



LOGISTICS 2009

February 8-11, 2009 · Gaylord Texan · Dallas, Texas



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Transportation Discussion



Truck Capacity

- “ Truck capacity is declining. Is this permanent or temporary?
 - . Smaller regional carriers are impacted the most.
 - . Long term when economy revives what are the repercussions?

Transportation Costs

- “ US Logistics costs continue to rise, but recent developments are putting downward pressure on increases.

Motor Carriers	Total	671	} Up 6.1%
Truck . Intercity		455	
Truck . Local		216	

- “ Fuel has declined steadily. Will prices remain stable?
 - . If yes, will the lower fuel prices cause companies to revert to “old habits” of empty miles?

Transportation Infrastructure

- “ Transportation infrastructure in the U.S. needs immediate repair/investment.
 - . Will the proposed stimulus package make a difference? Is it in time?



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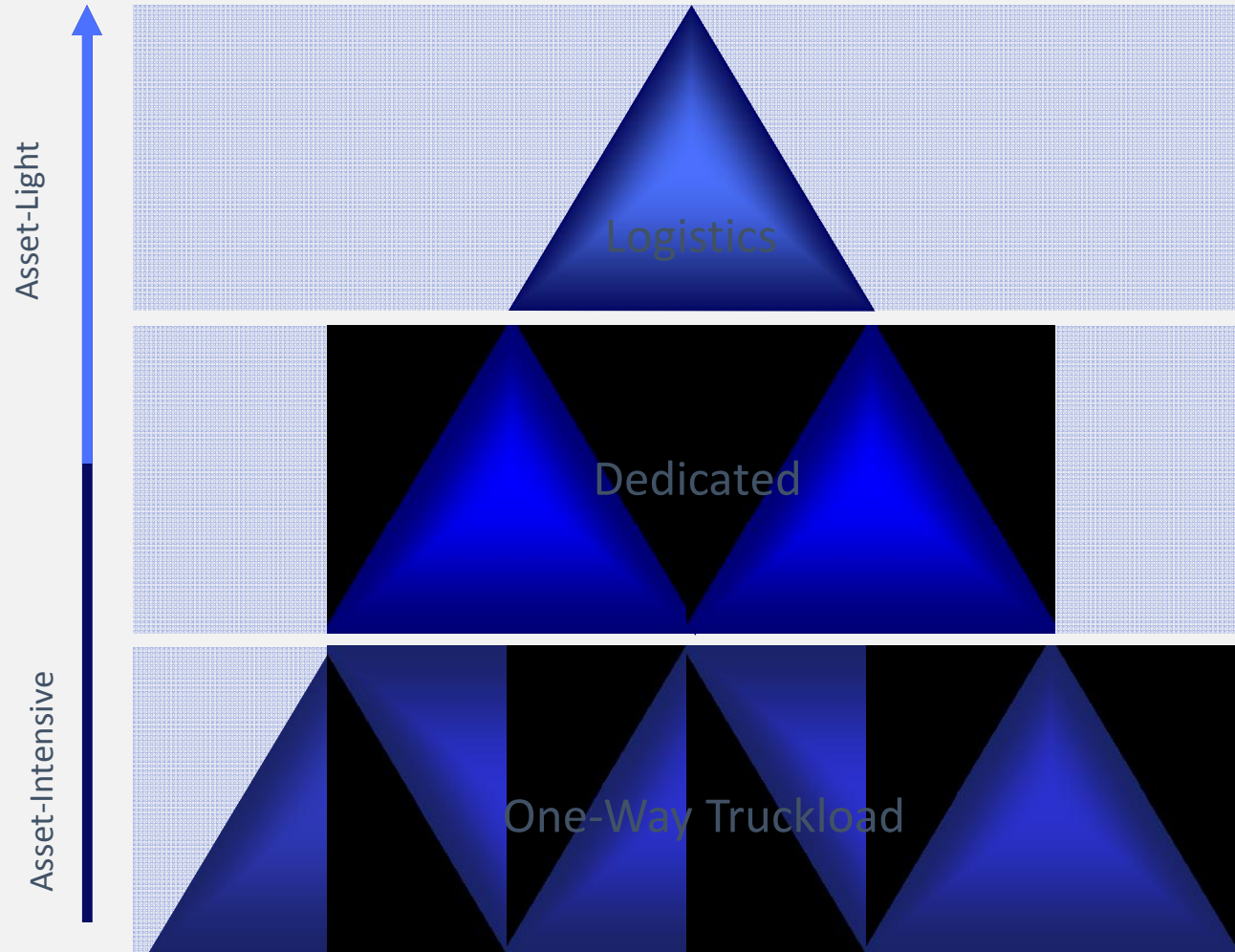


RILA'S 2009 Logistics Conference

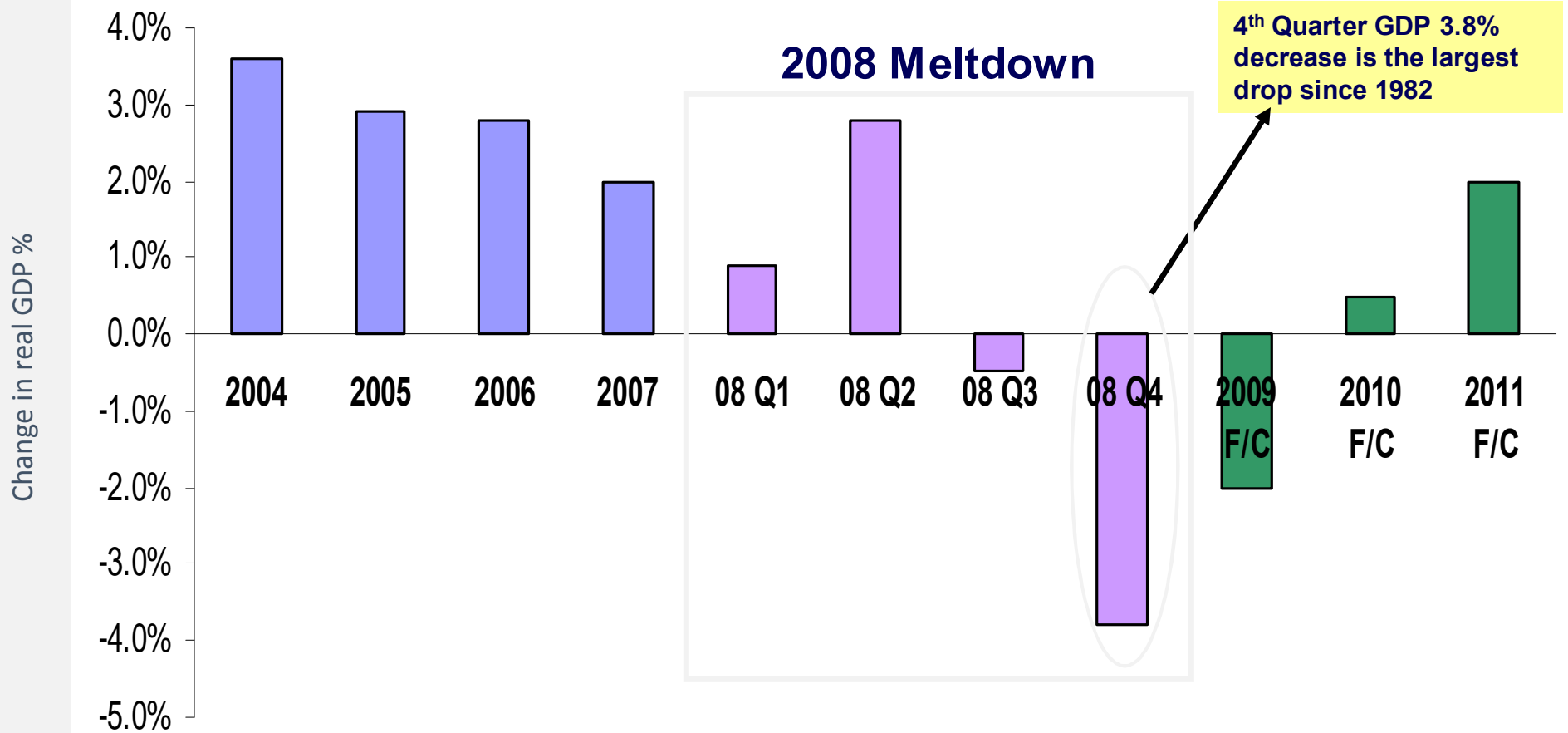


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- ” Current Supplier Strategy
- ” U.S. Economic Landscape
- ” Transportation Landscape
 - . Demand indicators
 - . Supply components
- ” Transportation Outlook
- ” Closing Comments, Questions



