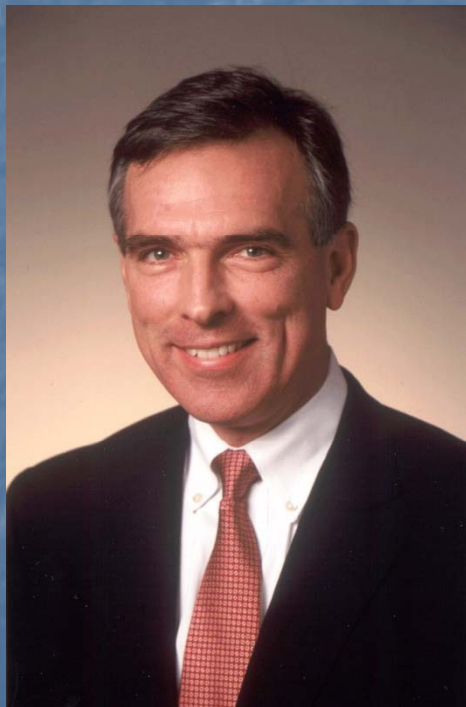


The Outlook for Trucking



Jan. 28, 2010
3 p.m. to 4 p.m. EST

John Larkin
Managing Director and Head of
Transportation Capital Markets Research
Stifel, Nicolaus & Company

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Attendees (1) Staff (1)

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Rob Hoffman (Me)

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Audio Setup

Talking: Rob Hoffman

Questions

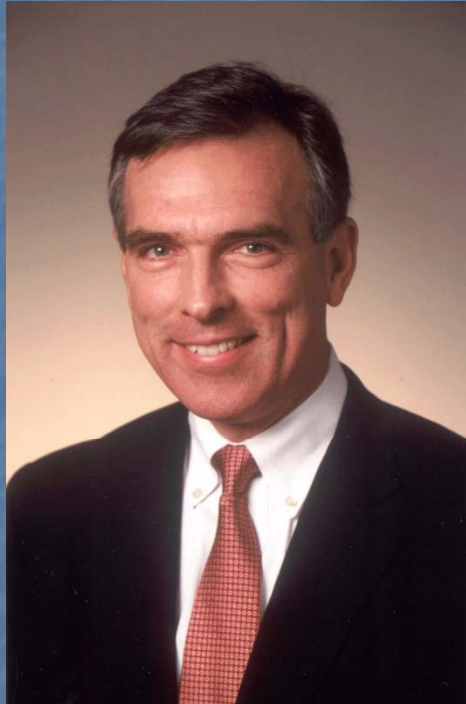
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John Larkin

Managing Director and Head of
Transportation Capital Markets Research
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Let's take a poll – or two





Trucking: Is There Any Relief In Sight?



Images courtesy of KNX, S.A.L.A., FDX and BNSF

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Stifel, Nicolaus & Company, Incorporated
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jglarkin@stifel.com

January 28, 2010

All relevant disclosures and certifications can be found on pages 54-55 of this report.



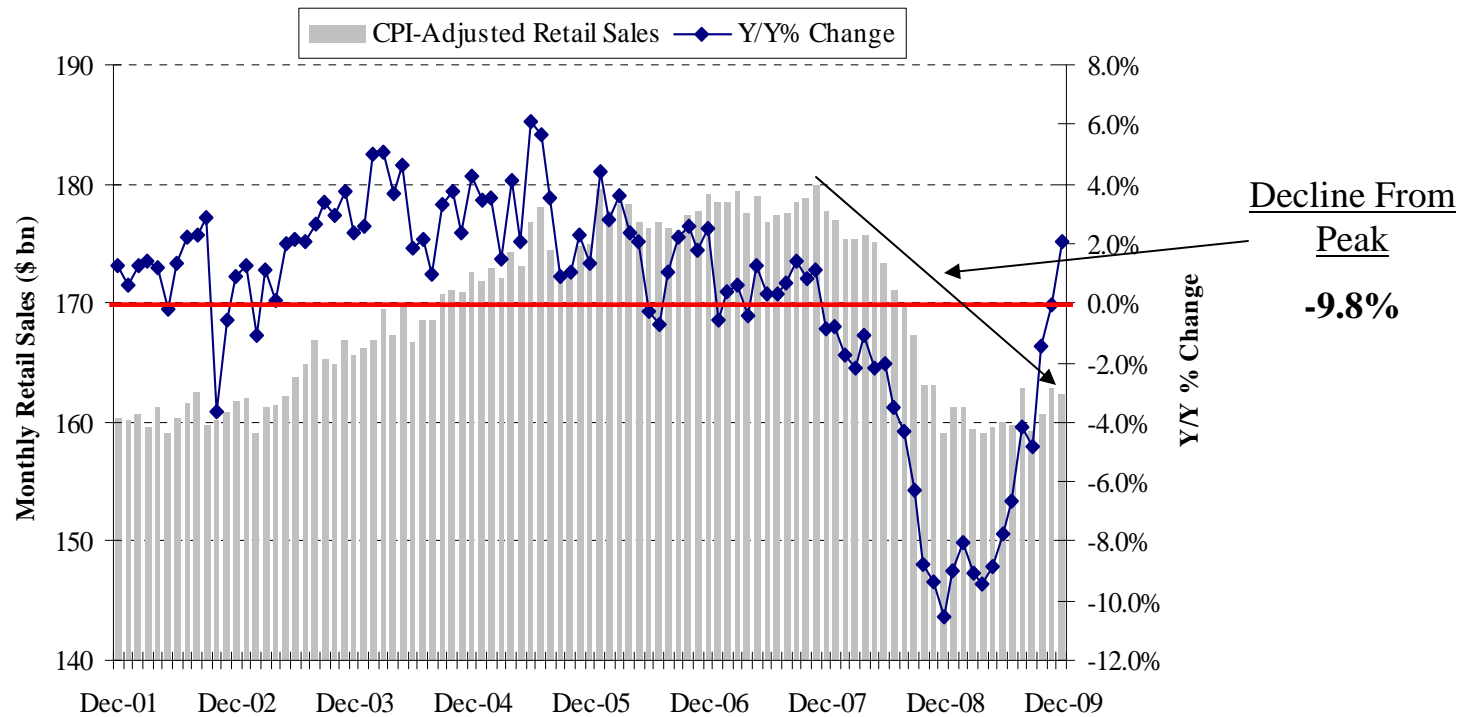
- I. The Economy Appears to be in The Early Stages of a Gradual (and Potentially Fragile) Recovery**
- II. Data Suggests Freight Demand Improved Relative to 1H09 But Remained Relatively Weak, by Historical Standards, Against Easing 4Q Comparisons
- III. Ongoing Capacity Reductions and Other Longer-term Freight Transportation Trends Should Restrict Industry Capacity as Demand Ultimately Rebounds
- IV. Industry Sector Snapshots Highlight Differences Across Sector Outlooks
- V. Conclusions – Market Forces Will Ultimately Tighten Supply & Demand

Macroeconomic Indicators Remain Relatively Soft



Real Consumer Spending “Cratered” in 2008 But Hasn’t Improved Much

Real Retail Sales Increased 2.0% Y/Y in December; It Appears That The Worst May Be Behind Us



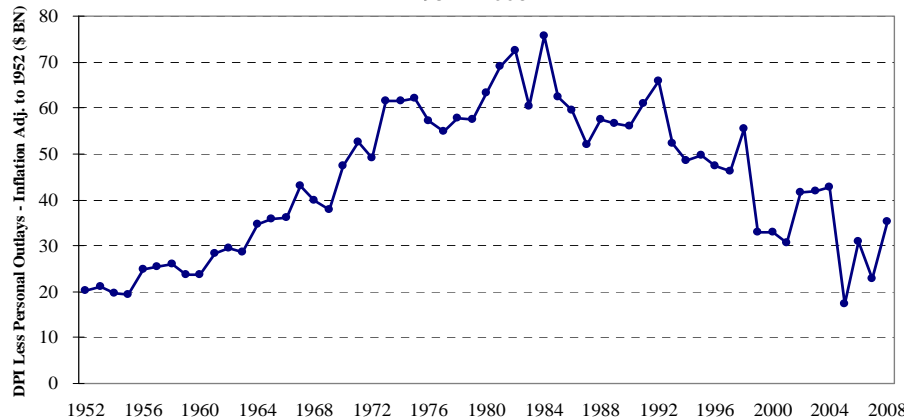
*Chart displays seasonally adjusted data
Source: St. Louis Federal Reserve Bank, Company data*

U.S. Consumers Are Saving More to Offset Real Estate and Investment Portfolio Losses

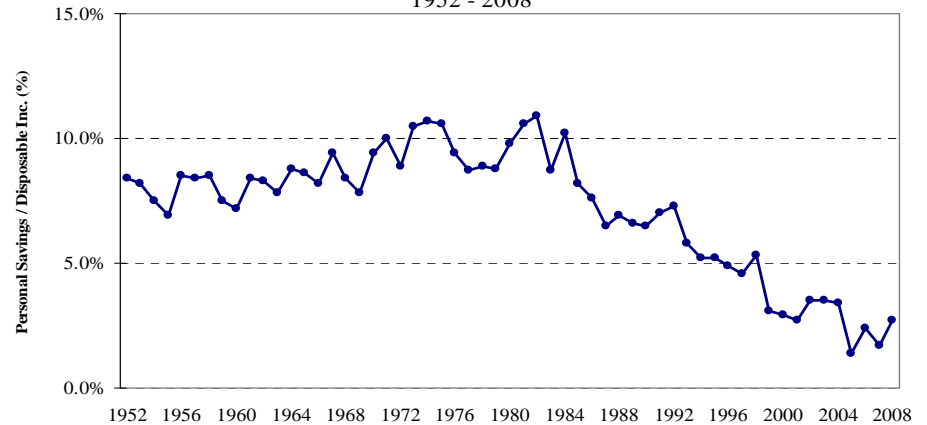


Increased Savings = Reduced Consumption; Is This a Permanent Change in Behavior?

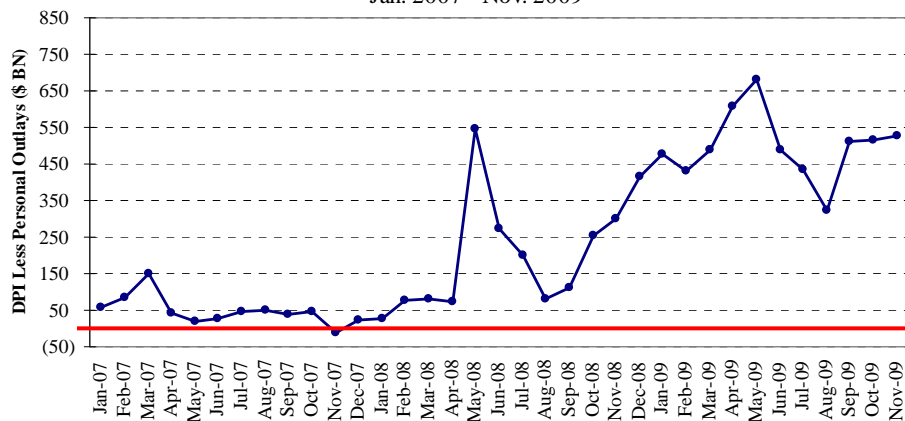
U.S. Personal Savings (\$ in Billions)
1952 - 2008



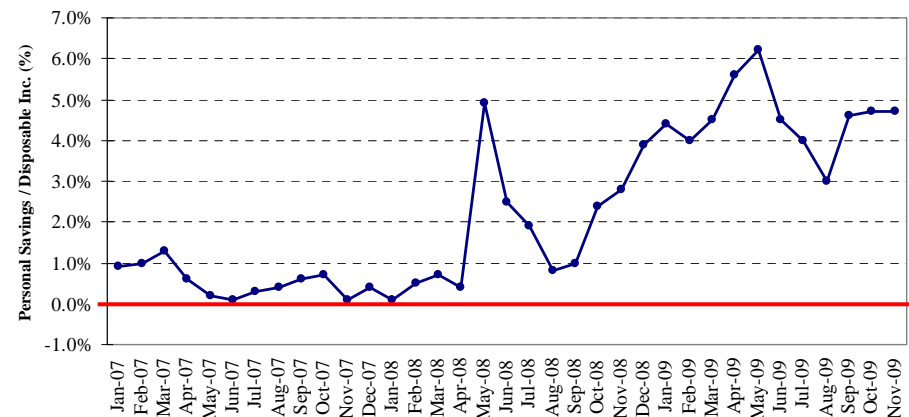
U.S. Personal Savings Rate (%)
1952 - 2008



Monthly U.S. Personal Savings (\$ in Billions)
Figures Seasonally Adjusted at Annual Rates
Jan. 2007 - Nov. 2009



Monthly U.S. Personal Savings Rate (%)
Figures Seasonally Adjusted at Annual Rates
Jan. 2007 - Nov. 2009



*DPI less Personal Outlays in May 2008 and Personal Saving as a Percentage of Personal Disposable Income in May 2008 are not comparable due to the Economic Stimulus Act of 2008, when the Government issued rebate payments of \$1.9 billion in April, \$48.1 billion in May, and \$27.9 billion in June and \$13.7 billion in July. The stimulus package effectively reduced the level of personal taxes, which are part of the calculations for Savings in dollars and percentage savings rate.

