000 issues at the present time. We believe that the reasonably likely worst case Year 2000 scenario is a decrease in the efficiency with which we procure and deliver loads, and a decrease in the efficiency with which we receive payment for services rendered. A decrease in efficiency, however, would not necessarily result in a decrease in business. We expect that load procurement, load delivery and billing all could be achieved through alternative methods within a relatively short period of time. Any disruption, however, could result in some lost revenue.

We face the additional risk of experiencing an increase in claims and litigation relating to the Year 2000 problem because, among other reasons, there is no uniform definition of Year 2000 "compliance" and because all vendor and third-party situations cannot be anticipated, particularly those involving third-party products. Such claims, if successful, could have a material adverse effect on future results. Moreover, the costs of defending Marten against such claims, even if ultimately resolved in our favor, could have a material adverse effect on future results.

CONTINGENCY PLANS - We have completed a specific contingency plan for the Year 2000 problem. This contingency plan identifies alternate vendors and service providers to decrease the impact on Marten if one or more of the core parties with whom we do business suffers a significant Year 2000 problem.

FORWARD-LOOKING INFORMATION This annual report contains certain forward-looking statements. Any statements not of historical fact may be considered forward-looking statements. Written words such as "may," "expect," "believe," "anticipate" or "estimate," or other variations of these or similar words, identify such statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially, depending on a variety of factors, such as the industry driver shortage, the market for revenue equipment, fuel prices and general weather and economic conditions.

BALANCE SHEETS 5

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT SHARE INFORMATION)	December 31, 1998	1997
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,116	$ 2,052
Receivables:		
Trade, less allowances of $751 and $650	17,129	16,935
Other	2,625	1,937
Prepaid expenses and other	7,850	6,921
Deferred income taxes	3,265	4,170
Total current assets	31,985	32,015
PROPERTY AND EQUIPMENT:		
Revenue equipment	160,600	143,633
Buildings and land	6,320	6,320
Office equipment and other	5,351	5,098
Less accumulated depreciation	(48,514)	(42,375)
Net property and equipment	123,757	112,676
OTHER ASSETS	967	575
	$ 156,709	$ 145,266
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
CURRENT LIABILITIES:		
Accounts payable	$ 3,687	$ 4,472
Insurance and claims accruals	10,529	11,638

Accrued liabilities	8,090	8,573
Current maturities of long-term debt	8,899	21,628
Total current liabilities	31,205	46,311
LONG-TERM DEBT, less current maturities	47,232	30,663
DEFERRED INCOME TAXES	24,994	22,588
Total liabilities	103,431	99,562
COMMITMENTS (Notes 1, 3 and 10)		
SHAREHOLDERS' INVESTMENT:		
Common stock, $.01 par value per share, 10,000,000 shares authorized, 4,477,645 shares issued and outstanding	45	45
Additional paid-in capital	9,934	9,934
Retained earnings	43,299	35,725
Total shareholders' investment	53,278	45,704
	$ 156,709	$ 145,266

</TABLE>

The accompanying notes are an integral part of these balance sheets.

STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT SHARE INFORMATION)	For the years ended December 31, 1998	1997	1996
<S>	<C>	<C>	<C>
OPERATING REVENUE	$ 193,648	$ 172,412	$ 146,151
OPERATING EXPENSES:			
Salaries, wages and benefits	58,798	52,917	50,222
Purchased transportation	46,833	35,914	20,073
Fuel and fuel taxes	23,328	25,642	25,997
Supplies and maintenance	15,633	14,359	14,166
Depreciation	18,724	17,239	16,015
Operating taxes and licenses	3,809	3,531	3,376
Insurance and claims	3,681	3,364	6,800
Communications and utilities	2,524	2,152	1,689
Gain on disposition of revenue equipment	(935)	(242)	(2,580)
Other	4,908	4,689	4,233
	177,303	159,565	139,991
OPERATING INCOME	16,345	12,847	6,160
OTHER EXPENSES (INCOME):			
Interest expense	3,964	4,205	3,575
Interest income and other	(243)	(203)	(131)
	3,721	4,002	3,444
INCOME BEFORE INCOME TAXES	12,624	8,845	2,716
PROVISION FOR INCOME TAXES	5,050	3,538	1,086
NET INCOME	$ 7,574	$ 5,307	$ 1,630
BASIC EARNINGS PER COMMON SHARE	$ 1.69	$ 1.19	$ .37
DILUTED EARNINGS PER COMMON SHARE	$ 1.67	$ 1.19	$ .37