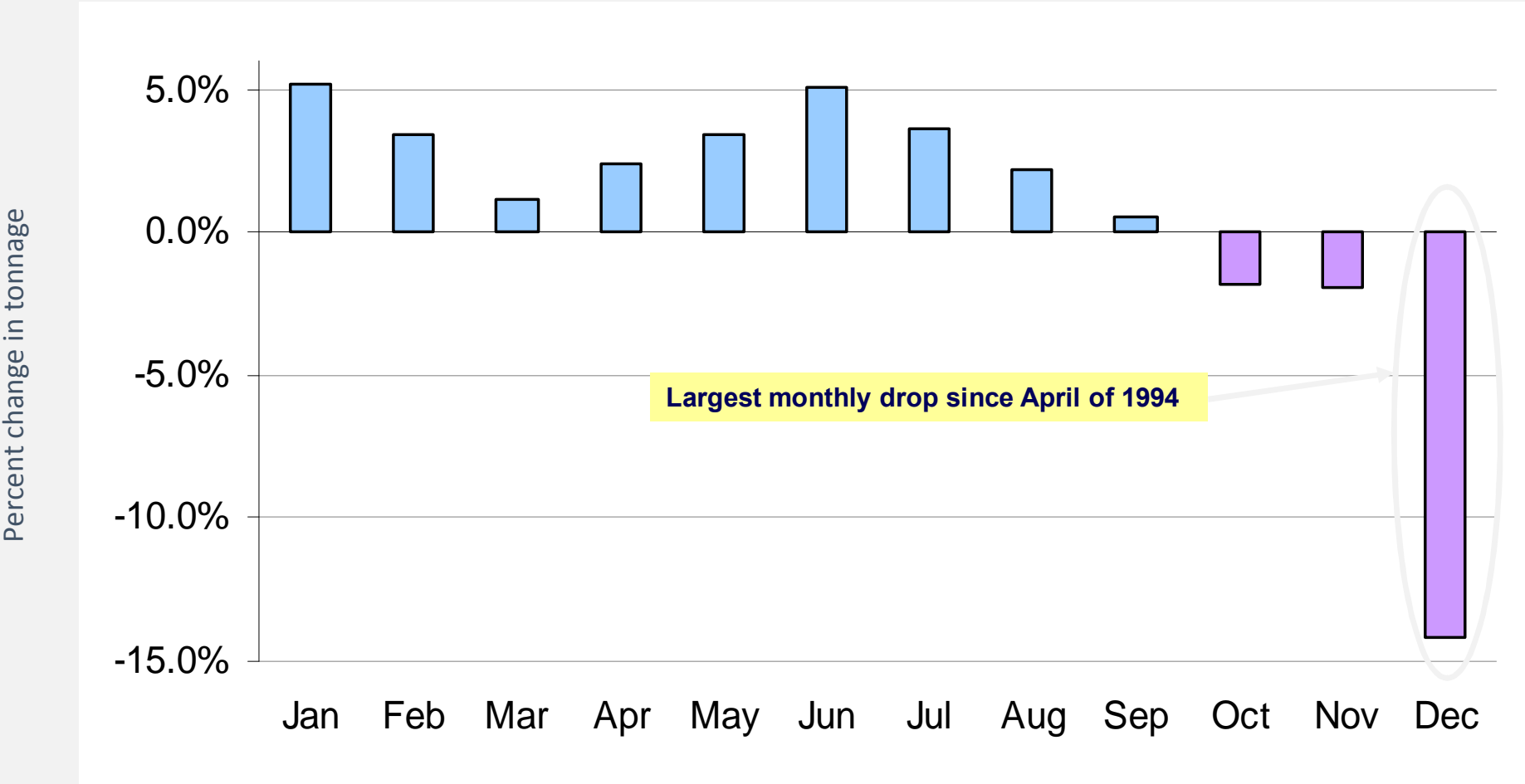
Real GDP Comparison



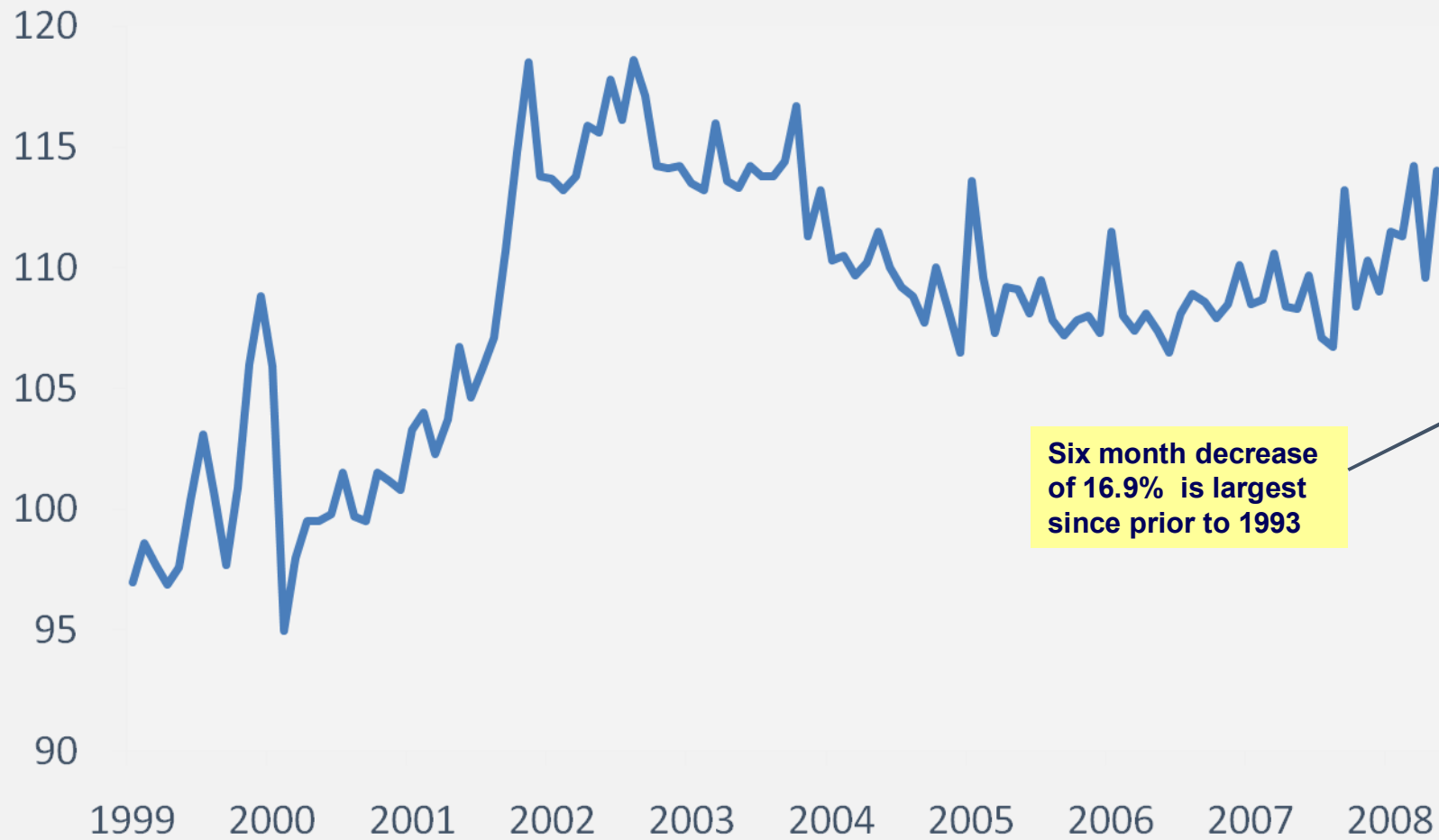
Dow Jones Comparison



Year over Year Seasonally Adjusted



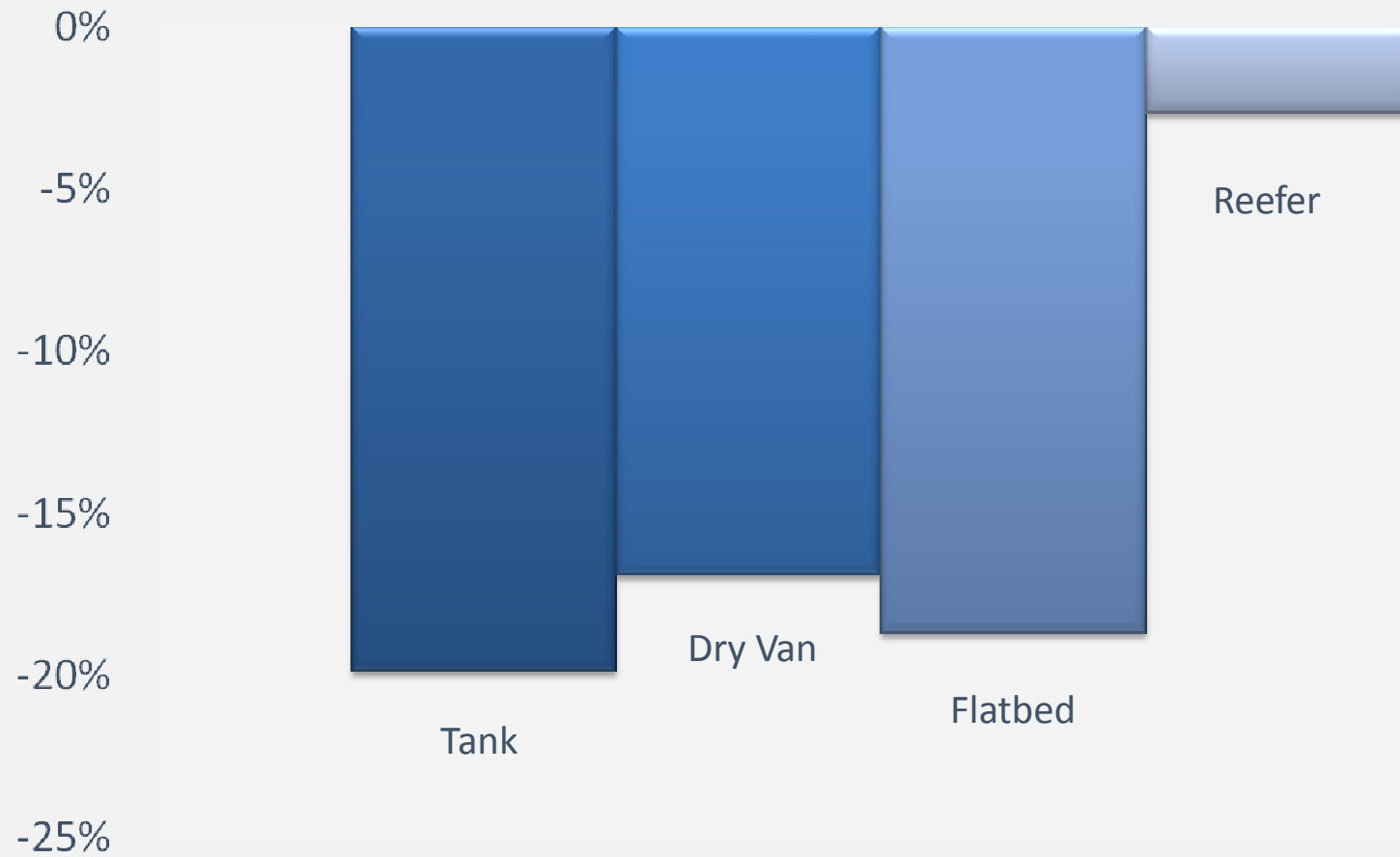
Dramatic demand fallout Q3 '08



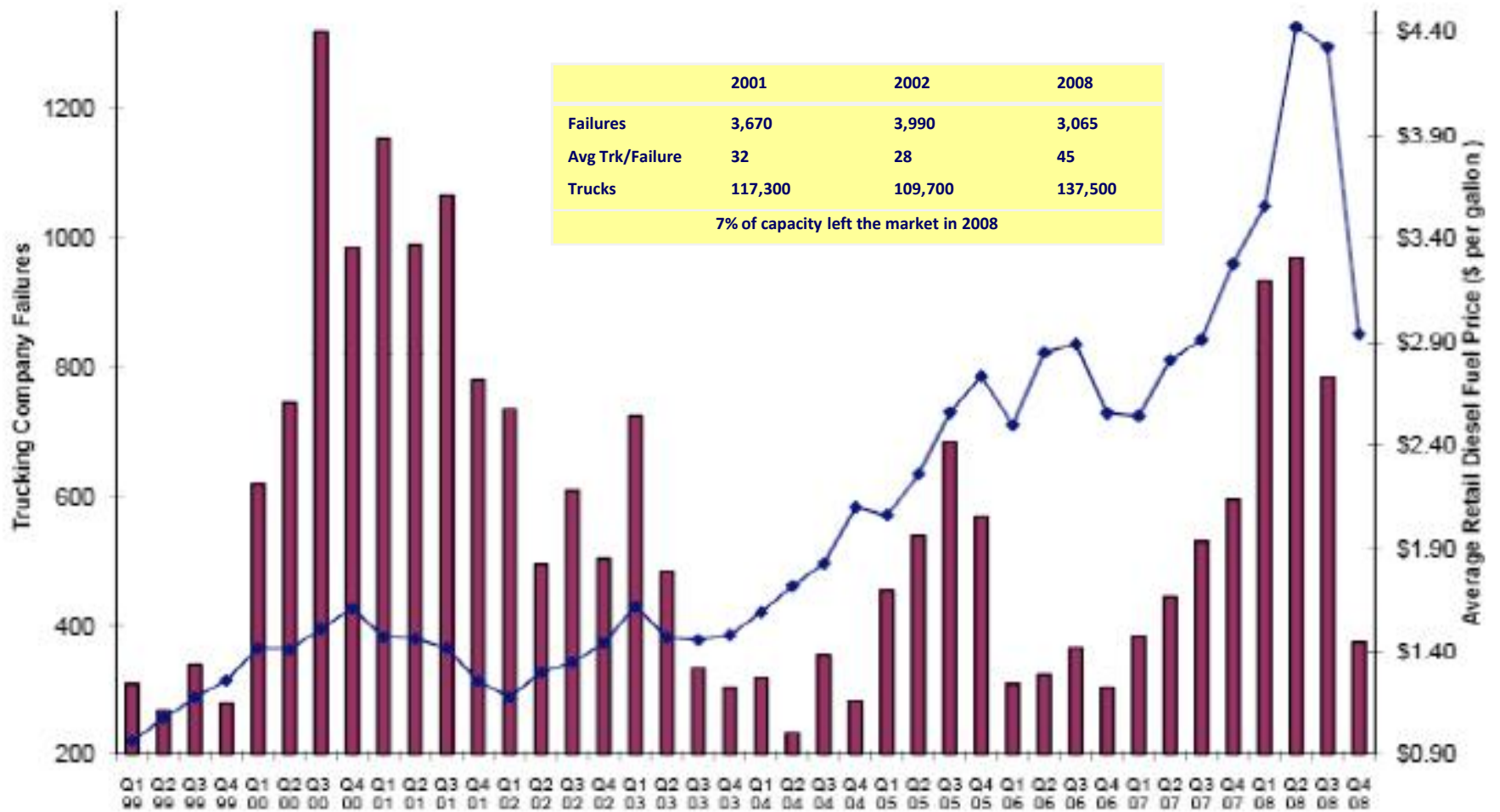