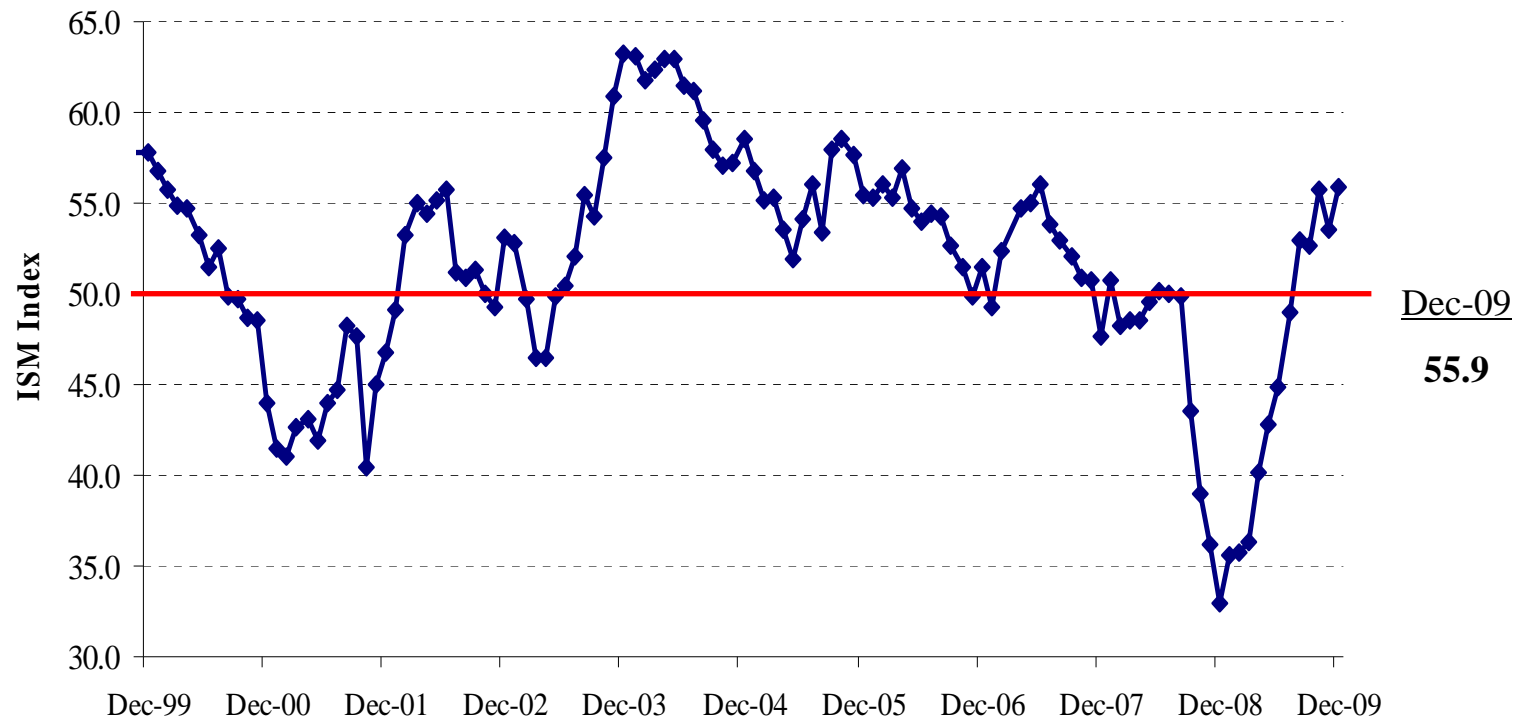
Personal savings is disposable personal income net of personal outlays

Source: Bureau of Economic Analysis

ISM Index Suggests Manufacturing Growth



ISM Index in December Suggested Growth in the Manufacturing Economy For the Fifth Consecutive Time Since July '09; Export Growth Had Been Masking Domestic Manufacturing Weakness For Most of '08



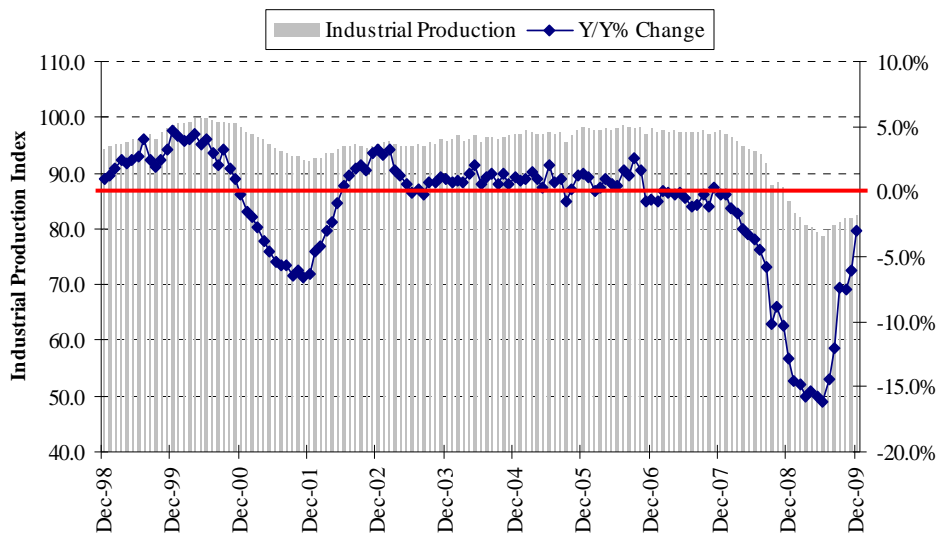
*ISM Index values over 50 indicate industrial growth while ISM Index values below 50 indicate industrial contraction.
Source: Institute for Supply Management*

Industrial Production Recovering Slowly

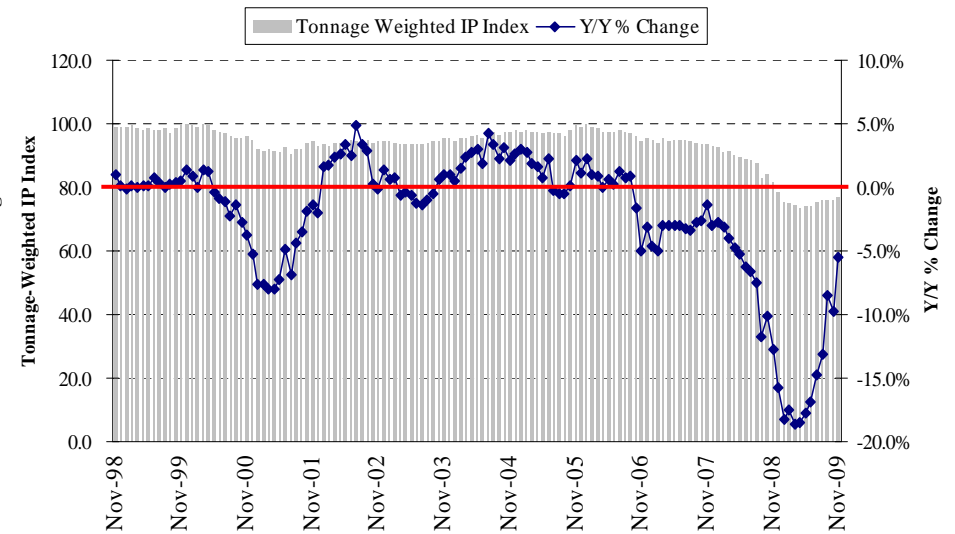


Tonnage-Weighted Industrial Production Has Been Slightly Weaker Than Value-Weighted Industrial Production Due to Steep Declines in Heavy Building/Construction Materials and Automotive Volumes and Emphasis Given to More Concentrated/Compact Products With Smaller Packaging

U.S. Industrial Production Index
Dec. 1998- Dec. 2009



Tonnage-Weighted Industrial Production Index
Nov. 1998- Nov. 2009



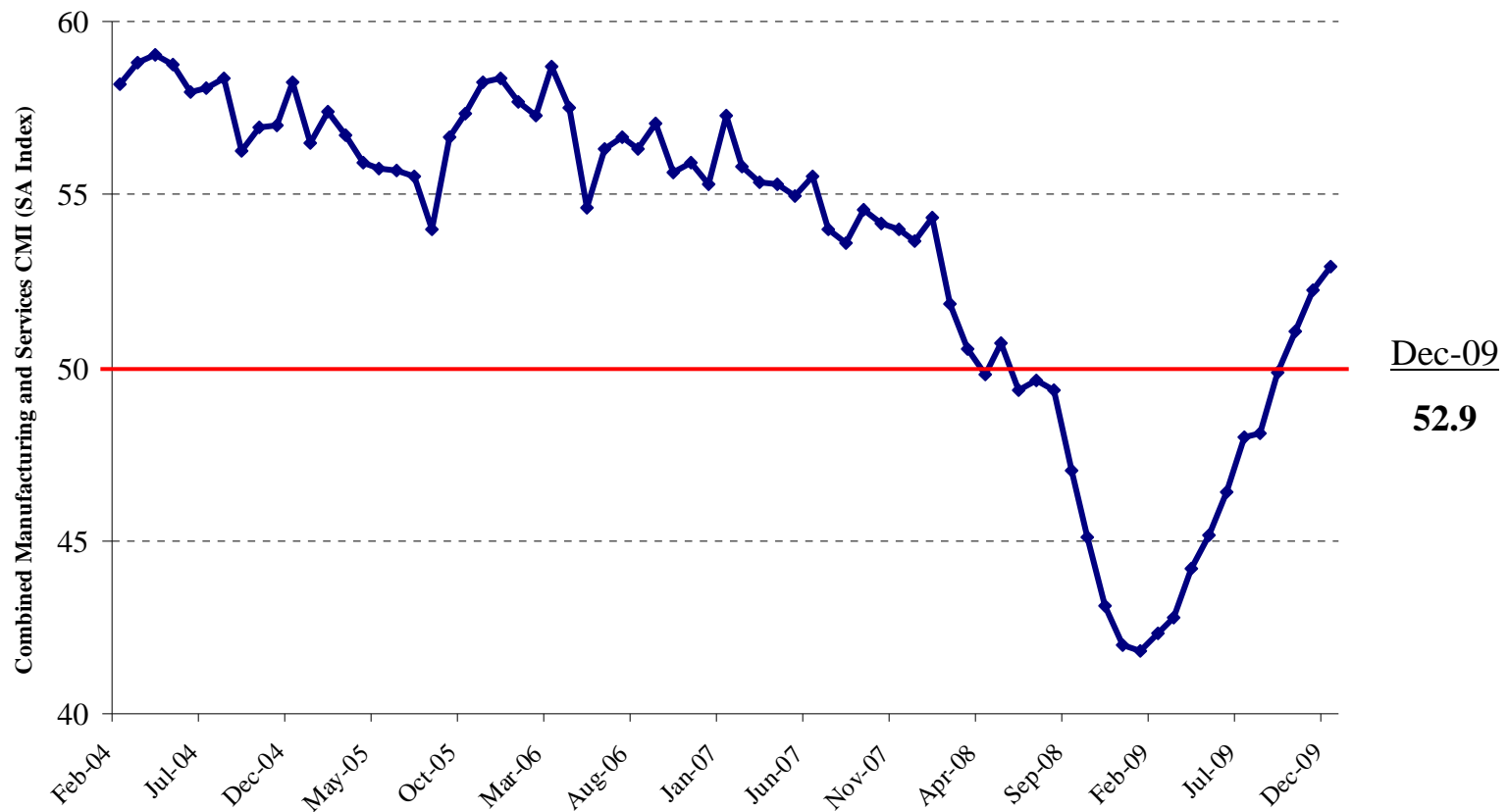
Data in both graphs are adjusted for PPI, excluding food and energy

Source: St. Louis Federal Reserve, American Trucking Associations

Credit Managers Index Somewhat Encouraging



Recent Credit Managers Index (CMI) Data Suggests Commercial Business Transactions Have Expanded in Each of the Past Three Months; December '09 CMI Highest Since January '08



CMI Index values over 50 indicate expansion while CMI Index values below 50 indicate contraction.