</TABLE>

The accompanying notes are an integral part of these statements

STATEMENTS OF CHANGES IN SHAREHOLDERS' INVESTMENT

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT SHARE INFORMATION)	Common Stock Shares	Amount	Additional Paid-In Capital	Retained Earnings	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1995 ...	2,941,616	$ 29	$ 9,410	$ 28,803	$ 38,242
Net income	-	-	-	1,630	1,630
Issuance of common stock	18,000	1	171	-	172
Balance at December 31, 1996 ...	2,959,616	$ 30	$ 9,581	$ 30,433	$ 40,044
Net income	-	-	-	5,307	5,307
Issuance of common stock	25,500	-	353	-	353
Stock split	1,492,529	15	-	(15)	-
Balance at December 31, 1997 ...	4,477,645	$ 45	$ 9,934	$ 35,725	$ 45,704
Net income	-	-	-	7,574	7,574
Balance at December 31, 1998 ...	4,477,645	$ 45	$ 9,934	$ 43,299	$ 53,278

</TABLE>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

(IN THOUSANDS)	For the years ended December 31, 1998	1997	1996
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operations:			
Net income	$ 7,574	$ 5,307	$ 1,630
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation	18,724	17,239	16,015
Gain on disposition of revenue equipment	(935)	(242)	(2,580)
Deferred tax provision	3,311	1,970	1,739
Changes in other current operating items:			
Receivables	(882)	561	(1,970)
Prepaid expenses	(929)	(582)	(390)
Accounts payable	(785)	650	597
Other current liabilities	(1,592)	(549)	1,554
Net cash provided by operating activities	24,486	24,354	16,595
CASH FLOWS FROM INVESTING ACTIVITIES:			
Revenue equipment additions	(43,172)	(32,598)	(42,875)
Revenue equipment dispositions	14,932	10,698	17,706
Buildings and land, office equipment and other additions, net	(630)	(1,894)	(512)
Net change in other assets	(392)	(575)	-
Net cash used for investing activities	(29,262)	(24,369)	(25,681)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Long-term borrowings	63,540	22,469	30,112
Repayment of long-term borrowings	(59,700)	(23,783)	(21,500)
Issuance of common stock	-	353	172
Net cash provided by (used for) financing activities	3,840	(961)	8,784
DECREASE IN CASH AND CASH EQUIVALENTS	(936)	(976)	(302)
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,052	3,028	3,330
End of year	$ 1,116	$ 2,052	$ 3,028
CASH PAID (RECEIVED) FOR:			
Interest	$ 3,675	$ 4,211	$ 3,585

Income taxes	$ 2,171	$ 534	$ (446)

</TABLE>

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS 8

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS: Marten Transport, Ltd. is a long-haul truckload carrier providing protective service transportation of time- and temperature-sensitive materials and general commodities. We earned approximately 11 percent of our revenue from a single customer in 1998, 13 percent in 1997 and 13 percent in 1996.

CASH EQUIVALENTS: We invest available funds in short-term cash equivalents. These investments are primarily mutual funds with U.S. government-backed securities having original maturities of three months or less. These investments are stated at cost, which approximates market value.

PREPAID EXPENSES AND OTHER: As of December 31, prepaid expenses and other consisted of the following:

<TABLE>
<CAPTION>

(IN THOUSANDS)	1998	1997
License fees	$ 2,829	$2,150
Tires in service	1,941	1,703
Parts and tires inventory	1,697	1,941
Insurance	407	236
Other	976	891
	$ 7,850	$6,921

</TABLE>

PROPERTY AND EQUIPMENT: Additions and improvements to property and equipment are capitalized at cost. Maintenance and repair expenditures are charged to operations. Gains and losses on disposals of revenue equipment are included in operations.

Depreciation is computed based on the cost of the asset, reduced by its estimated salvage value, using the straight-line method for financial reporting purposes. Accelerated methods are used for income tax reporting purposes. Following is a summary of estimated useful lives:

<TABLE>
<CAPTION>

	YEARS
Revenue equipment:	
Tractors	5
Trailers	7
Satellite tracking	7
Buildings	20
Office equipment and other	3-15

</TABLE>

TIRES IN SERVICE: The cost of original equipment and replacement tires placed in service is capitalized. Amortization is calculated based on cost, less estimated salvage value, using the straight-line method over 24 months. The current portion of capitalized tires in service is included in prepaid expenses in the balance sheets. The long-term portion of capitalized tires in service and the estimated salvage value are included in revenue equipment in the balance sheets. The cost of recapping tires is charged to operations.