Seasonally adjusted; 2000 = 100

Source: American Trucking Associations

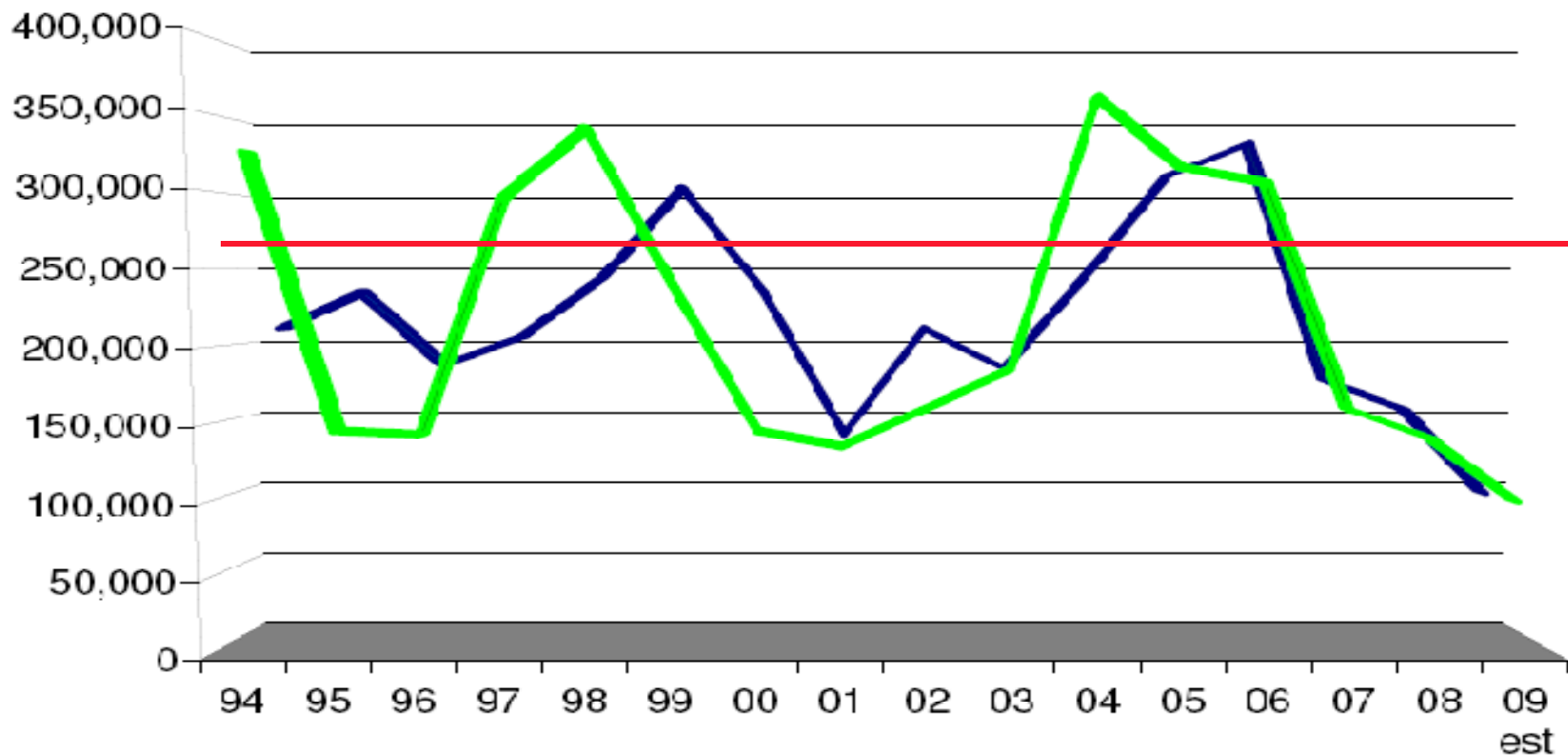
June 2008 through November 2008



Does not account for existing fleet downsizing



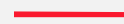
Orders and Builds



Orders



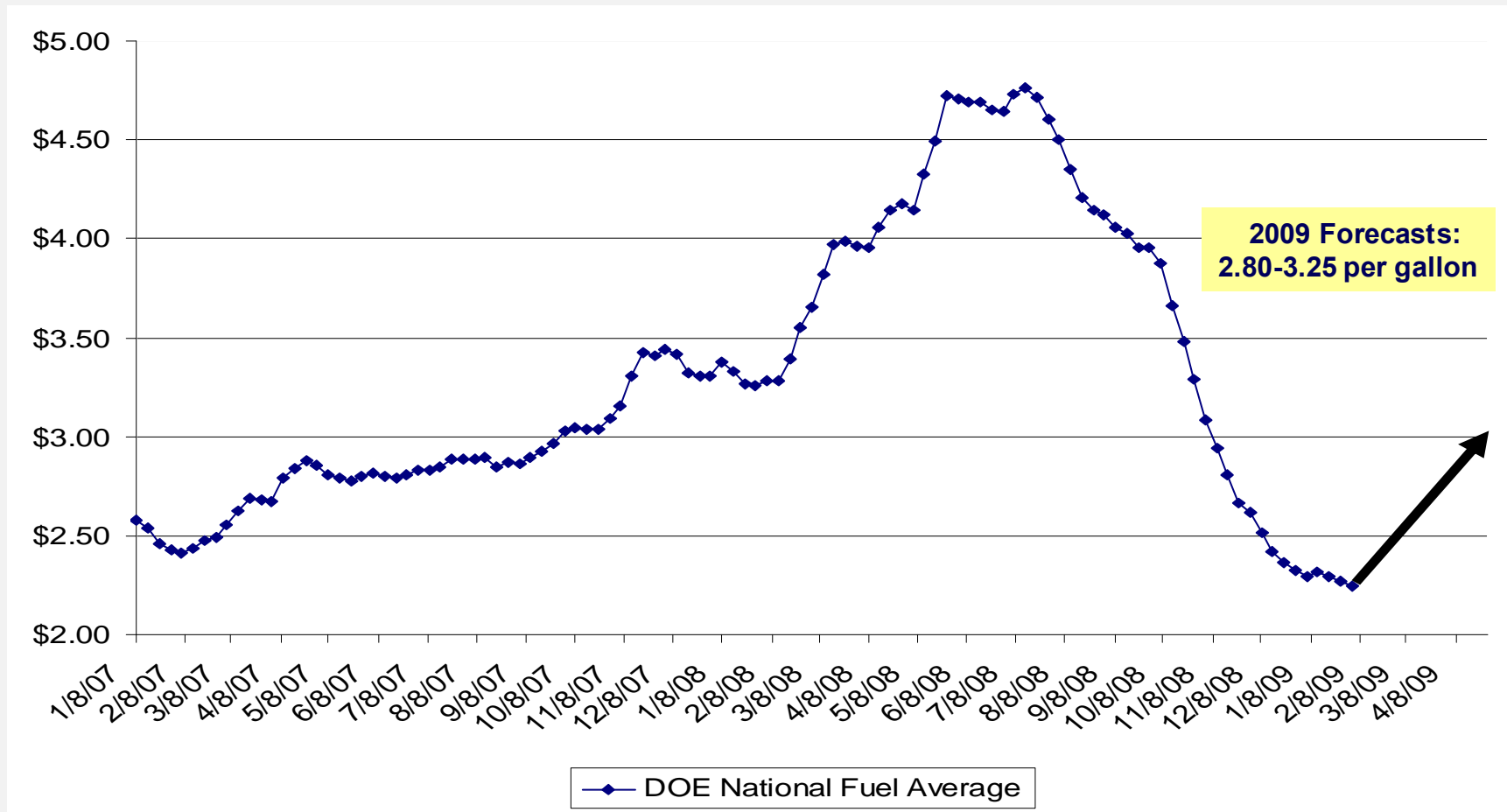