Source: National Association of Credit Management

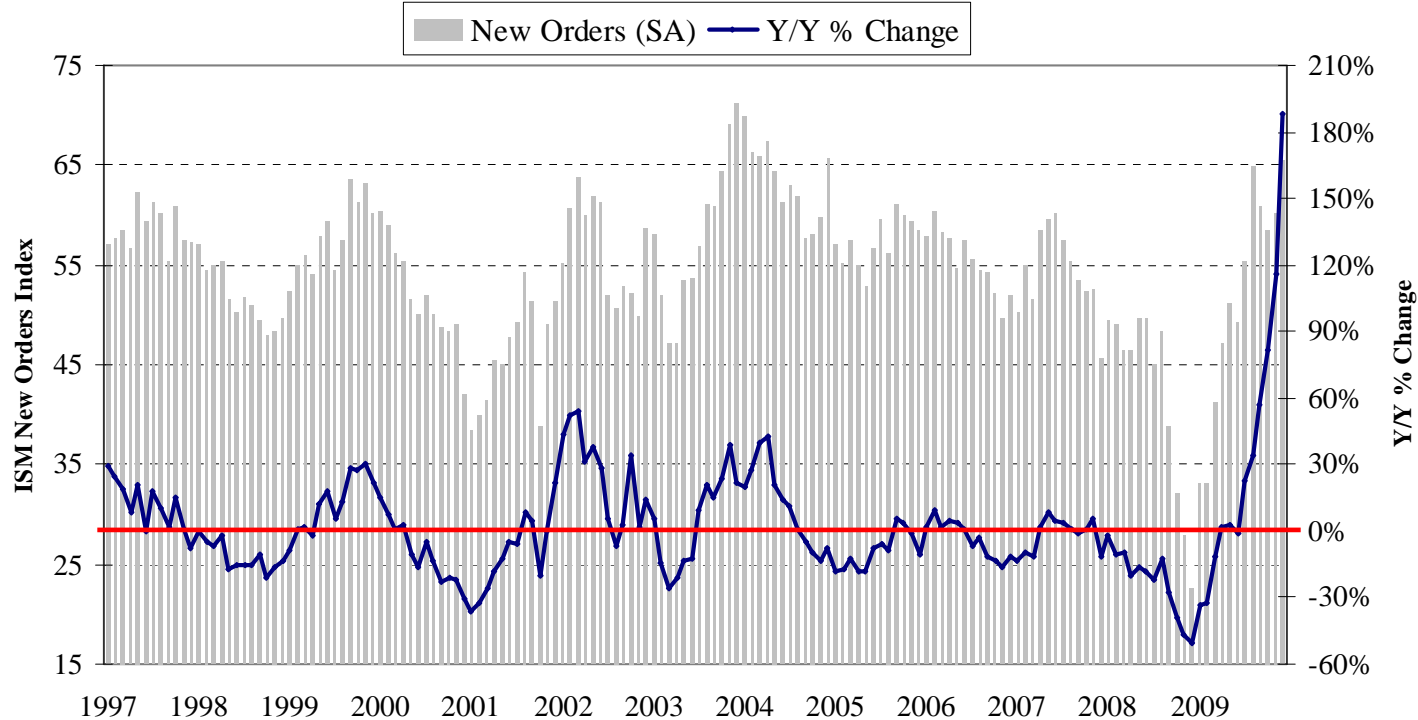
Manufacturing Orders Showing Growth



*New Manufacturing Orders Weakened Dramatically Through the End of 2008; 2009 Comparisons Have Rebounded, With July Through December Showing Increasing Y/Y Growth:
Is This Growth Sustainable?*

Manufacturing New Orders

Jan. 1997 - Dec. 2009



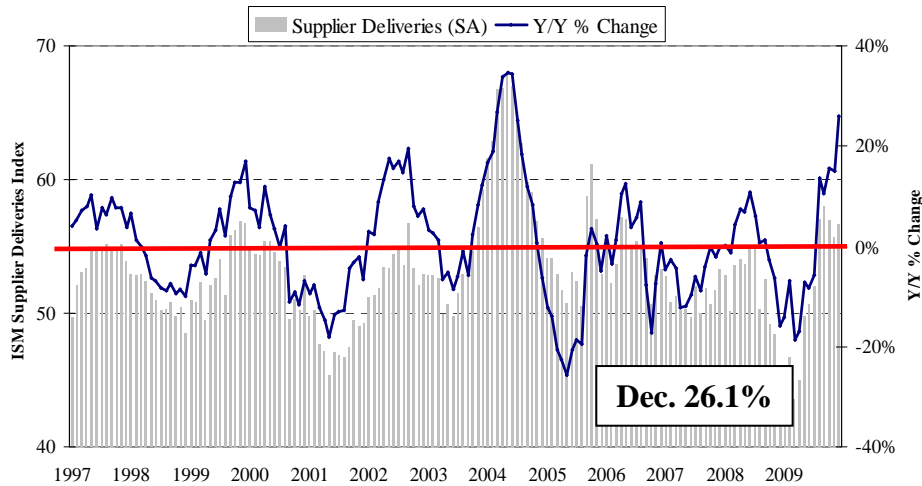
Source: Institute for Supply Management

Manufacturing Inventories Growing While Customers' Inventories Continue Decline

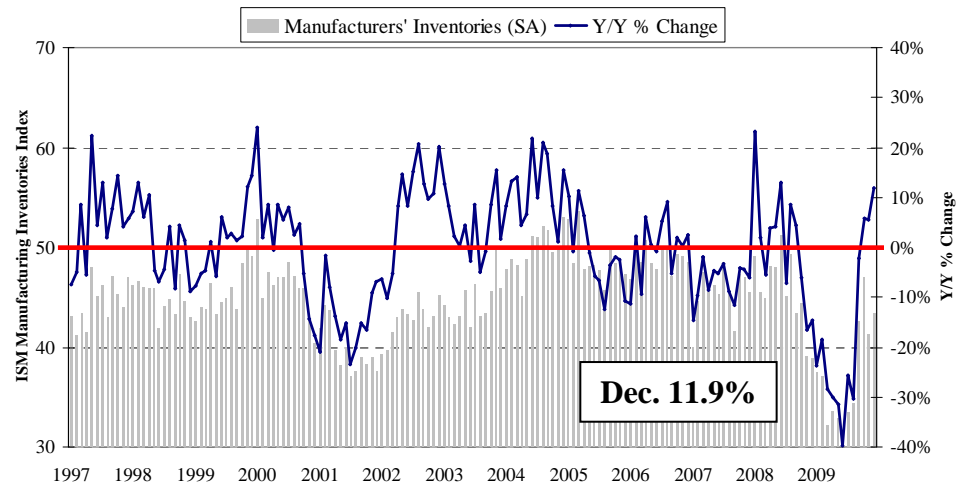


Was 2H09 Strength Tied to Inventory Replenishment at the Supplier and Manufacturing Levels?

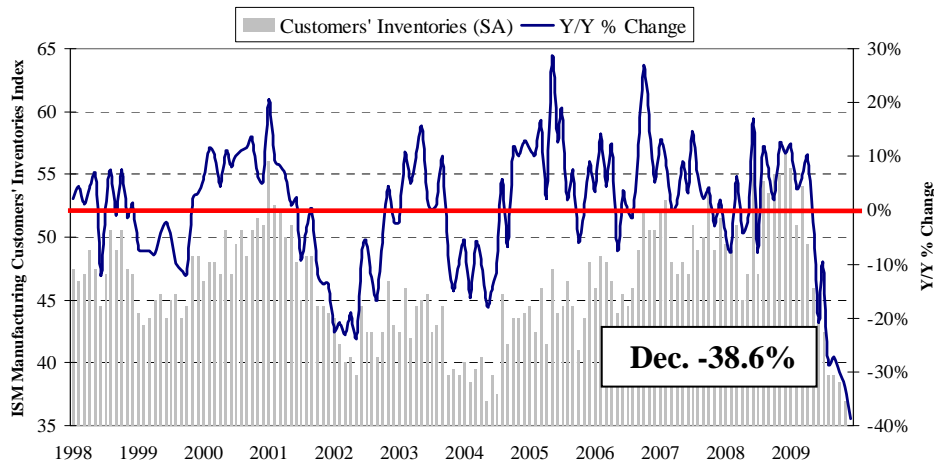
Manufacturing Supplier Deliveries
Jan. 1997 - Dec. 2009



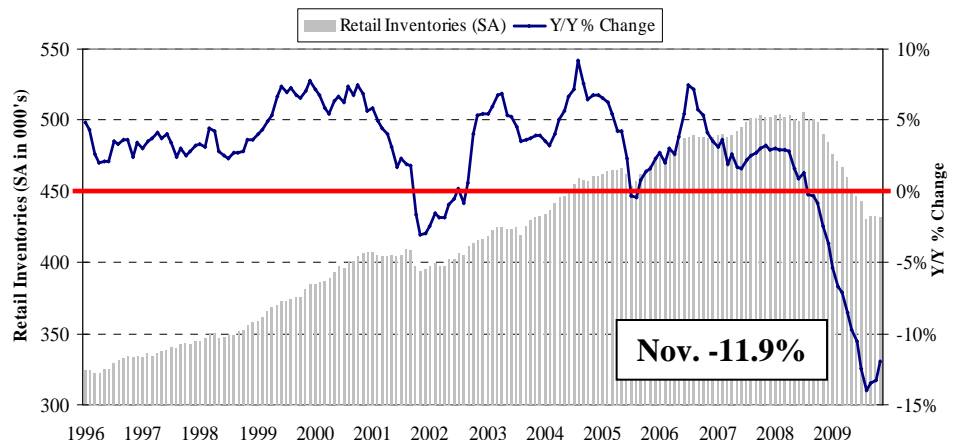
Manufacturing Inventories
Jan. 1997 - Dec. 2009