INSURANCE AND CLAIMS: We self-insure, in part, for losses relating to workers' compensation, auto liability, general liability and cargo claims, along with employees' group health benefits. We self-insure for property damage claims. We maintain insurance coverage for per-incident and total losses in amounts we consider adequate based upon ongoing review and historical experience. We reserve currently for anticipated losses. The insurance and claims reserves are continuously evaluated and adjusted to reflect our experience. Under agreements with our insurance carriers and regulatory authorities, we have arranged for approximately $2.2 million in letters of credit to guarantee settlement of claims.

REVENUE RECOGNITION: We record revenue and related expenses on the date shipment of freight is completed.

ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES: Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (Statement No. 133) was issued in June 1998 and is effective in our first quarter of 2000. Statement No. 133 requires companies to record the fair value of derivatives as either assets or liabilities on the balance sheet. The accounting for gains or losses from changes in the fair value of derivatives depends on the intended use of the derivatives and whether the criteria for hedge accounting have been satisfied. We have entered into commodity swap agreements to partially hedge Marten's exposure to diesel fuel price fluctuations. Statement No. 133 is expected to have minimal impact on Marten's results of operations and financial position because we did not hold significant derivative instruments as of December 31, 1998.

USE OF ESTIMATES: We must make estimates and assumptions to prepare the financial statements using generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities in the financial statements. The reported amounts of revenue and expenses in the financial statements are also affected. These estimates are primarily related to insurance and claims accruals and depreciation. Actual results could differ from these estimates.

2. LONG-TERM DEBT

As of December 31, long-term debt consisted of the following:

<TABLE>
<CAPTION>

(IN THOUSANDS)	1998	1997
Series A Senior Unsecured Notes maturing in October 2008 and bearing fixed interest at 6.78%	$25,000	$ -
Unsecured committed credit facility with a bank maturing in October 2001 and bearing variable interest based upon either the London Interbank Offered Rate plus applicable margins or the bank's Reference Rate (6.5% weighted average rate at December 31, 1998)	14,800	-
Notes payable to banks collateralized by specific revenue equipment maturing through December 2001 (7.8% weighted average interest rate at December 31, 1998)	16,331	52,291
Total long-term debt	56,131	52,291
Less current maturities of long-term debt ..	8,899	21,628
Long-term debt, less current maturities	$47,232	$30,663

</TABLE>

The debt agreements contain restrictive covenants which, among other matters, require us to maintain certain financial ratios. We satisfied all debt covenants at December 31, 1998.

Maturities of long-term debt at December 31, 1998, are as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS)	Amount

1999	$ 8,899
2000	5,695
2001	16,537
2002	3,571
2003	3,571
Thereafter	17,858
	$ 56,131

3. LEASES

We lease office equipment and facilities under operating leases with terms ranging from one to five years. Under most of these agreements, we pay maintenance and other expenses for the leased property.

Minimum future obligations under operating leases in effect at December 31, 1998, are as follows:

(IN THOUSANDS)	Amount
1999	$ 183
2000	136
2001	96
2002	17
2003	5
	$ 437

Lease-related expenses were as follows:

(IN THOUSANDS)	1998	1997	1996
Operating lease rentals	$ 331	$ 447	$ 336

4. RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the three years ended December 31, 1998:

(a) We paid approximately $1.5 million in 1998 and $1.6 million in 1997 to purchase fuel and tires from a company in which one of our directors, elected in 1997, is the president and a shareholder.

(b) We purchased an office and terminal facility in 1997 for $1.5 million from an entity owned by our chairman of the board. We leased the facility under a non-cancelable operating lease with the same entity before it was purchased. Total rental expense charged to operations for this lease was $126,000 per year during 1997 and 1996.

(c) During the three years ended December 31, 1998, we have had checking, savings and investment accounts at banks which are controlled by one of our directors and officers.

We believe that these transactions with related parties are on reasonable terms which are comparable to terms available from unaffiliated third parties.

5. INCOME TAXES

We use the liability method of accounting for income taxes. Deferred taxes are calculated based on the estimated future tax effects of differences between the financial statement and tax bases of assets and liabilities given current tax laws.