Builds



Estimated Normal Replacement
Level – 230,000 trucks/yr

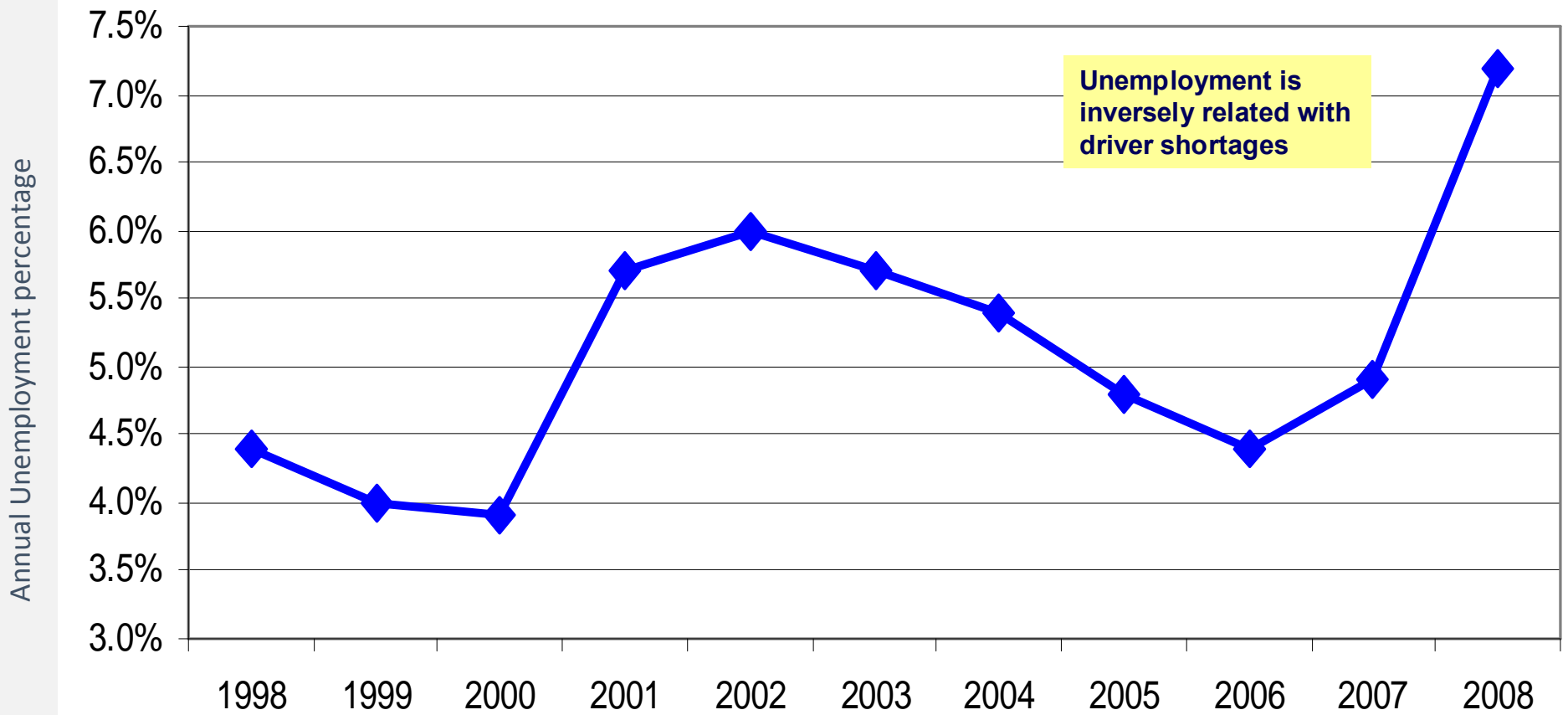
170,000 more trucks than normal were built in 2005 and 2006 – 5% to 6% increase in supply. Excess supply is reversing with huge decline in class 8 truck builds. Do not expect industry pre-buy in 2009.