Manufacturing Customers' Inventories
Jan. 1998 - Dec. 2009



Retail Inventories
Jan. 1996 - Nov. 2009



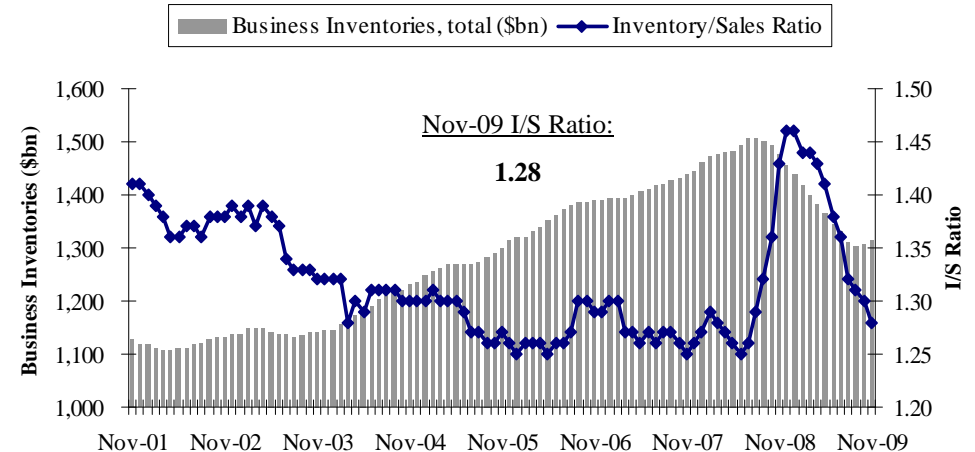
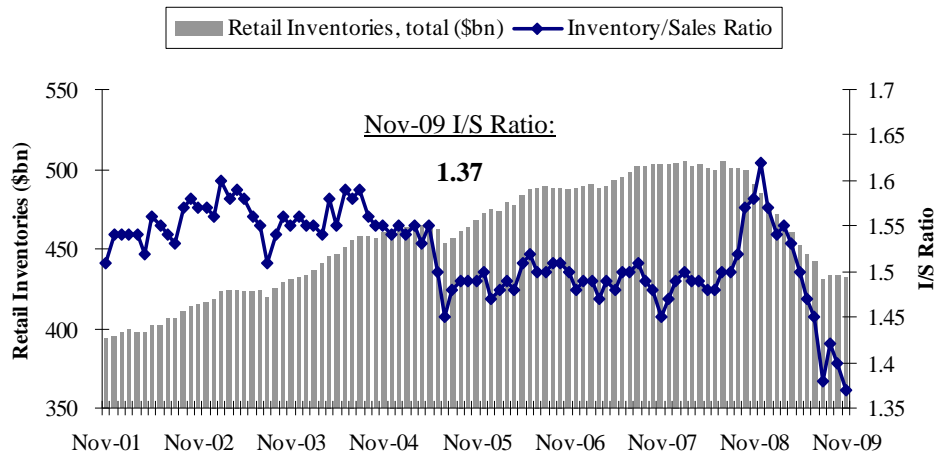
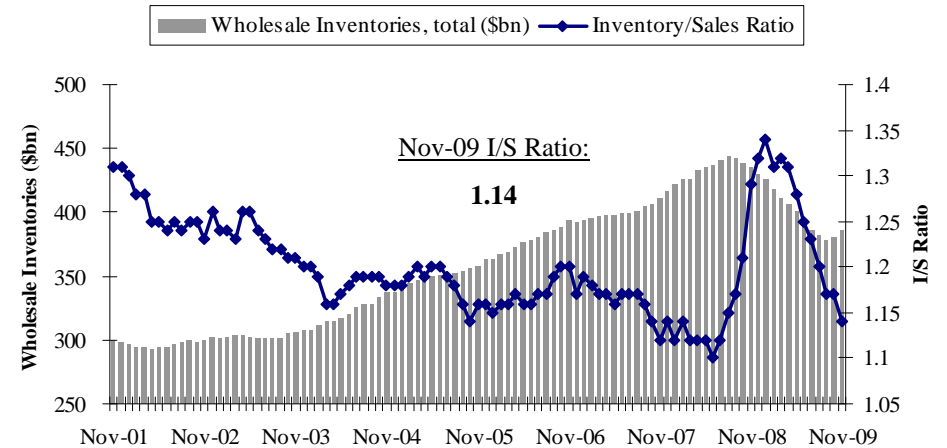
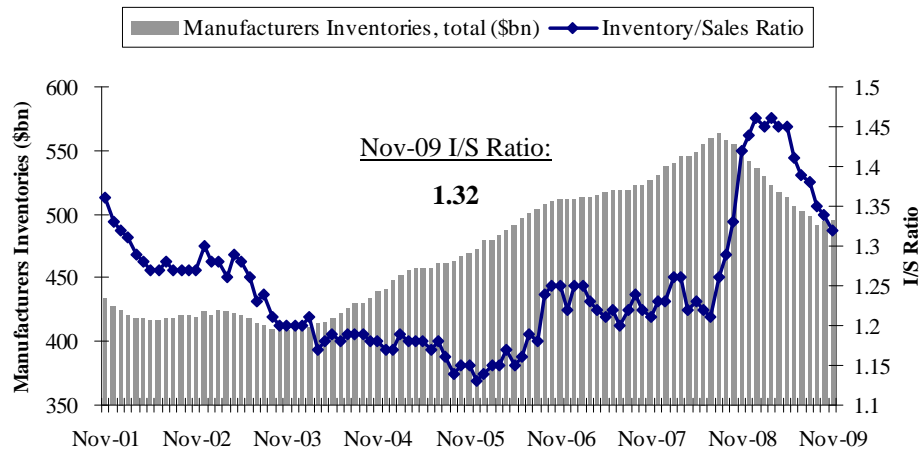
Manufacturing Data through December 2009, Retail Inventories through November 2009

Source for top two and bottom left graphs: Institute for Supply Management; Source for bottom right graph: U.S. Census Bureau

IS Ratio Spike Was Due to Dramatic Downturn in Sales



Inventory Levels Appear to Have Adjusted to “New Normal” Demand Levels; Did Manufacturers Restock Too Early?



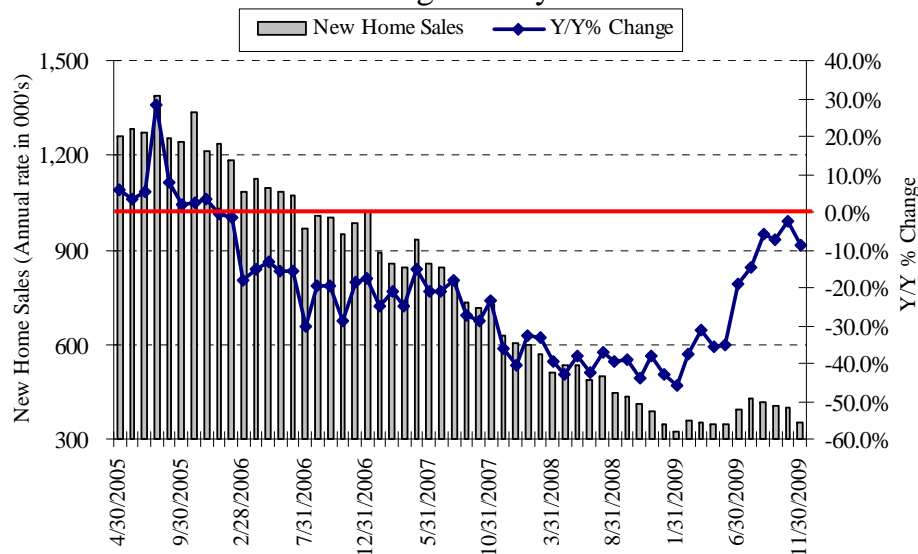
Source: U.S. Census Bureau

Existing Housing Sales Showing Nice Rebound; New Home Sales Remain Anemic

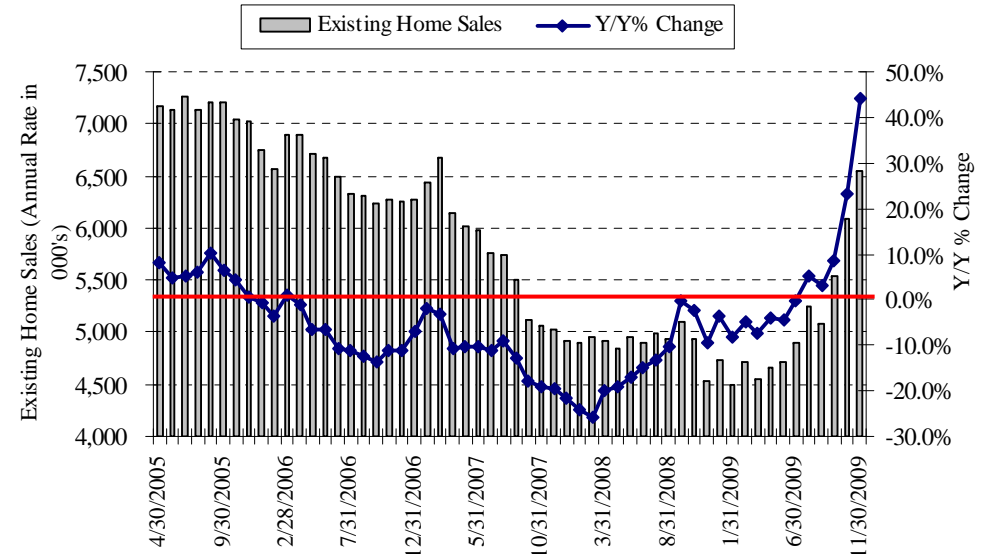


Freight Tied to Residential Construction Remains Relatively Weak; Strength in Existing Home Sales Has Generated Some Incremental Traffic

New Home Sales Remain Negative Even as Comps Get Progressively Easier



Existing Home Sales Reach Highest Level Since February 2007



Left Graph current through November 2009, Right Graph current through November 2009

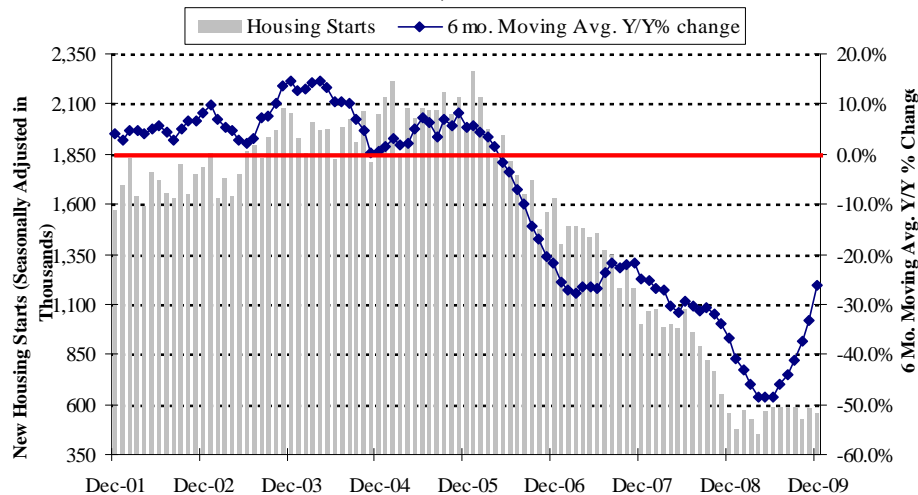
Sources: U.S. Census Bureau, National Association of Realtors

A Bottom Seen in New Home Construction?



On an Absolute Basis, December Building Permits Took a Small Step Up From November; Many Local Markets Still Appear Overbuilt; Lack of Credit Remains a Big Issue; Extended Tax Credit For New Home Buyers Has Been Stimulating Activity

Monthly Housing Starts Fell 26.3% Year-Over-Year in December; A Bottom Seen?