The components of the provision for income taxes consisted of the following:

<TABLE>
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(IN THOUSANDS)	1998	1997	1996
<S>	<C>	<C>	<C>
Current:			
Federal	$ 1,480	$ 1,271	$ (623)
State	259	297	(30)
	1,739	1,568	(653)
Deferred:			
Federal	2,963	1,739	1,526
State	348	231	213
	3,311	1,970	1,739
Total provision	$ 5,050	$ 3,538	$ 1,086

</TABLE>

The statutory federal income tax rate is reconciled to the effective income tax rate as follows:

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Statutory federal income tax rate	34%	34%	34%
Increase in taxes arising from:			
State income taxes, net of federal income tax benefit	4	6	5
Other, net	2	-	1
Effective tax rate	40%	40%	40%

</TABLE>

As of December 31, the net deferred tax liability consisted of the following:

<TABLE>
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(IN THOUSANDS)	1998	1997
<S>	<C>	<C>
Deferred tax assets:		
Reserves and accrued liabilities for financial reporting in excess of tax ...	$ 5,081	$ 5,401
State income tax deduction for financial reporting in excess of tax ...	1,162	1,044
Alternative minimum tax credit	322	316
State net operating loss carryforwards ...	-	28
	6,565	6,789
Deferred tax liabilities:		
Tax depreciation in excess of depreciation for financial reporting ...	26,470	23,972
Prepaid licenses and use tax expensed for income tax purposes and capitalized for financial reporting	1,239	975
Other	585	260
	28,294	25,207
Net deferred tax liability	$21,729	$18,418

</TABLE>

6. STOCK SPLIT

In 1997, our board of directors authorized a three-for-two stock split of our common stock, $.01 par value. Each shareholder of record received an additional one-half share for each share of common stock held as of the close of business on December 15, 1997. The additional shares were distributed on January 5, 1998. The stock split was effected in the form of a dividend, using authorized but unissued shares of our common stock. All per share amounts for 1997 and prior years have been retroactively adjusted to reflect the stock split.

7. EARNINGS PER COMMON SHARE

Basic and diluted earnings per common share were computed as follows:

(IN THOUSANDS, EXCEPT PER-SHARE AMOUNTS)	1998	1997	1996
Numerator:			
Net income	$7,574	$5,307	$1,630
Denominator:			
Basic earnings per common share - weighted-average shares	4,478	4,446	4,424
Effect of dilutive stock options	46	22	27
Diluted earnings per common share - weighted-average shares and assumed conversions	4,524	4,468	4,451
Basic earnings per common share	$ 1.69	$ 1.19	$ .37
Diluted earnings per common share	$ 1.67	$ 1.19	$ .37

The following options were outstanding but were not included in the calculation of diluted earnings per share. The options' exercise prices were greater than the average market price of the common shares. Therefore, including the options in the denominator would be antidilutive, or decrease the number of weighted-average shares.

	1998	1997	1996
Number of option shares	11,250	315,000	217,500
Weighted-average exercise price	$17.25	$13.50	$13.57

8. EMPLOYEE BENEFITS

STOCK INCENTIVE PLANS: Under our Stock Incentive Plan adopted in 1995, officers, directors and employees may be granted incentive and non-statutory stock options. Incentive stock option prices must be at least the fair market value of our common stock on the date of grant. Non-statutory stock option prices must be at least 85 percent of the fair market value of our common stock on the date the option is granted. Stock options expire within 10 years after the date of grant. The plan also allows for stock appreciation rights, restricted stock awards, performance units and stock bonuses, none of which have been awarded as of December 31, 1998. The maximum number of shares of common stock available for issuance under the plan is 750,000 shares.

In 1986, we adopted an Incentive Stock Option Plan and a Non-Statutory Stock Option Plan allowing for the grant of options. The option prices must be at least the fair market value of our common stock on the date of grant. In these plans, 375,000 shares of common stock are available for issuance to officers, directors and employees. Options under the Incentive Stock Option

Plan expire within 10 years after the date of grant. Options under the Non-Statutory Stock Option Plan expire within 10 years and one month after the date of grant.

We account for these plans under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," under which compensation cost is not recorded. If compensation cost had been recorded consistent with Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (Statement No. 123), our net income and earnings per common share would have been the following pro forma amounts:

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT PER-SHARE AMOUNTS)	1998	1997	1996
<S>	<C>	<C>	<C>
Net income:			
As reported	$7,574	$ 5,307	$1,630
Pro forma	7,272	5,130	1,481
Basic earnings per common share:			
As reported	1.69	1.19	.37
Pro forma	1.62	1.15	.33
Diluted earnings per common share:			
As reported	1.67	1.19	.37
Pro forma	1.62	1.15	.33

</TABLE>

Because the Statement No. 123 method of accounting has only been applied to options granted in 1995 or after, the pro forma comparison above may not be representative of the impact of compensation cost in future years.