DOE fuel price survey issued Monday of each week – includes fuel taxes

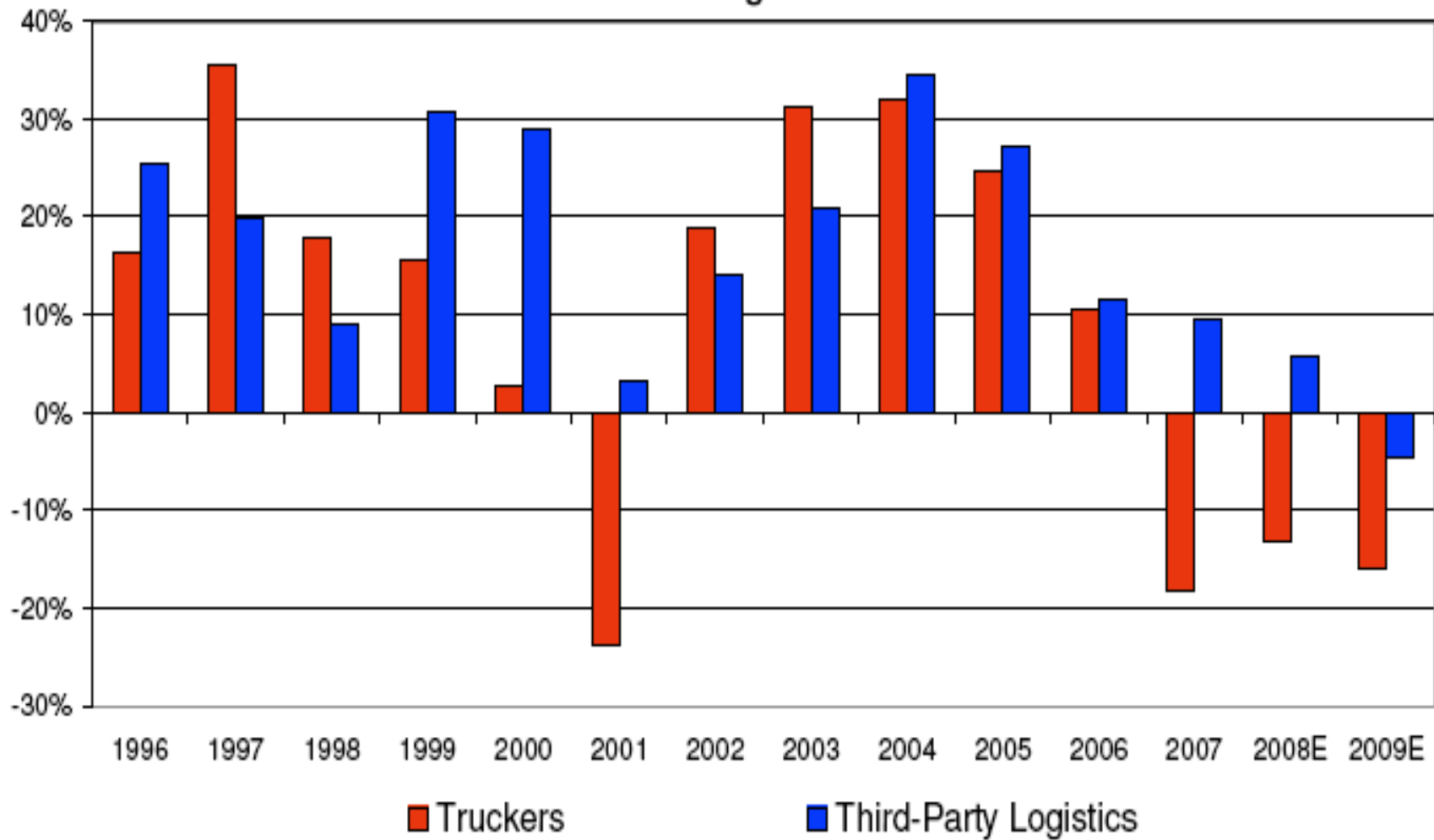


* Dept. of Energy (DOE) fuel price survey of truck stops used by shippers/carriers for billing fuel surcharges. Fuel price includes fuel taxes.

