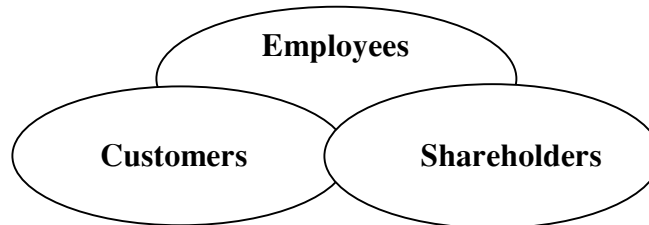


Update to Employees

Automotive Carrier Services (ACS) with its operating company, Auto Truck Transport (ATT), has the goal of being a “Great” company. In order to achieve that goal, the company must be able to satisfy its three stakeholders: (1) the employees, (2) the customers, and (3) the shareholders.



The gist of Tom Mills’ opening remarks at the “Harmony Meeting” among the ACS / ATT senior management, IAM officials representing bargaining unit employees, union stewards from each ATT operating site, and the joint ATT & IAM Safety Committee members, held in Dallas on Tuesday, May 8th, centered on this relationship and the expectations, shown below, that each stakeholder has from the relationship:

Employees
Fair wages
A safe workplace
Competitive benefits

Customers
Competitively priced services
Trucks delivered on time and damage free

Shareholders
Predictable financial performance
Adequate return on invested capital

In what follows, we want to let you know about the other topics that were presented by ATT at the meeting, all intended to give you a sense of the “State of the Company”, as well as touch on those issues that were brought to our attention by attendees.

Tom’s opening comments were followed, by introductory remarks from Mr. Boysen Anderson, the IAM’s Automotive Co-coordinator, where he laid out IAM expectations with respect to both the harmony meeting and the going forward relationship with the company.

A number of updates were thereafter presented on how we see our future relationships unfolding with our three largest customers (Freightliner, Volvo/Mack, and International), as well as the direction and level of business these customers are indicating over the coming months.

Curtis Rhodes, ATT's Vice President of Freightliner Sales and Operations, with oversight responsibility for the Portland, St. Thomas, Cleveland and Mt. Holly Terminals and Freightliner product manufactured in Mexico and coming into the U.S. for distribution thru the Laredo Terminal, talked about Freightliner's continuing emphasis and expectation for both quality and on-time deliveries and the need for its outbound carrier(s) to have the flexibility to rapidly expand capability as production ramps up again in the future – as it did the second half of last year when heavy truck production went to an all-time high in the pre-buy frenzy that preceded the mandated fielding of the new '07 Engine in January 2007.

As an aside, and as a result of the drastically reduced sales of trucks equipped with the '07 Engine, we have seen -- across the board among all OEMs we service -- a revenue decrease of some 50% since the high we achieved in November 2006 to what we achieved in April 2007. As a further result, we have been forced to lay-off a substantial number of our employees from this 50% downturn in business. What we're hearing from the OEMs is that business will hopefully begin creeping up again as we move into the late second quarter of this year and by the end of the third quarter should return to "normal levels". Customers go on to say that steadiness should continue through 2008 and into 2009, with the second half of 2009 shaping up to have high sales like the 2nd half of 2006, as another new engine is mandated for January, 2010 production.

Returning to the meeting coverage, John Tanzos, ATT's Vice President of Sales and Operations for Volvo/Mack, with oversight of the Macungie and Dublin terminals, discussed Volvo Logistics' (the entity which handles inbound and outbound transportation for Volvo brand production facilities worldwide) concept of how they see trucks being delivered in the future. This concept is based on how Volvo does business in Europe and their need for on-time and damage free delivery -- and flex capability to handle surges in production. Although Volvo Logistics does not deck trucks for delivery in Europe (they move them to final destination using not one, but a network of carriers) their concept for distribution in North America calls for continuing to move most trucks in a decked fashion, but to do it via a "Hub and Spoke" system where they would only deck those to be delivered to distances more than 500 miles (their current number) from the plant, to some number of hub locations (the number yet unknown) across America where the trucks would be undecked and delivered as singles to ultimate customers located in a radius of 500 miles (their current number) around the hub. Their concept calls for managing all of this in-house thru Volvo Logistics of North America (VLNA); and bidding out all the individual processes within their conceptual system, i.e. decking, delivery from plant to hub, undecking, managing decking equipment, delivery of singles, etc. They intend to test this concept during the June to September time frame for an estimated 1000 units moving from the Dublin plant to a Dallas, TX hub. We will perform the decking and deliveries to this hub, and VLNA is currently taking bids from other companies to do the undecking and single deliveries from the Dallas hub to the end customer. We continue to believe that our method of truck delivery is superior to what is being proposed – especially from a price and quality perspective -- but will cooperate fully in the pilot, with the belief that the results will speak for themselves.

Hans Gottschalk, ATT's Vice President of International and Ford Sales and Operations, with oversight responsibility for the terminals at Springfield and Garland and for International and Ford product manufactured in Mexico and moving through the Laredo Terminal for distribution in the U.S. and Canada, next gave an update on the International business. International has been sharply focused on on-time delivery in recent months and we have been working collaboratively with them to arrive at a mutually agreeable set of on-time delivery standards. The process has been quite instructive on both sides in that International has come to understand the constraints we face, such as irregular releases and special handling requests, while we've learned equally about the demands they face both from customers and manufacturing.