As of December 31, stock option activity under our plans was as follows:

<TABLE>
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	1998		1997		1996	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding, beginning of year	344,250	$13.07	270,000	$12.18	297,000	$11.55
Granted	33,750	14.78	112,500	12.63	-	-
Exercised	-	-	(38,250)	5.50	(27,000)	5.23
Outstanding, end of year	378,000	13.22	344,250	13.07	270,000	12.18
Exercisable, end of year	186,500	13.22	105,750	13.03	93,999	9.93

</TABLE>

The weighted-average fair value as of the date of grant was $7.05 per share for options granted during 1998 and $5.96 per share for options granted during 1997. The fair value was estimated as of the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

<TABLE>
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	1998	1997
<S>	<C>	<C>
Expected option life in years	7	7
Risk-free interest rate	5.3%	6.1%
Expected stock price volatility	35.0%	31.9%
Expected dividend payments	-	-

</TABLE>

The following table summarizes information regarding stock options outstanding and exercisable as of December 31, 1998:

	Range of Exercise Price		
	$8.08 to $8.83	$12.33 to $14.00	$17.25
Options outstanding:			
Number of shares	29,250	337,500	11,250
Weighted-average remaining contractual life ...	6.3 years	7.1 years	9.4 years
Weighted-average exercise price	$8.45	$13.50	$17.25
Options exercisable:			
Number of shares	19,250	156,000	11,250
Weighted-average exercise price	$8.64	$13.50	$17.25

</TABLE>

RETIREMENT SAVINGS PLAN: We sponsor a defined contribution retirement savings plan under Section 401(k) of the Internal Revenue Code. Employees are eligible for the plan after one year of service. Each participant can contribute up to 15 percent of compensation. We contribute 25 percent of each participant's contribution, up to a total of 4 percent contributed. Our contribution vests at the rate of 20 percent per year for the second through sixth years of service. In addition, we may make elective contributions as determined by the board of directors. Elective contributions were not made in 1998, 1997 or 1996. Total expense recorded for the plan was $197,000 in 1998, $183,000 in 1997 and $192,000 in 1996.

STOCK PURCHASE PLANS: An Employee Stock Purchase Plan and an Independent Contractor Stock Purchase Plan are sponsored to encourage employee and independent contractor ownership of our common stock. Eligible participants specify the amount of regular payroll or contract payment deductions and voluntary cash contributions that are used to purchase shares of our common stock. The purchases are made at the market price on the open market. We pay the broker's commissions and administrative charges for purchases of common stock under the plans.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of each class of financial instruments was estimated using the following methods and assumptions:

CASH AND CASH EQUIVALENTS: The carrying amount approximated fair value due to the short maturity of these instruments.

LONG-TERM DEBT: The fair value of our long-term debt approximated the carrying amount at December 31, 1998, and December 31, 1997. The fair value was estimated using discounted cash flow analysis. Our current borrowing rates for similar long-term debt were used in this analysis.

10. COMMITMENTS

We have commitments to purchase approximately $26 million of new revenue equipment, net of trade-in allowances, in the first half of 1999.

11. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is a summary of the quarterly results of operations for 1998 and 1997:

1998 QUARTERS (IN THOUSANDS, EXCEPT PER-SHARE AMOUNTS)	FIRST	SECOND	THIRD	FOURTH	TOTAL
Operating revenue	$ 45,218	$ 49,269	$ 50,126	$ 49,035	$193,648

Operating income	3,194	4,443	5,113	3,595	16,345
Net income	1,360	2,087	2,501	1,626	7,574
Basic earnings per common share	.30	.47	.56	.36	1.69
Diluted earnings per common share	.30	.46	.55	.36	1.67

<CAPTION>

1997 QUARTERS (IN THOUSANDS, EXCEPT PER-SHARE AMOUNTS)	FIRST	SECOND	THIRD	FOURTH	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Operating revenue	$ 38,553	$ 43,817	$ 44,676	$ 45,366	$172,412
Operating income	1,759	4,118	4,173	2,797	12,847
Net income	450	1,865	1,924	1,068	5,307
Basic and diluted earnings per common share(1)	.10	.42	.43	.24	1.19

</TABLE>

(1) Earnings per common share amounts have been retroactively adjusted to reflect a three-for-two stock split effective for shareholders of record as of December 15, 1997.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Marten Transport, Ltd.:

We have audited the accompanying balance sheets of Marten Transport, Ltd. (a Delaware corporation) as of December 31, 1998 and 1997, and the related statements of operations, changes in shareholders' investment and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marten Transport, Ltd. as of December 31, 1998 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Minneapolis, Minnesota
January 22, 1999

COMMON STOCK DATA

Our quarterly stock prices, as reported by The Nasdaq Stock Market, were as follows:

<TABLE>
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	1998		1997	
Quarter	HIGH	LOW	High	Low
<S>	<C>	<C>	<C>	<C>
First	$ 19 1/4	$ 12 1/2	$ 9	$ 8
Second	18 7/8	16	9	8 1/6
Third	18 5/8	12 7/16	14 1/6	9 1/3
Fourth	15 1/4	12 3/8	17 1/6	12 3/4

</TABLE>

The 1997 prices have been retroactively adjusted to reflect a three-for-two stock split effective for shareholders of record as of December 15, 1997. The prices do not include adjustments for retail mark-ups, mark-downs or commissions. On December 31, 1998, there were 288 shareholders of record, and 292 beneficial shareholders. We have not paid any cash dividends on our common stock since we became publicly held in September 1986, and do not expect cash dividend payments in the near future.

CORPORATE INFORMATION

CORPORATE HEADQUARTERS

129 Marten Street
Mondovi, Wisconsin 54755
Telephone: (715) 926-4216
Fax: (715) 926-4530
www.marten.com

SHAREHOLDER INFORMATION

A copy of our 1998 Annual Report on Form 10-K as filed with the Securities and Exchange Commission is available by writing to Darrell D. Rubel, executive vice president and chief financial officer, at our corporate headquarters.

ANNUAL MEETING

Shareholders, employees and friends may attend our annual meeting on Tuesday, May 11, 1999, at 4:00 p.m. at the Roger Marten Community Center, 120 S. Franklin Street, Mondovi, Wisconsin.

STOCK LISTING

Nasdaq Stock Market symbol: MRTN

LEGAL COUNSEL

Oppenheimer Wolff & Donnelly, LLP
45 South Seventh Street
Suite 3400
Minneapolis, Minnesota 55402

INDEPENDENT PUBLIC ACCOUNTANTS

Arthur Andersen LLP
45 South Seventh Street
Minneapolis, Minnesota 55402

TRANSFER AGENT AND REGISTRAR

ChaseMellon
Shareholder Services, L.L.C.
Overpeck Centre
85 Challenger Road
Ridgefield Park, New Jersey 07660
Telephone: (800) 288-9541
TDD: (800) 231-5469
www.chasemellon.com
Direct communications about stock certificates or a change of address to ChaseMellon Shareholder Services.

PUBLIC/FINANCIAL RELATIONS COUNSEL

Padilla Speer Beardsley Inc.
224 Franklin Avenue West
Minneapolis, Minnesota 55404

EXECUTIVE OFFICERS AND DIRECTORS

RANDOLPH L. MARTEN
Chairman of the Board,
President and Director

DARRELL D. RUBEL

Executive Vice President, Chief Financial Officer,
Treasurer, Assistant Secretary and Director

ROBERT G. SMITH
Chief Operating Officer
and Vice President of Operations

TIMOTHY P. NASH
Vice President of Sales

FRANKLIN J. FOSTER
Vice President of Finance

MARK A. KIMBALL
Secretary
Partner, Oppenheimer Wolff & Donnelly, LLP
Minneapolis, Minnesota

LARRY B. HAGNESS
Director
President, Durand Builders Service, Inc.
Durand, Wisconsin

THOMAS J. WINKEL
Director
Management Consultant
Pewaukee, Wisconsin

JERRY M. BAUER
Director
President, Bauer Built, Incorporated
Durand, Wisconsin

CHRISTINE K. MARTEN
Director
Flight Attendant, Northwest Airlines
Mondovi, Wisconsin

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated January 22, 1999, included or incorporated by reference in this Form 10-K into Marten Transport, Ltd.'s previously filed Form S-8 dated February 23, 1994.

/s/ ARTHUR ANDERSEN LLP

Minneapolis, Minnesota,
March 10, 1999

```
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
STATEMENTS OF OPERATIONS AND THE BALANCE SHEETS AND IS QUALIFIED IN ITS ENTIRETY
BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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stock, $.01 par value, effective for shareholders of record as of December 15,
```

1997. The financial data schedule for the year ended December 31, 1996, has not been restated to reflect the stock split.
</FN>

</TABLE>