Seasonally Adjusted



Annual Earnings Growth



- Continued soft economy in '09
- Capacity under-demanded near-term
- Fuel price outlook appears stable
however.....
- Current one-way pricing not sustainable
- Provider size and scale does matter
- Core carrier strategy w/ balanced transportation spend will win

**THANK
YOU**

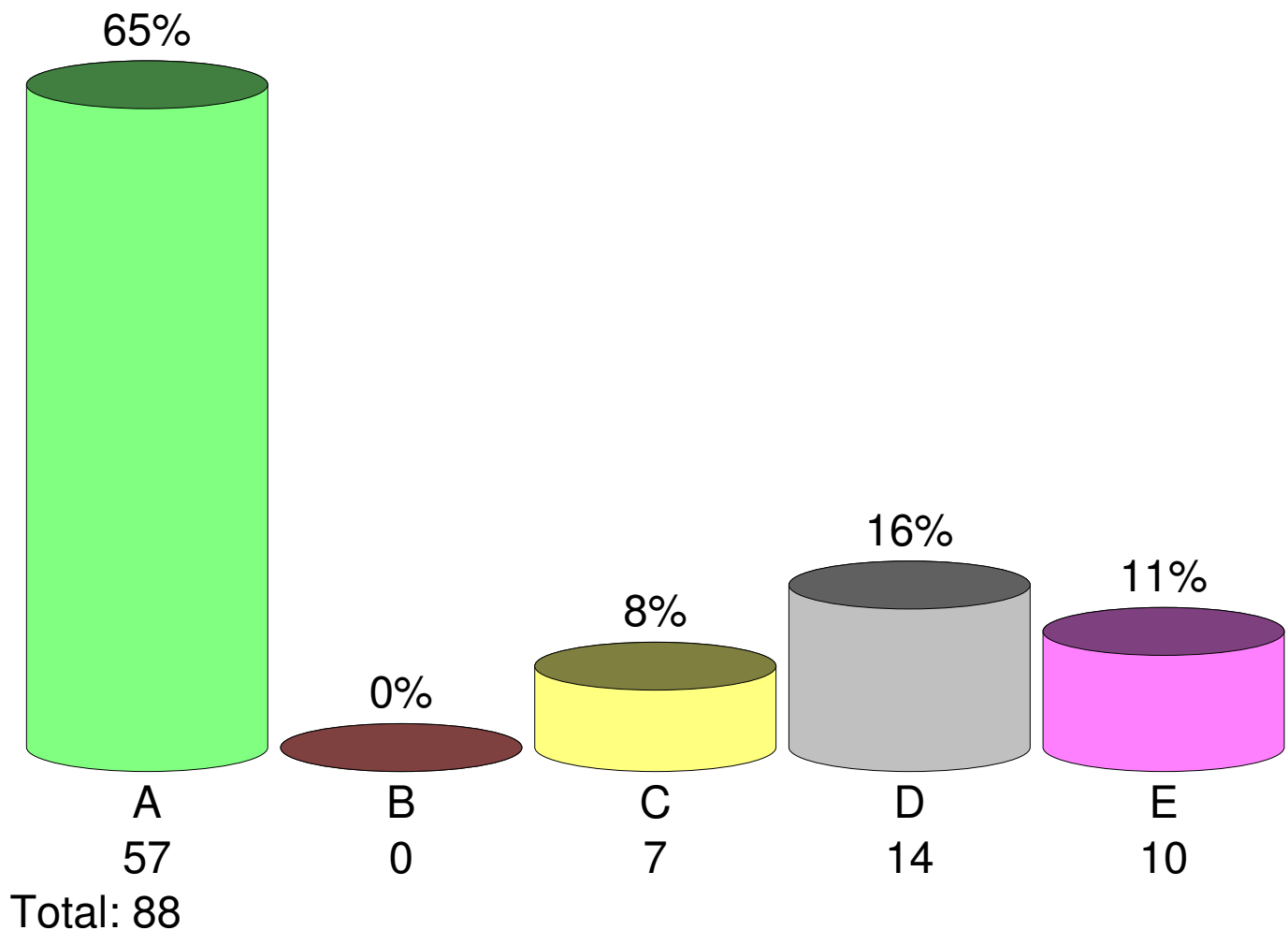
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Questions?

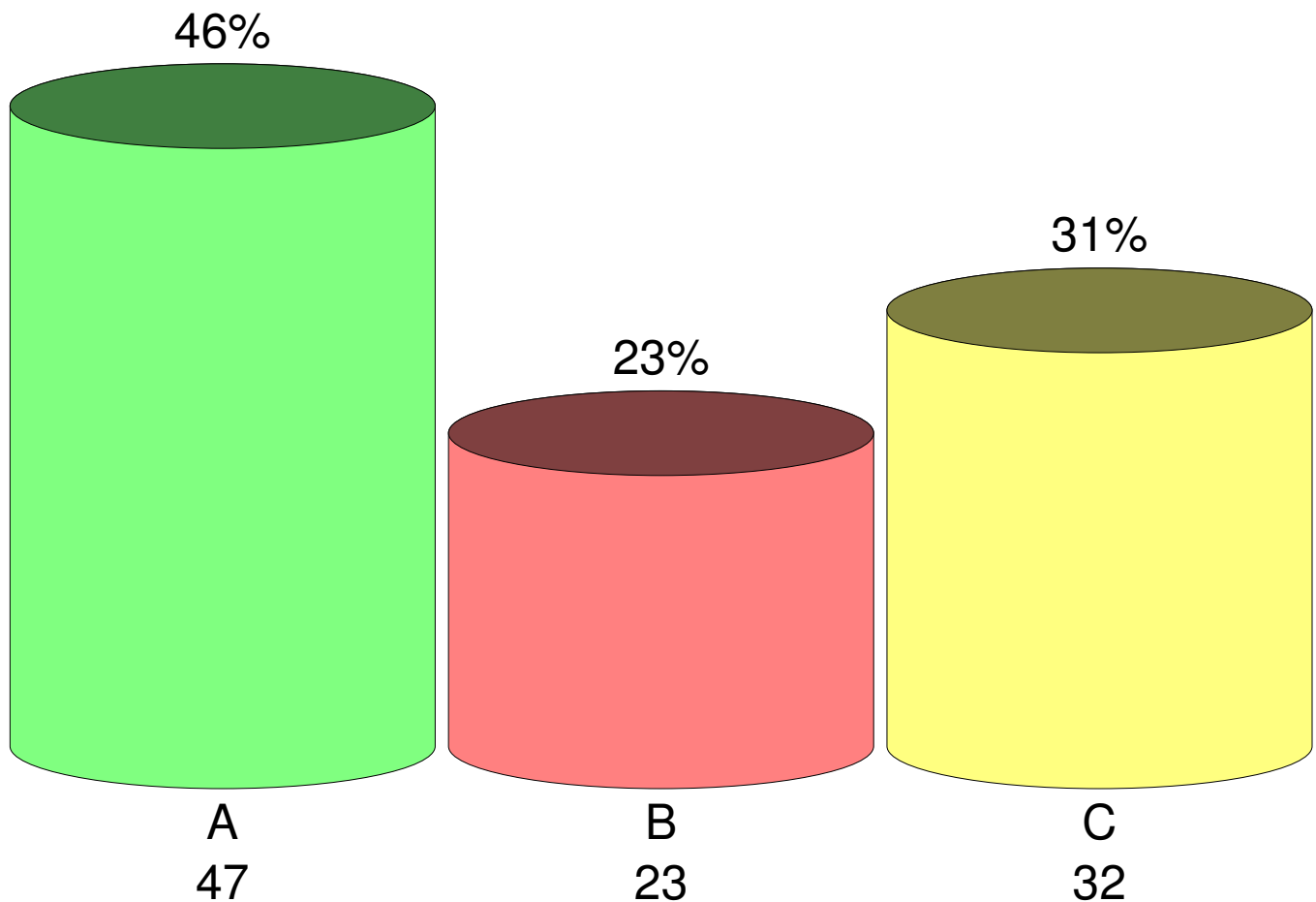
As a shipper, what do you see as your primary industry concern?

- A) Fuel costs and expense control
- B) Highway Congestion
- C) Emissions and Regulatory issues
- D) Rail and Port Efficiencies
- E) Industry Shipping Capacity



Truck capacity declined throughout most of 2008. How concerned are you about having adequate truck capacity during 2009 and 2010?