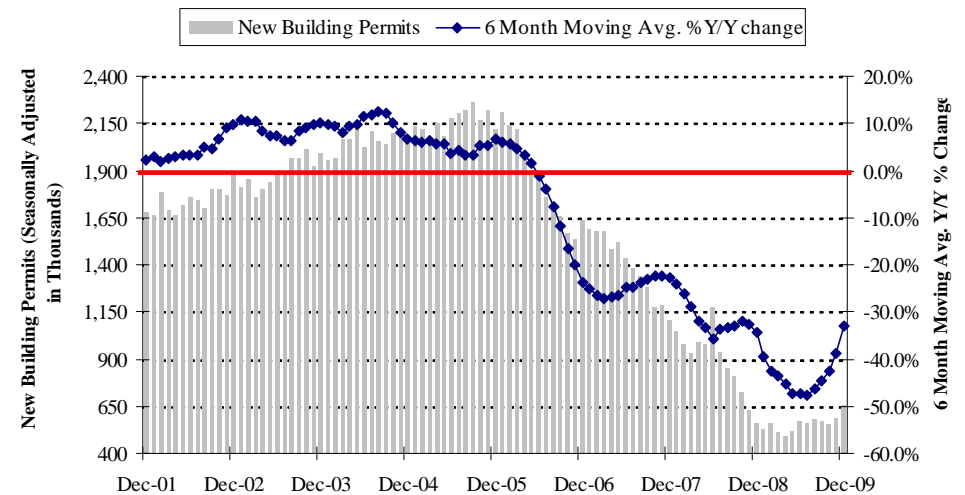
Dec-09 Starts
557,000

Fall From Peak
-75.4%

Data through December 2009

Source for all graphs: U.S. Dept. of Commerce

Building Permits fell 33.2% Year-Over-Year in December



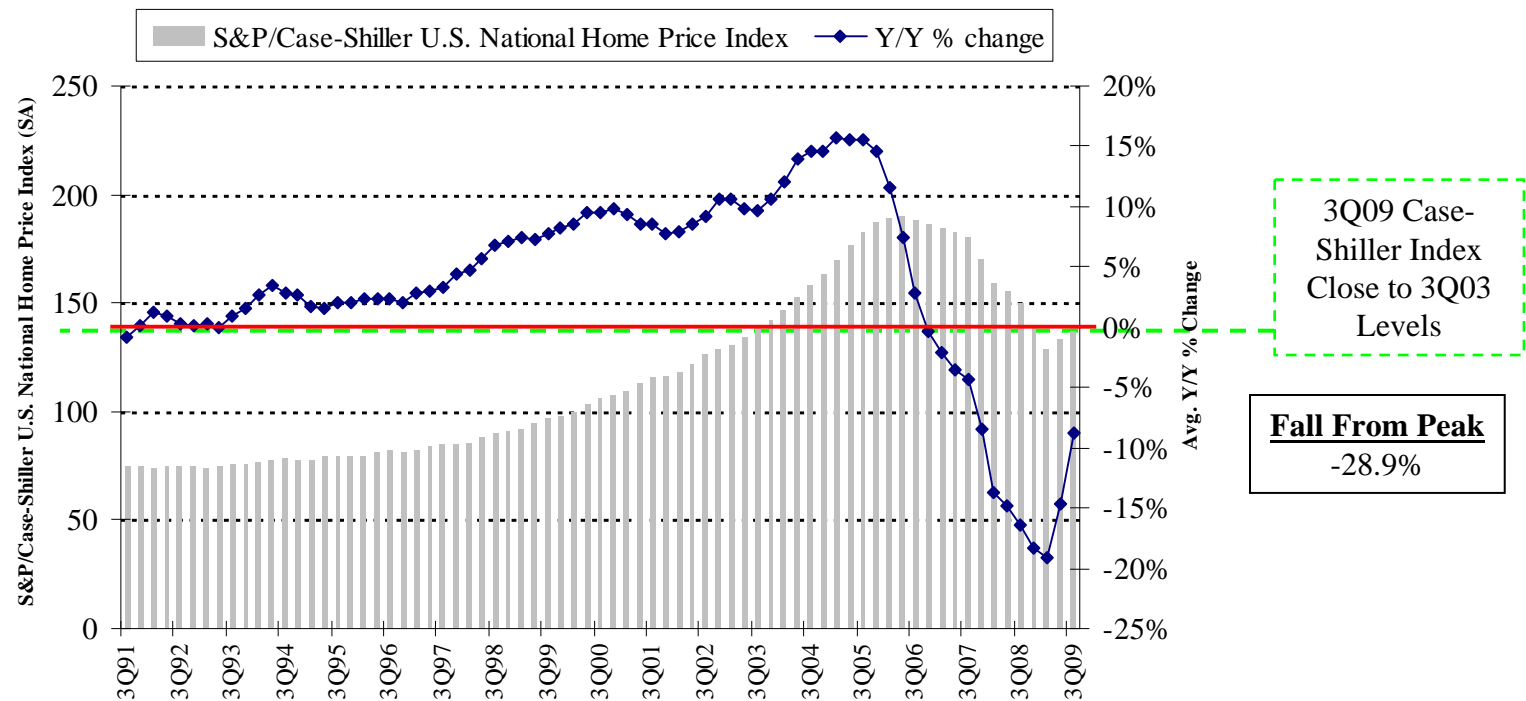
Dec-09 Permits
653,000

Fall From Peak
-71.1%

Case-Shiller Index Indicates Encouraging Recent Trend in Home Prices



Y/Y% Home Price Decline in 3Q09 Was Best Comparison Since 4Q07; Some Markets Have Held Up Better than Others



Regions with Largest Declines from High

Las Vegas	-55.5%
Phoenix	-54.1%
Miami	-47.9%
Detroit	-42.7%
San Diego	-41.9%
Los Angeles	-41.2%

Regions with Most Modest Declines from High

Dallas	-3.8%
Denver	-9.7%
Charlotte	-10.6%
Boston	-14.0%
Cleveland	-14.1%
Atlanta	-17.8%

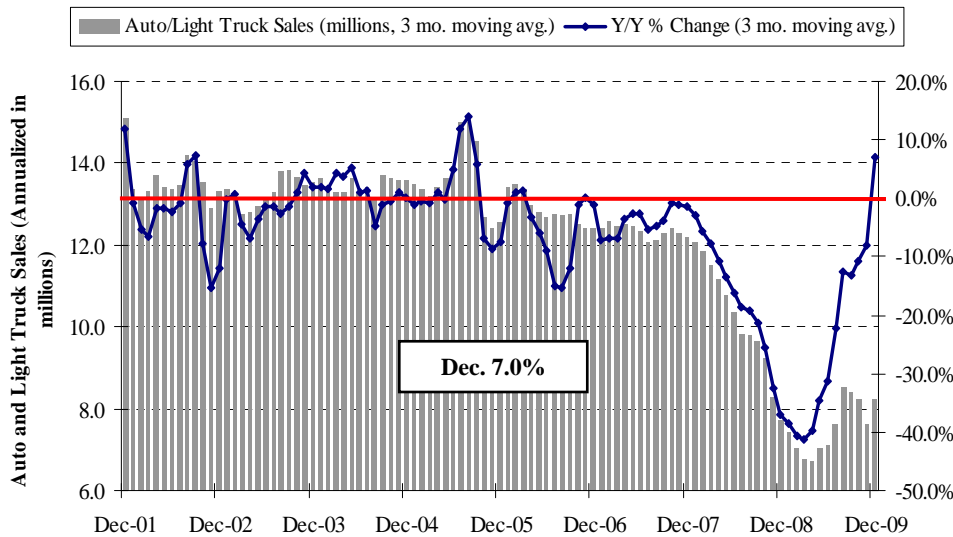
Source: S&P/Case-Shiller Home Price Indices

Auto Market Helped By Stimuli



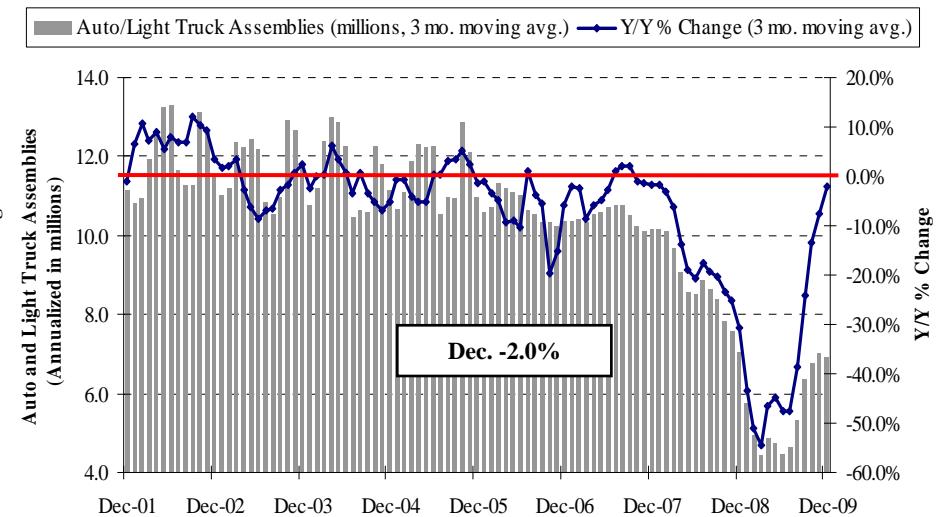
Domestic Auto Production and Sales Y/Y Comparisons Continue To Improve Despite Economic Weakness Severely Impairing Demand; Cash for Clunkers, Auto Bailouts, and Subsidized Credit Seem to be Helping, But Will Recent Positive Trend Continue or Be Short Lived?

Auto Sales Have Shown Recent Improvement Against Easy Comparisons



Fall From Peak
-45.8%

Auto and Light Truck Production Remains Slightly Below Year-ago Levels



Fall From Peak
-51.3%

Charts current through December 2009

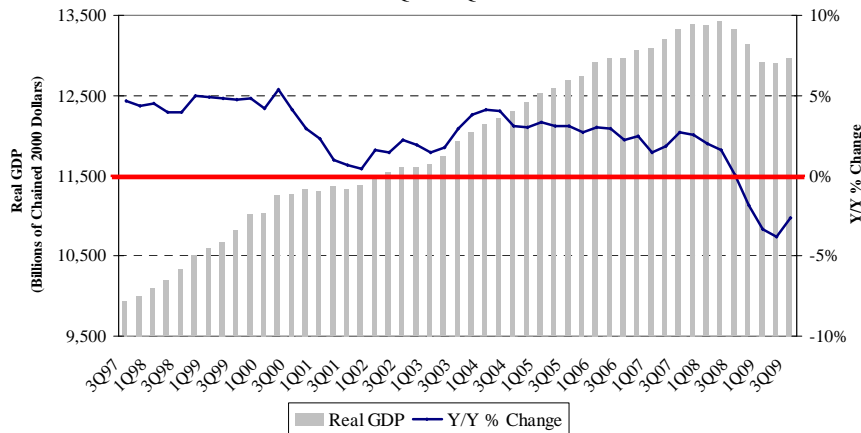
Source: Bureau of Economic Analysis, Federal Reserve Board

Real GDP Growth Remained Negative in 3Q

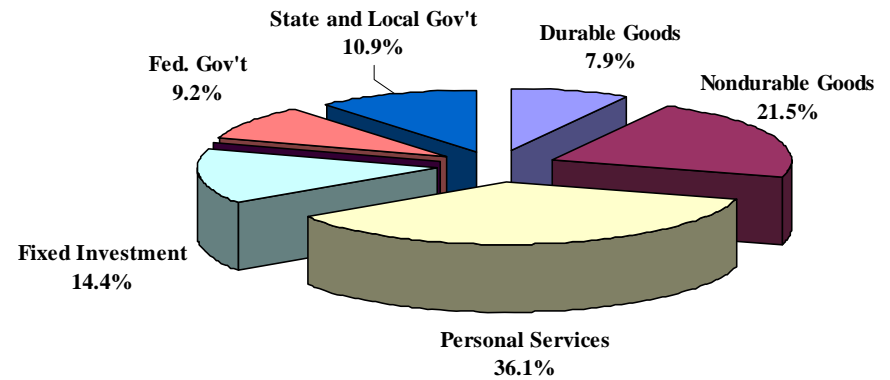


*Personal-Services-Heavy U.S. GDP Now Contracting, Y/Y, Feeling The Declines in the Freight-Generating Sectors of the Economy: Sequential GDP Growth Was Positive in 3Q09 (2.2%), at an Annualized Rate**

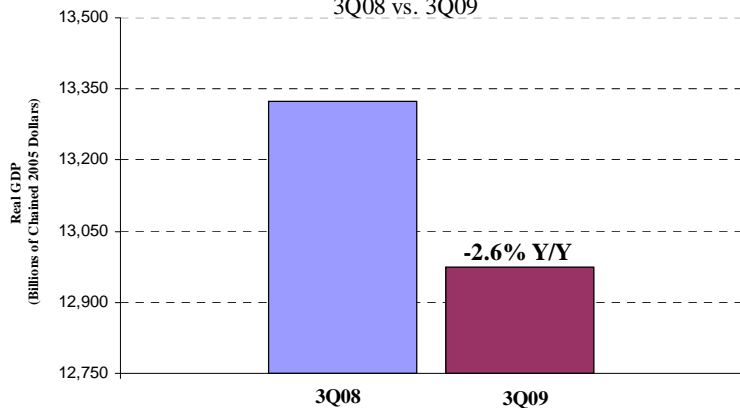
Real GDP
(Billions of Chained 2005 Dollars)
3Q97 - 3Q09



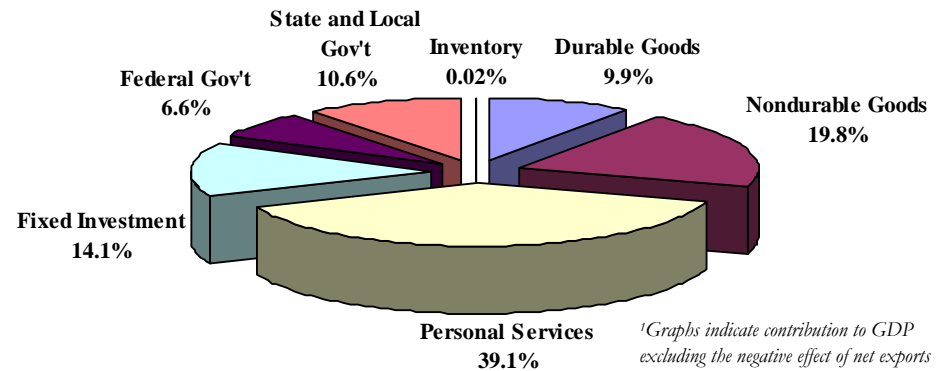
1986 GDP¹ Breakdown



Real GDP
(Billions of Chained 2005 Dollars)
3Q08 vs. 3Q09



2008 GDP¹ Breakdown



Data through 3Q09

*Annualized Q/Q % Change is the Sequential Quarter to Quarter % Change Annualized (or roughly multiplied by 4 quarters)