During the International presentation we were joined by Mr. Bob Martinez, the IAM Southeast Region Vice President, and two of his staff associates, Joey Smith and Jeff Slayton. Mr. Martinez took a few minutes to address the group; thanking the stewards on behalf of the IAM for the work they are doing to represent the employees, recognizing the competitive marketplace in which we operate, and wishing us all success in negotiating a fair contract that adequately addresses wages, pension, and insurance in the upcoming re-negotiation of the collective bargaining agreement between ATT and the IAM which will take place in the coming months.

Bill Nye, the Chief Information Officer, and Vice President of Information Technology from ATC Leasing Co, the JHT entity from which ACS/ATT receives IT support, began the afternoon session by updating everyone on some exciting IT advances that are forthcoming. First of all, our current mainframe-based operating system known as TAS is being replaced over the next few months by a new proprietary and network-based operating system known as OPCENTER. OPCENTER – and many of you know about it – is a modern, up-to-date system especially designed to support our truck transport business. It is scheduled to displace the obsolete TAS system by the end of June. Bringing OPCENTER on line will enable us to begin using scanners and cell devices to manage inventory and loads – something we've only been able to do in the past with error prone manual effort. These two pieces of hardware are intended to be rolled out in the second half of the year along with the required training. We're shooting to have things running by late 3rd quarter / early 4th quarter.

The GPS equipped cell devices – with walkie-talkie capability – will give drivers the capability to send information via cellphone buttons; information that they now must communicate orally by telephonically contacting “Central” in Joplin -- which leads to the following topic of presentation.

Ron Coleman, ATT's Vice President, Fleet Management and Recruiting, next spoke on the current ongoing activity to shutdown “Central” in Joplin and re-establish it as “Fleet Management” in Kenosha with some notable -- and we believe greatly improved -- differences in how its work is performed. As part of the transition from Central in Joplin to Fleet Management in Kenosha -- supported by the roll out of OPCENTER, handheld scanners, and cell devices -- over the coming months each

driver will be affiliated with a “Driver Manager” within the Fleet Management Office. This driver manager will co-ordinate all the over the road activity related to both the driver and the load, once dispatch has taken place. We believe having one person for the driver to communicate with -- a person with complete system visibility over the load, and knowledge of the performance and needs of the driver -- will make the drivers’ work easier and his/her worklife better and will move ATT a “Giant” step forward in its quest to become a Great Company. Drivers will be hearing more about both the cellphones and the new “Driver Management” concept in the coming weeks.

The focus of the meeting next turned to Safety and Workers Compensation issues. Because of the significance of our Workers Comp claims, Frank Pacetti, the Executive Vice President for Risk Management at our parent company, JHT Holdings, was invited to present a Workers Comp status update. Unfortunately, lost time injuries continue to challenge us and efforts and focus to bring them into check will take an even higher priority within the company in both the immediate and continuing future. We’ve staffed up our Safety Team, headed by Mike Prior, with a number of proven professionals, a joint IAM and Company Safety Team has been created, Lockton Risk Control Services has assisted us in the development of risk reduction action plans; and, in conjunction with Lockton’s efforts, we’re on the verge of rolling out a set of 16 web-based training modules aimed at combating the leading sources of accidents, injuries, and cargo damage. Safety and loss prevention is an area that we can, and must, collectively do better; and, we challenge every reader of this document to “think safety and loss prevention” everyday as you go about your work. To demonstrate the IAM’S commitment to this cause, Mr. Anderson spoke passionately on the subject and presented a case study of how the joint union and company team had recently worked together to bring under control an event that could have potentially led to an accident and/or injury and/or cargo damage, thus underscoring the kind of activity that ensures everyone in the Company understands that safety and loss prevention is his or her business.

Donnie Pollett, ATT’s Vice President for Terminal Compliance, finished the formal presentations by first presenting a slide show of the soon to be fielded new decking supplies and equipment. To name just a few, they include:

- The forward facing extended saddle
- A bogey block and chain replacement device
- A decking supplies return box
- A reuseable axle cap.

We will make sure that Donnie gets copies of the slides used in his presentation around to all the terminals for display in a prominent location within the terminal in order that everyone can see the direction we are taking in this area.

Donnie secondly presented an update on the status of our “lean manufacturing” initiative which will take place in all of our decking facilities over the remainder of the year. This is a program, prominent in manufacturing circles -- to which our decking operations align – that looks to build efficiency in and take waste out of

manufacturing operations. This is an exciting prospect for us in that it shows our recognition that preparing trucks for delivery and the delivering of trucks are two distinct processes and they need to be executed and managed separately. Lean manufacturing or ‘kaizen’ events will be that “Giant” step we need to take in decking operations to become the Company we intend to be.

In closing, this is longer than we had intended, but there was much to cover. We would have preferred to have everyone in a big auditorium and present this all to you live in a group – but unfortunately the nature of our business and the geographical dispersion of our sites just makes it impossible for such a presentation. It’s our goal that we in Senior Management communicate with you better going forward – both in telling you what’s going on in the business and in hearing what you have to say. In that regard you can contact us at a new website we’ve set up to communicate with employees. Go to www.attdriver.com where we will post updates to company information and provide a link for you to contact us. The journey to “Great” can be an adventure – we ask that you climb aboard.

**Tom Mills, President
Automotive Carrier Services**

**Craig Irwin,
Chief Operating Officer, Automotive
Carrier Services and President, Auto
Truck Transport**