

MARTEN TRANSPORT, LTD.
POLICY REGARDING RELATED PARTY TRANSACTIONS

Introduction

The Board of Directors (the “Board”) of Marten Transport, Ltd. (the “Company”) recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest, and may appear to be motivated by interests other than the best interests of the Company and its shareholders.

Nasdaq rules require that all Related Party Transactions be reviewed on an ongoing basis and be approved by the Audit Committee of the Board (or another independent body of the Board) and that Related Party Transactions involving directors of the Company may adversely impact the director’s independence under Nasdaq standards. Related Party Transactions also raise disclosure issues under the federal securities laws and applicable accounting rules, including Item 404 of SEC Regulation S-K and SFAS 57, *Related Party Disclosures*.

Notwithstanding these considerations, the Board recognizes that there are situations where Related Party Transactions may be in the best interests of the Company and its shareholders. Accordingly, the Board has adopted this Policy to set forth the policies and procedures for the review, approval or ratification of Related Person Transactions.

Definitions

For the purposes of this Policy, a “*Related Person*” is:

- any person who is or was an executive officer or director of the Company at any time since the beginning of the Company’s last fiscal year, or any current director nominee;
- a person who is or was an Immediate Family Member of a person serving as an executive officer or director at any time since the beginning of the Company’s last fiscal year, or any Immediate Family Member of any current director nominee;
- any person who, at the time of the occurrence or existence of the transaction, is the beneficial owner of more than 5% of any class of the Company’s voting securities (a “Significant Shareholder”); or
- any person who, at the time of the occurrence or existence of the transaction, is an Immediate Family Member of a Significant Shareholder of the Company.

An “*Immediate Family Member*” of a person is any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of such person, or any other person sharing the household of such person, other than a tenant or employee.

A “*Related Person Transaction*” is any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which the Company was or is to be a participant, the amount involved exceeds \$25,000, and a Related Person had or will have a direct or indirect material interest. Except as otherwise set forth in this Policy, “*Related Person Transaction*” specifically includes, without limitation, purchases of goods or services by or from the Related Person or entities in which the Related Person has a material interest, indebtedness, guarantees of indebtedness, and employment by the Company of a Related Person. However, the Board of Directors has determined that the following do not create a material direct or indirect interest on behalf of the Related Person, and are, therefore, not “*Related*

Person Transactions” for purposes of this Policy:

1. Interests arising only from (a) the Related Person’s position as a director of another corporation or organization that is a party to the transaction, and / or (b) from the direct or indirect ownership by the Related Person and all other Related Persons in the aggregate of less than a 10% equity interest (other than a general partnership interest) in another entity which is a party to the transaction.
2. Interests arising solely from the ownership of a class of the Company’s equity securities if all holders of that class of equity securities receive the same benefit on a pro rata basis.
3. A transaction that involves compensation to an executive officer if (a) the compensation is required to be reported in the Company’s proxy statement under the SEC’s compensation disclosure requirements in Item 402 of the SEC Regulation S-K (generally applicable to “named executive officers”); or (b) the executive officer is not an immediate family member of another executive officer or director of the Company, the related compensation would be reported in the Company’s proxy statement under Item 402 of SEC Regulation S-K if the executive officer was a “named executive officer,” and the Compensation Committee of the Board approved (or recommended that the Board approved) such compensation.
5. A transaction that involves compensation to a director for services as a director of the Company if such compensation will be reported pursuant to Item 402(k) of Regulation S-K.
6. Interests arising solely from indebtedness of a Significant Shareholder or an Immediate Family Member of a Significant Shareholder to the Company.
7. A transaction where the rates or charges involved in the transaction are determined by competitive bids.
8. A transaction that involves services as a common or contract carrier or public utility at rates or charges fixed in conformity with law or governmental authority.
9. A transaction that involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

Policies and Procedures for Review, Approval or Ratification of Related Person Transactions

Any Related Person Transaction proposed to be entered into by the Company must be reported to the Company’s Chief Financial Officer and shall be reviewed and approved by the Audit Committee of the Board of Directors pursuant to this Policy, prior to effectiveness or consummation of the transaction, whenever practicable. If the Chief Financial Officer determines that advance approval of a Related Person Transaction is not practicable under the circumstances, the Committee shall review and, in its discretion, may ratify the Related Person Transaction at the next meeting of the Committee, or at the next meeting following the date that the Related Person Transaction comes to the attention of the Chief Financial Officer; *provided, however*, that the Chief Financial Officer may present a Related Person Transaction arising in the time period between meetings of the Committee to the Chair of the Committee, who shall review and may approve the Related Person Transaction, subject to ratification by the Committee at the next meeting of the Committee.

In addition, any Related Person Transaction previously approved by the Committee or otherwise

already existing that is ongoing in nature shall be reviewed by the Committee annually to ensure that such Related Person Transaction has been conducted in accordance with the previous approval granted by the Committee, if any, and that all required disclosures regarding the Related Person Transaction are made.

Transactions involving executive officer compensation shall be reviewed and approved by the Compensation Committee in the manner specified in that committee's charter.

Standards for Review, Approval or Ratification of Related Person Transactions

A Related Person Transaction reviewed under this Policy will be considered approved or ratified if it is authorized by the Committee in accordance with the standards set forth in this Policy after full disclosure of the Related Person's interests in the transaction. As appropriate for the circumstances, the Committee shall review and consider:

- the Related Person's relationship to the Company and interest in the Related Person Transaction (as an approximate dollar value, without regard to profit or loss);
- the approximate total dollar value involved in the Related Person Transaction;
- whether the transaction was undertaken in the ordinary course of business of the Company;
- whether the transaction with the Related Person is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party;
- whether the related person transaction would impair the independence of an outside director;
- whether the transaction with the related person would require a waiver of the Company's Code of Ethics;
- the terms on which the Related Person offers the products or services involved in the Related Person Transaction to unrelated parties;
- the purpose of, and the potential benefits to the Company of, the transaction; and
- any other information regarding the Related Person Transaction or the Related Person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The Committee will review all relevant information available to it about the Related Person Transaction. The Committee may approve or ratify the Related Person Transaction only if the Committee determines that, under all of the circumstances, the transaction is in the best interests of the Company and its shareholders. The Committee may, in its sole discretion, impose such conditions as it deems appropriate on the Company or the Related Person in connection with approval of the Related Person Transaction.

The review, approval or ratification of a transaction, arrangement or relationship pursuant to this Policy does not necessarily imply that such transaction, arrangement or relationship is required to be disclosed under Item 404(a) of Regulation S-K.

Controls and Procedures

The Company's management will design, document, implement and test the specific internal controls and procedures and disclosure controls necessary to ensure that all Related Person Transactions are identified and reviewed under this policy on a timely basis and, to the extent required under applicable laws, rules and regulations, are disclosed on a timely basis.

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Approved by the Board of Directors of
Marten Transport, Ltd.

February 12, 2007