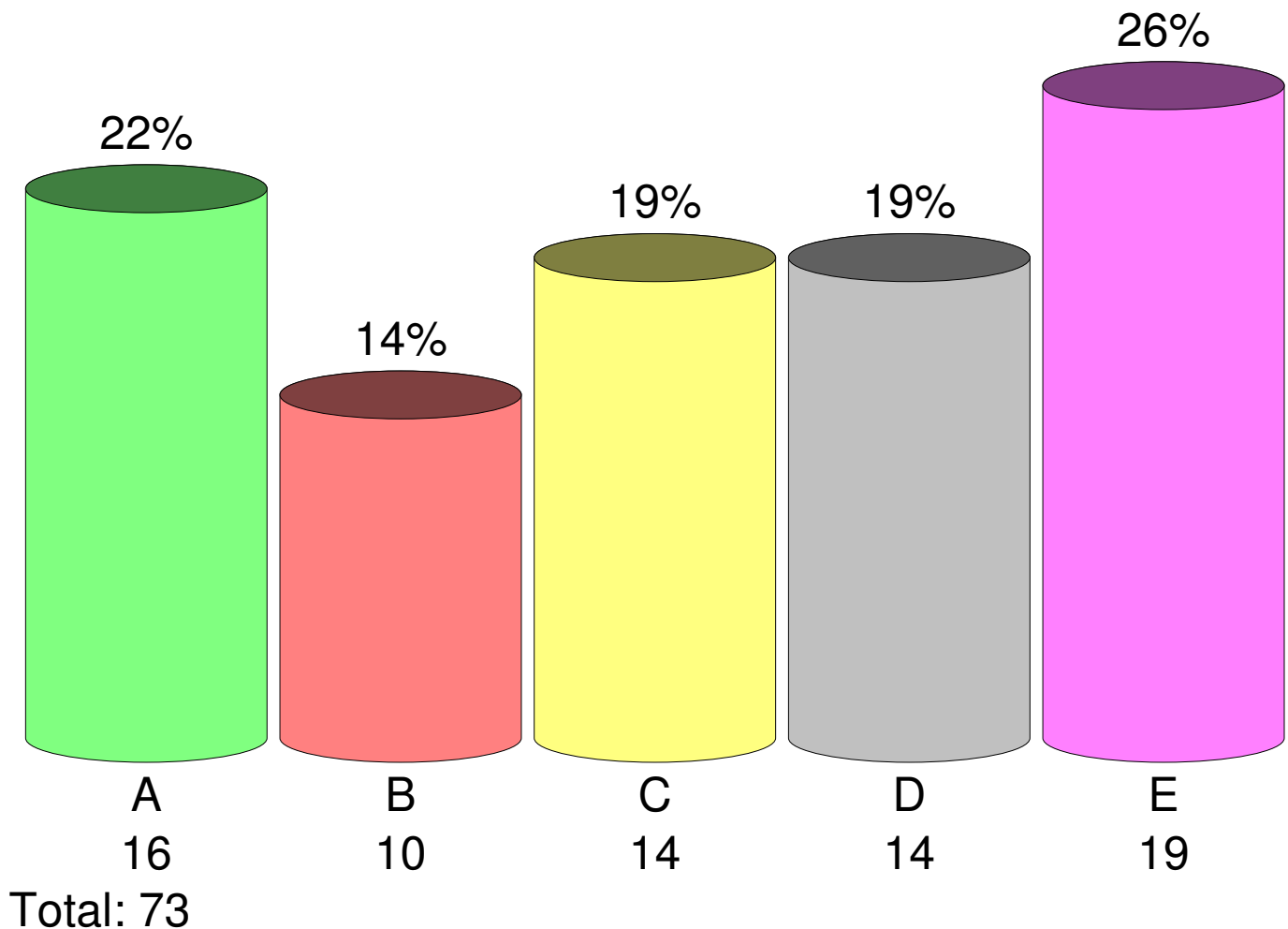
- A) We're not concerned about it
- B) We are evaluating the situation
- C) It is a key concern



Total: 102

If you have concerns about capacity, which segment of the transportation industry most concerns you?

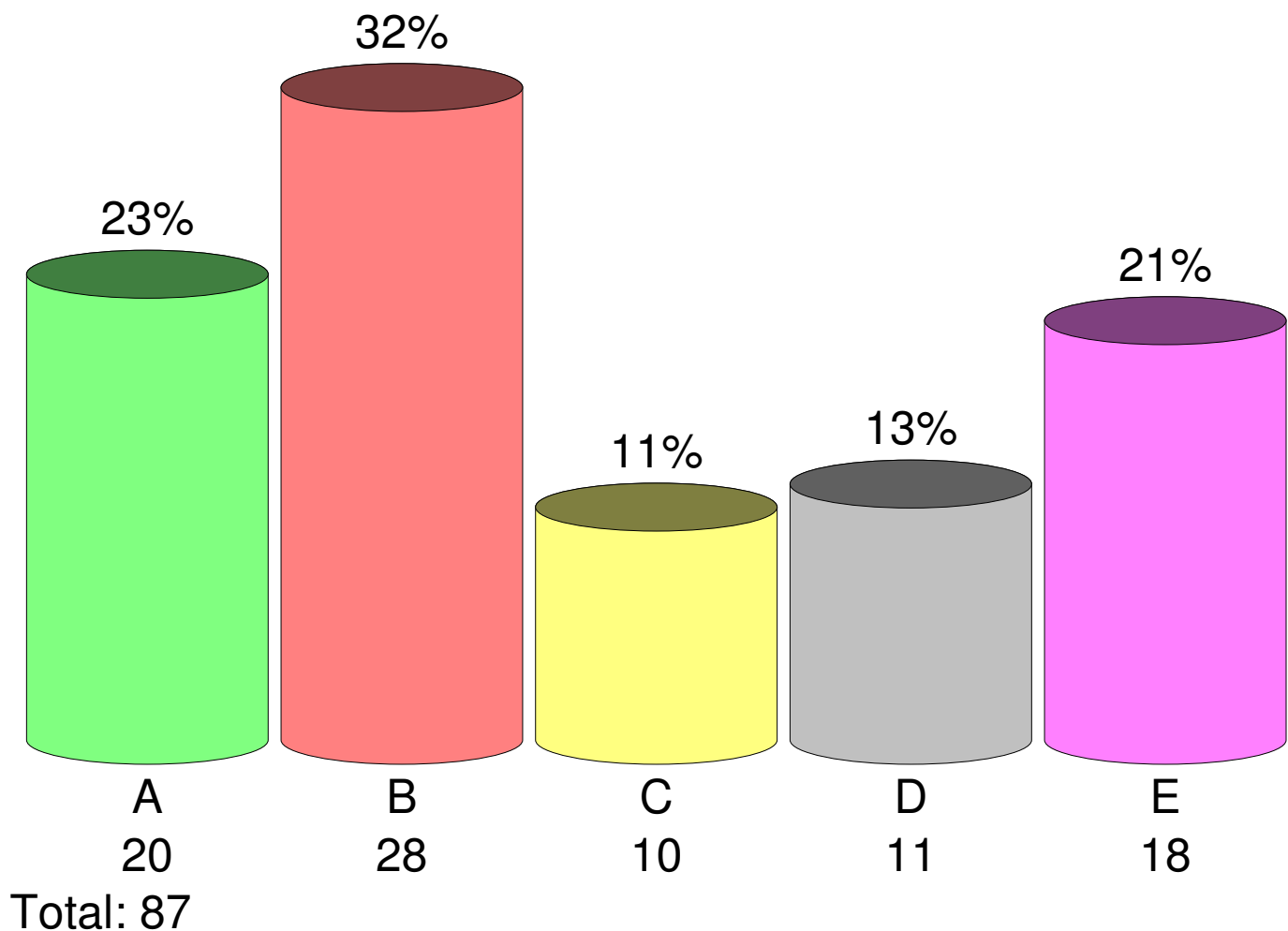
- A) Rail / Inter-modal Capacity
- B) LTL Capacity
- C) Large National Truckload Capacity
- D) Small Regional Truckload Capacity
- E) Owner Operator/Small carrier capacity