Source for all graphs: Bureau of Economic Analysis

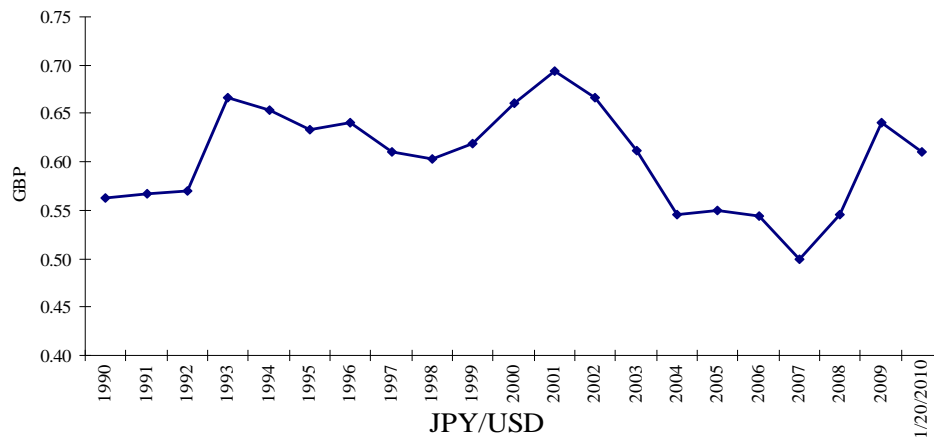
¹Graphs indicate contribution to GDP excluding the negative effect of net exports

U.S. Dollar Weakening

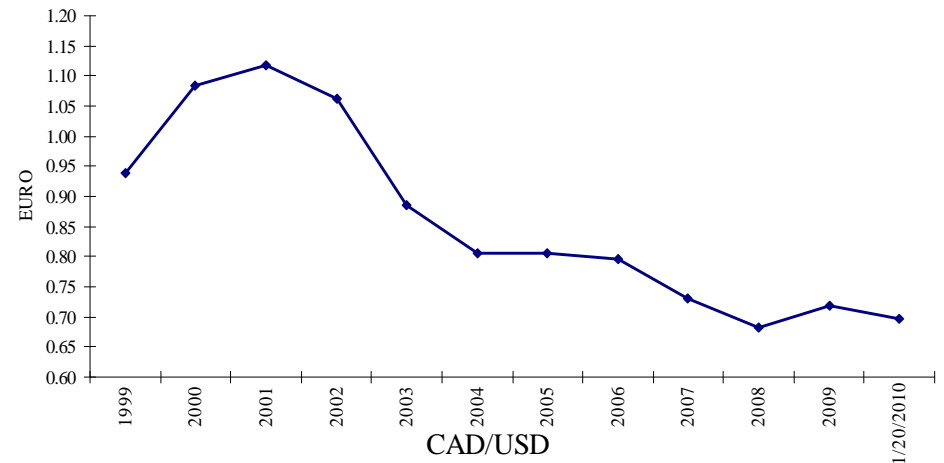


The U.S. Dollar Had Recently Strengthened Against Most Major Currencies, as Europe and Asia Discovered They Were Not Decoupled From The USA, But Now The Dollar Appears to Be Weakening Again

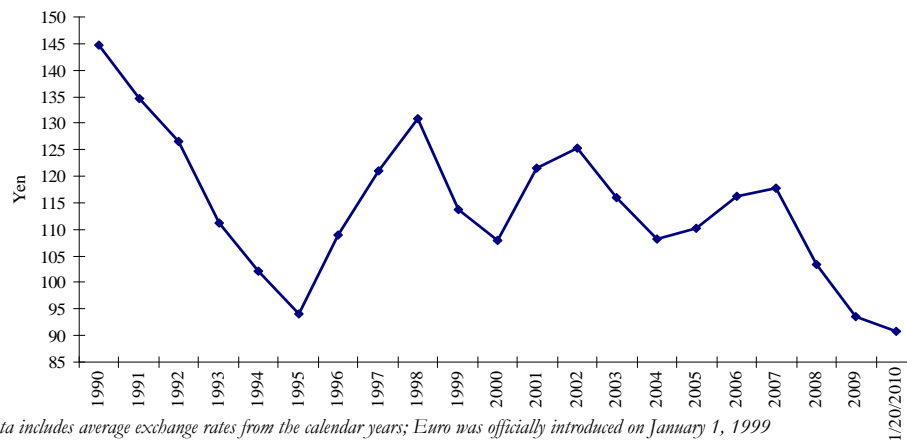
GBP/USD



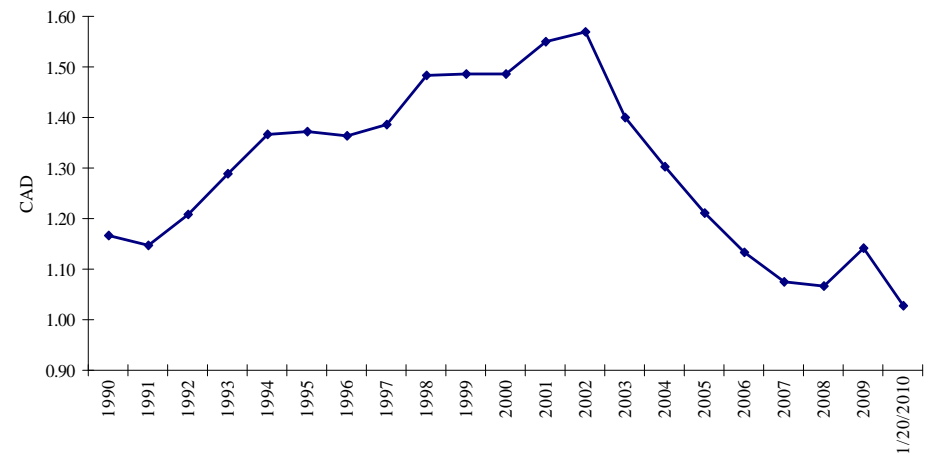
EURO/USD



JPY/USD



CAD/USD



Data includes average exchange rates from the calendar years; Euro was officially introduced on January 1, 1999

Source: Oanda

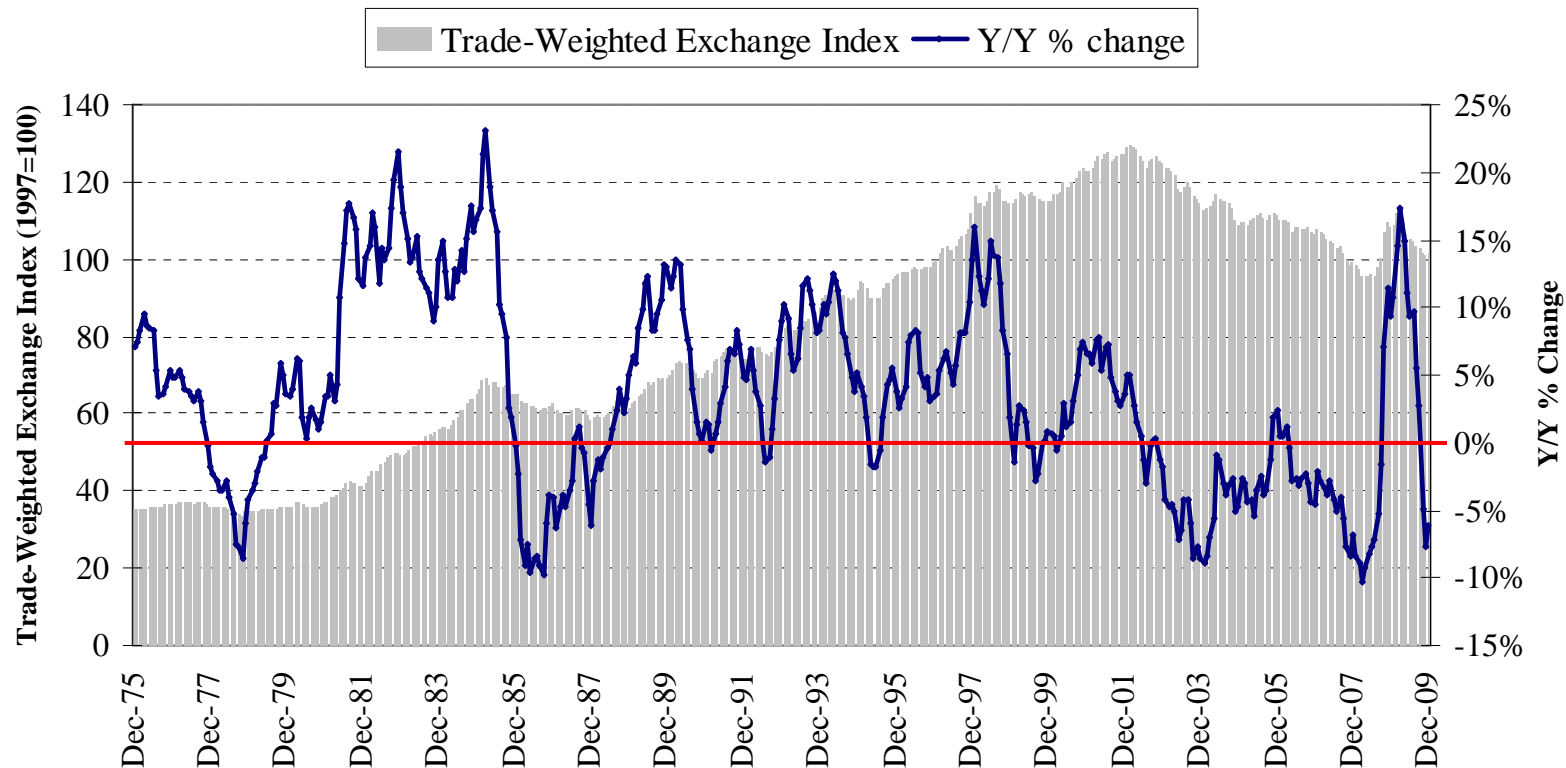
U.S. Dollar Weakening



The Dollar Appears to Be Weakening Again as Deficit Spending and Trade Imbalances Weigh Heavily on the U.S. Dollar

Trade Weighted Exchange Index

Dec. 1975- Dec. 2009



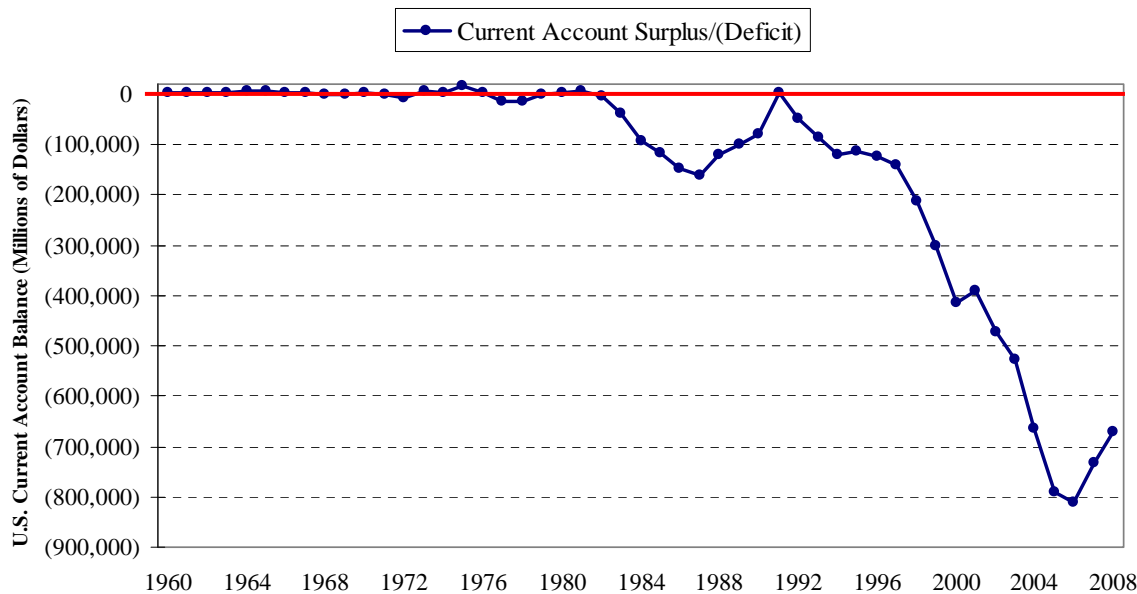
Source: Board of Governors of the Federal Reserve System