Discussion

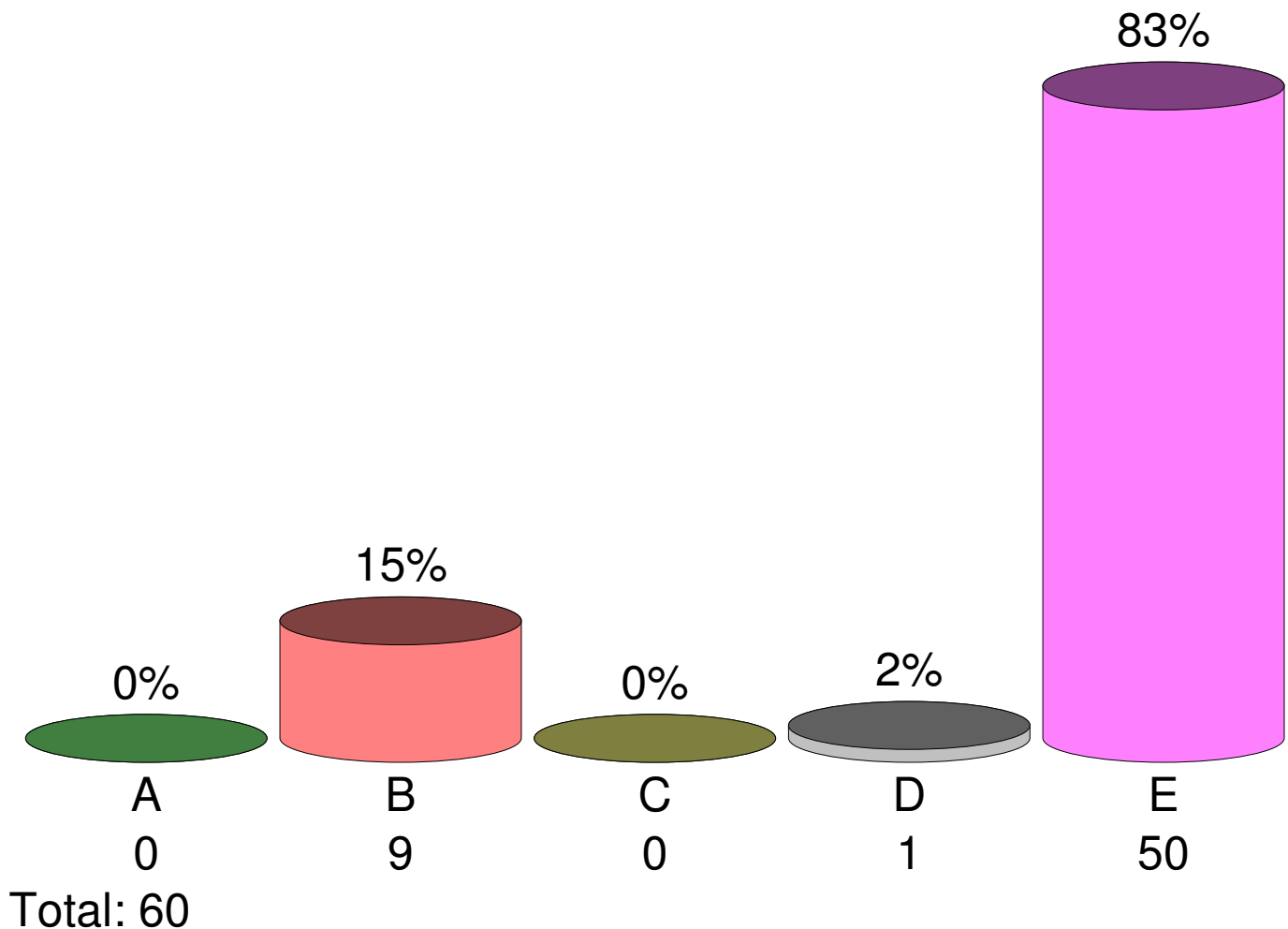
Fuel prices have declined steeply over the past several months. What actions are you taking to protect yourself from future fuel cost increases?

- A) Re-planning our network
- B) Working with Carriers to control dead head miles
- C) Working with Carriers to control their fleet fuel mileage
- D) No Action Planned
- E) Other



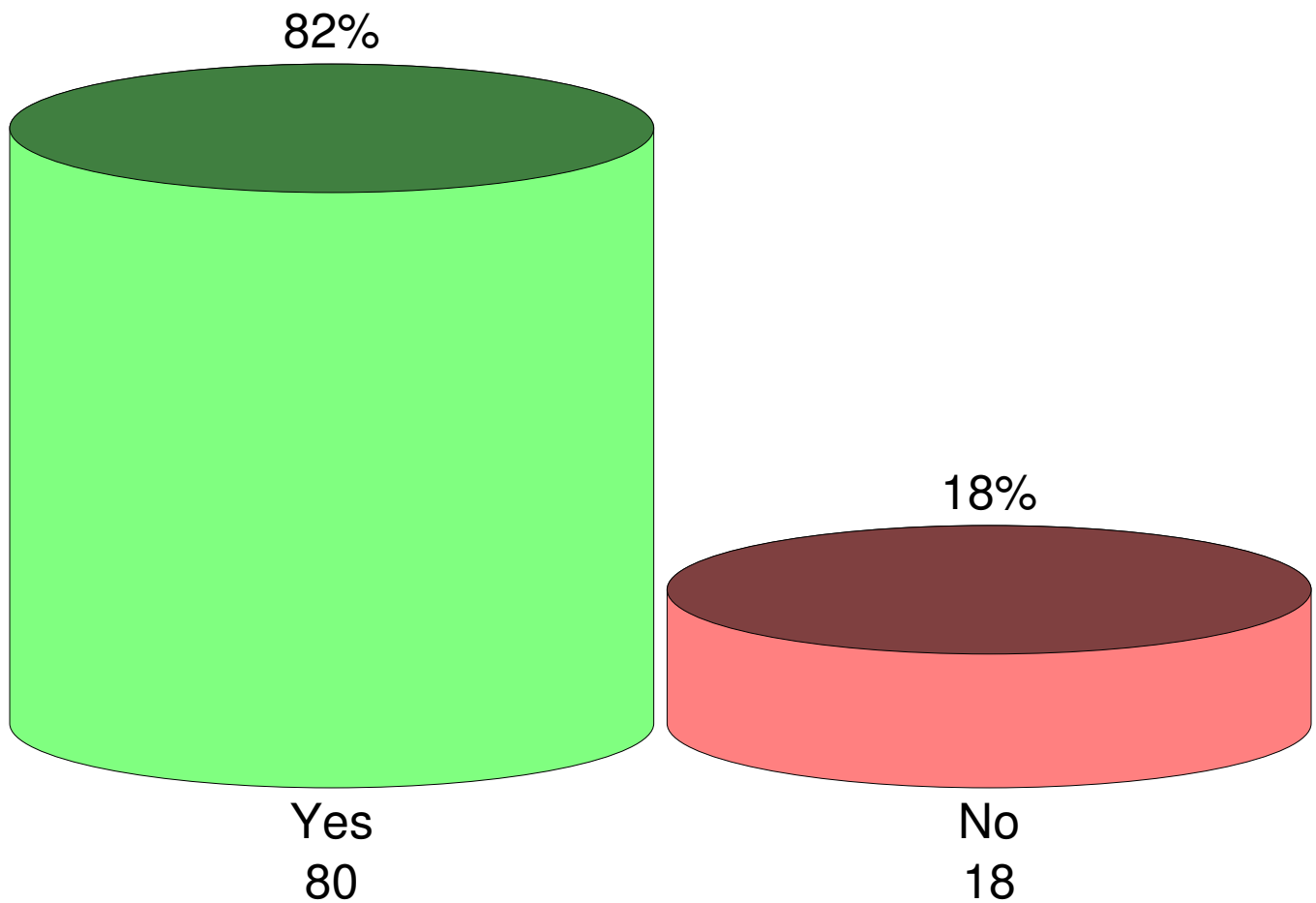
As a shipper, What Strategies do you expect your carriers be utilizing or exploring to improve their fuel productivity?

- A) Lower Fleet maximum speed
- B) Increase Driver Training and monitor driving habits
- C) Install Auxiliary Power Units
- D) Invest in more aerodynamic equipment over time
- E) All of the above



With fuel prices now at the lowest point in three years do you believe our industry will have the resolve to continue working to improve fuel utilization?

- A) Yes
- B) No



Total: 98