U.S. Trade Deficit Reversed Course Recently

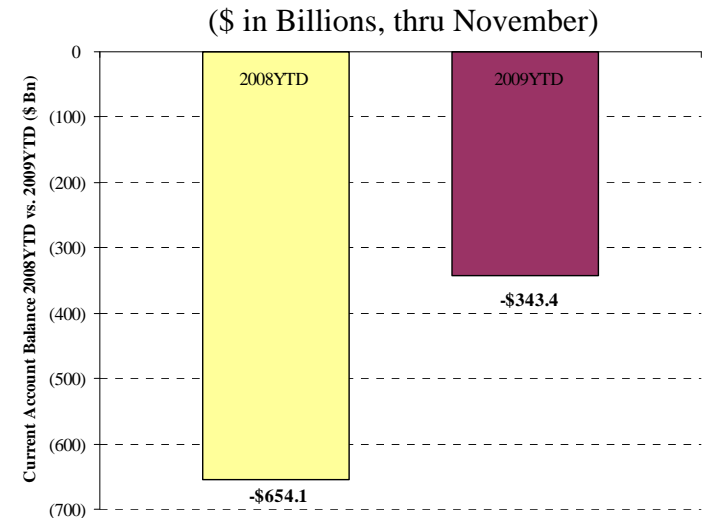


Trade Deficit has Reversed Course Recently With Weakness in Domestic Consumer Demand, the Weak U.S. Dollar, and Asia's Need for Grain and Raw Materials Rebounding

U.S. Current Account Balance (\$ in Millions)
1960 - 2008



Current Account Deficit Declined 47.5% in 2009YTD From 2008YTD



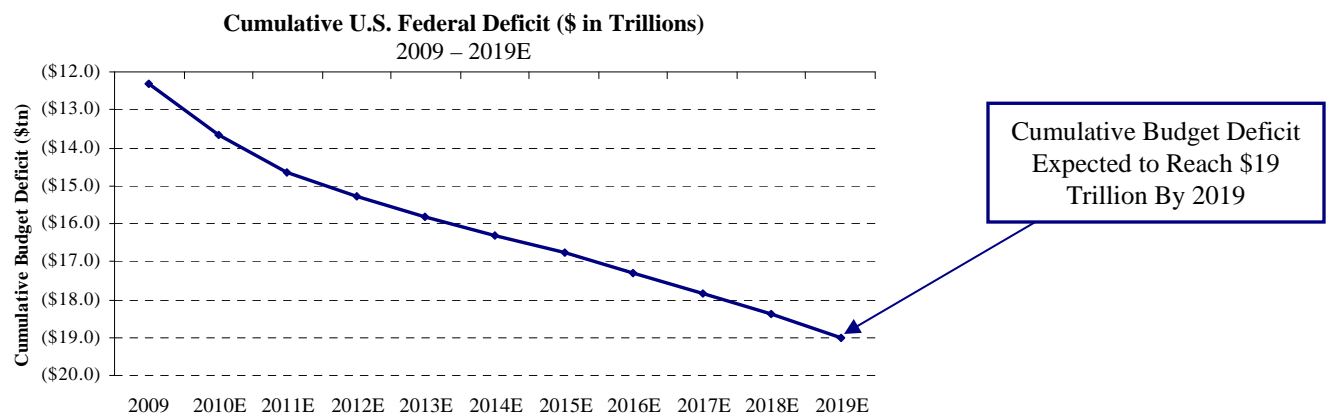
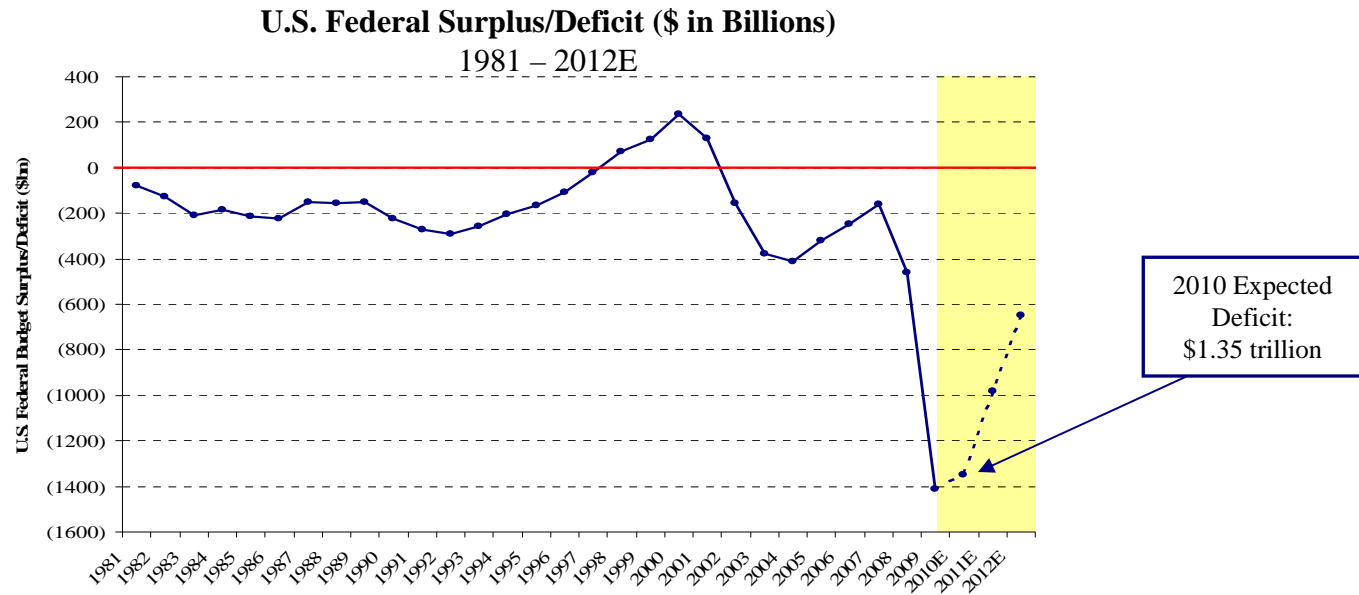
Current account balance defined as: exports of goods and services and income receipts net of imports plus net unilateral transfers

Source: Bureau of Economic Analysis

U.S. Federal Deficit Expanding



Federal Deficit Declined to \$162 Billion in FY2007, But Reported Expansion to \$459 Billion in FY2008 and \$1.4 Trillion in FY2009



Source: Bureau of Economic Analysis, Congressional Budget Office

Federal Fiscal Year ends September 30 of each year, 2009 – 2019 projections are issued by the Congressional Budget Office

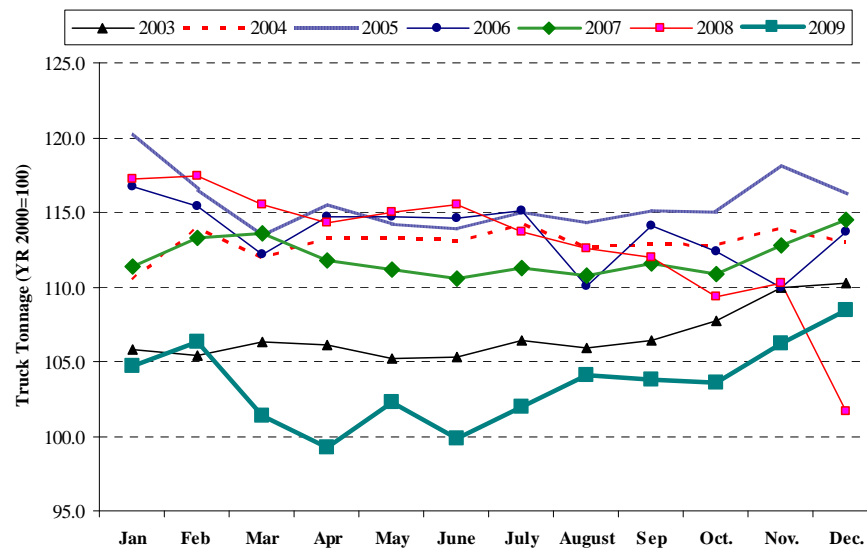
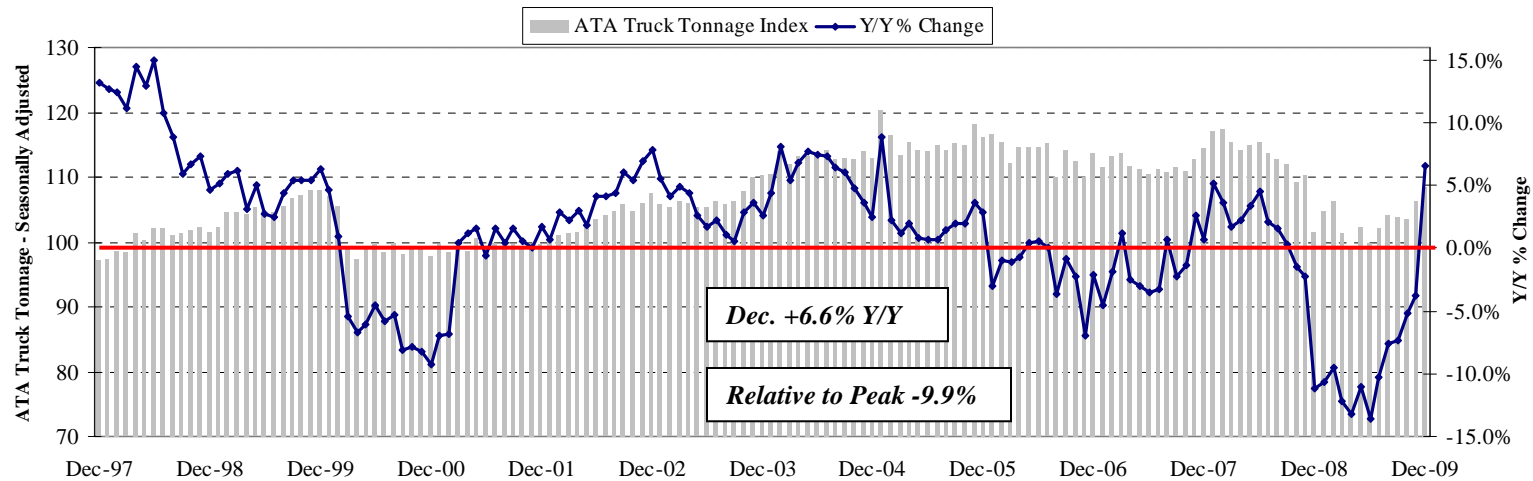


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ATA Trucking Data Suggest Modest Improvements in Freight Markets



December '09 Truck Tonnage Showed First Positive Y/Y Comparison Since September '08 and Best Y/Y Comparison Since January '05; Tonnage Data Should Not be Viewed in a Vacuum



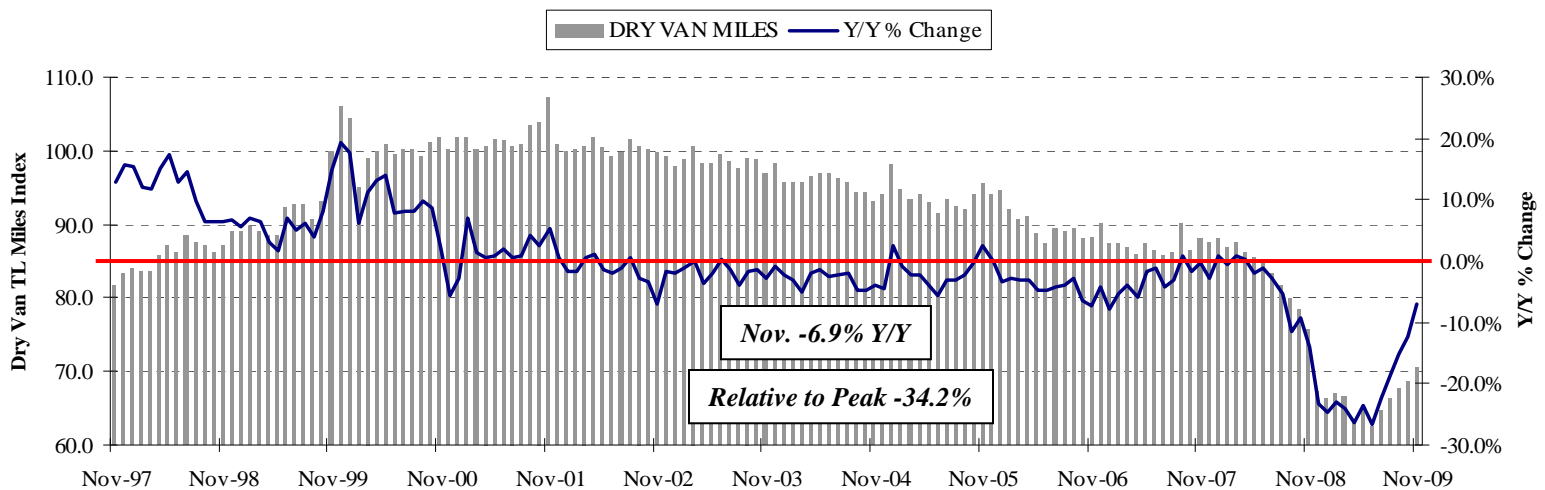
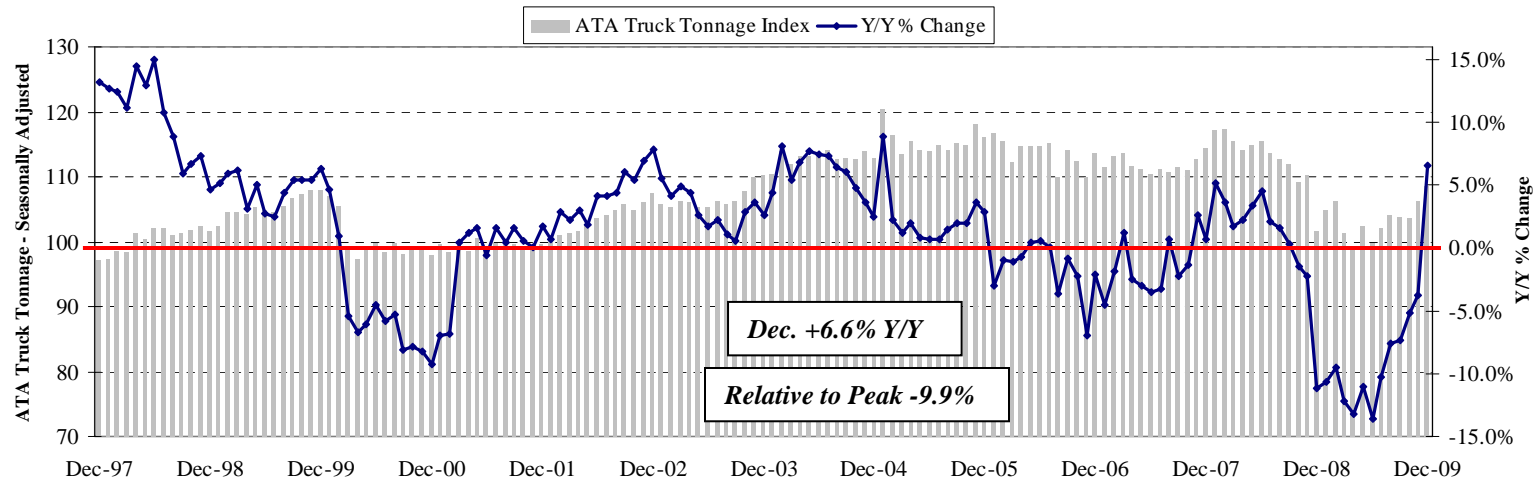
Data through December 2009

Source for all graphs: American Trucking Associations

ATA Trucking Data Suggest Modest Improvements in Freight Markets



Volumes Have Shown Some Recent Signs of Sequential Improvement

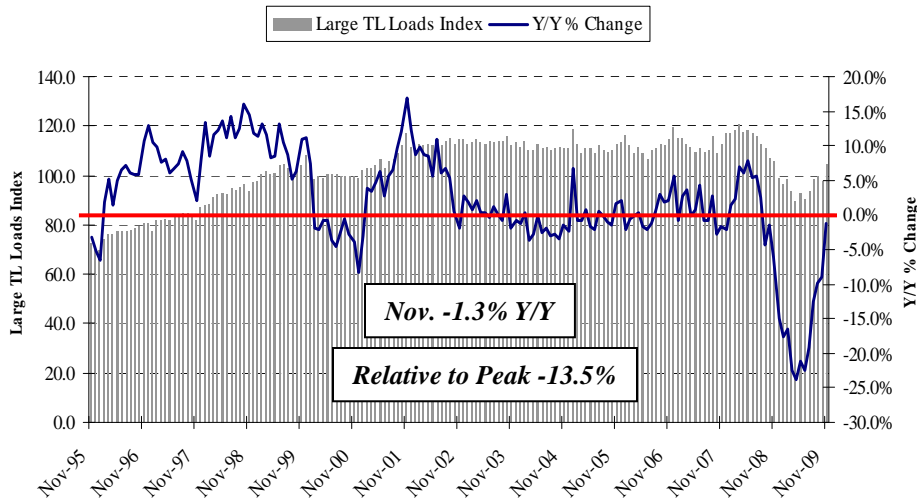


Source for all graphs: American Trucking Associations, Top Graph Current through December 2009, Bottom Graph Current through November 2009

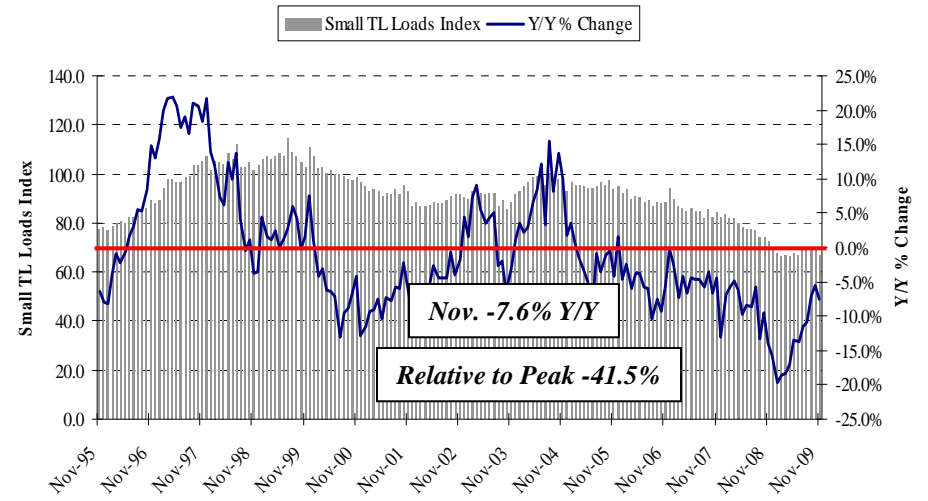
Large TL Loads Index More Favorable Than Small TL Loads Index in November



ATA Loads Index For Large Truckload Carriers



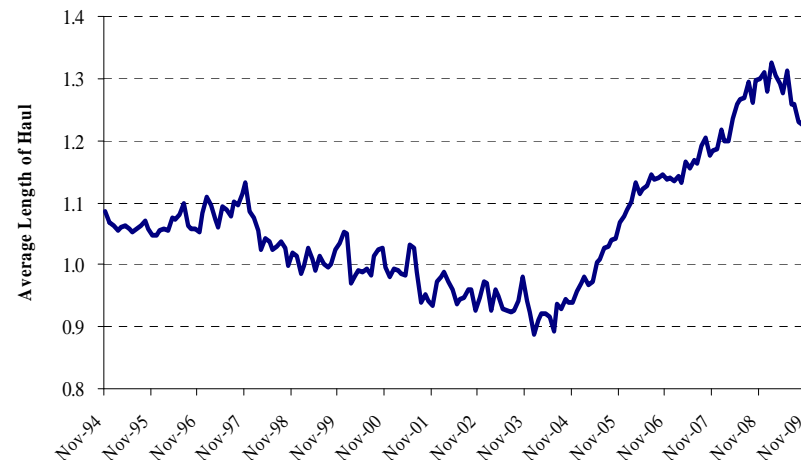
ATA Loads Index For Small Truckload Carriers



Length of Haul⁽¹⁾ for Large TL Carriers Generally Decreasing



Length of Haul⁽¹⁾ for Small TL Carriers Generally Increasing



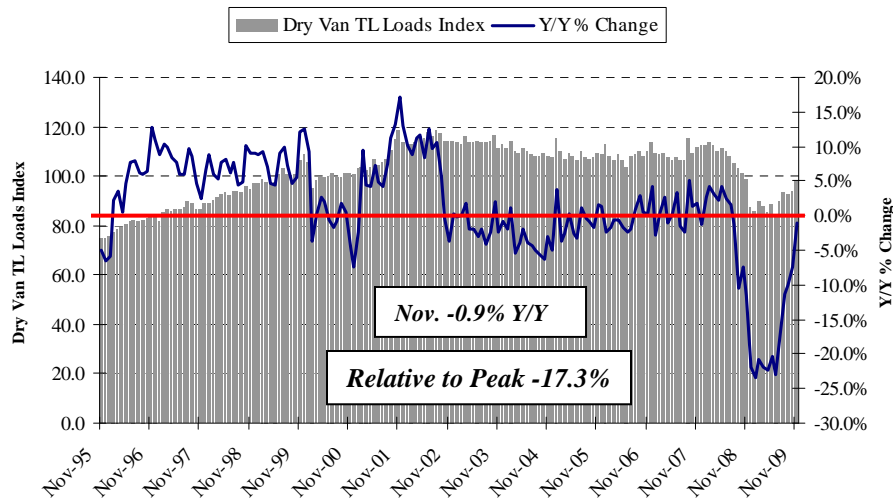
(1) Length of Haul is Miles index/Loads Index; Miles index includes empty miles, Both Indexes are Seasonally adjusted
Source for all graphs: American Trucking Associations

Large truckload fleets defined as carriers with greater than \$30 million in annual revenue
Small truckload fleets defined as carriers with less than \$30 million in annual revenue

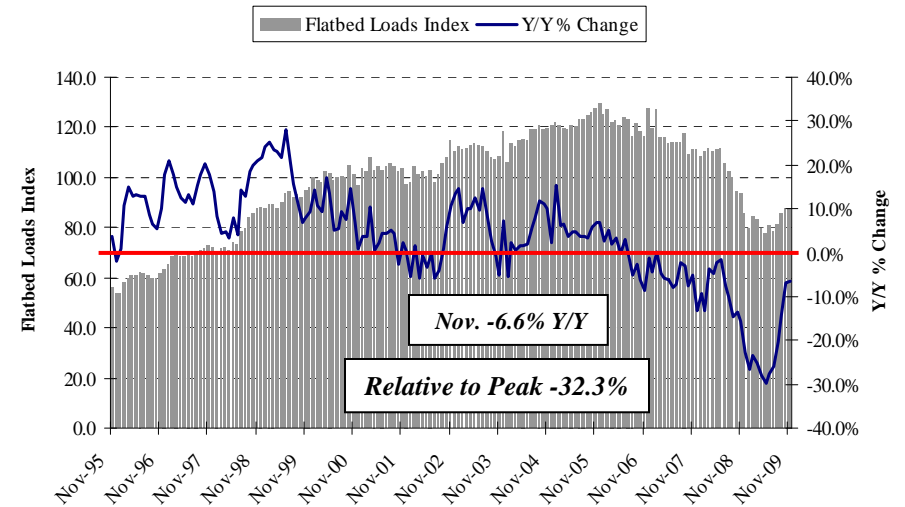
Volume Comps Improved in November



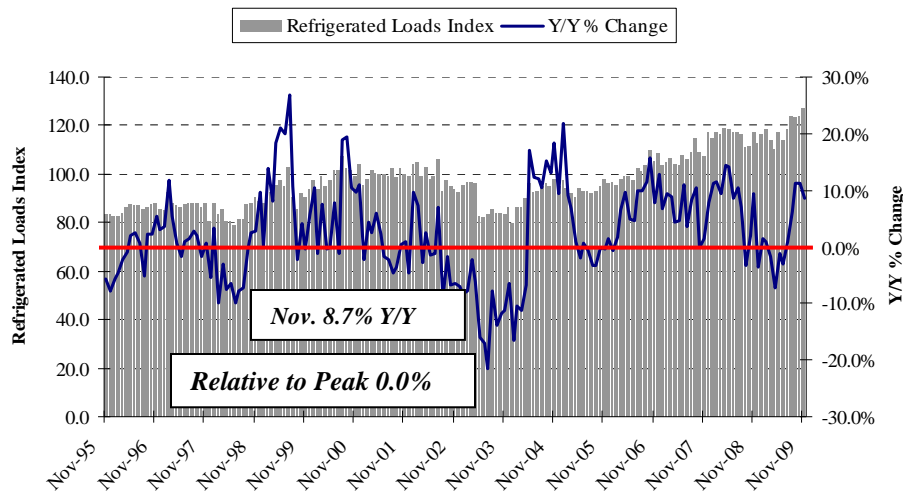
ATA Loads Index For Dry Van Truckload Carriers



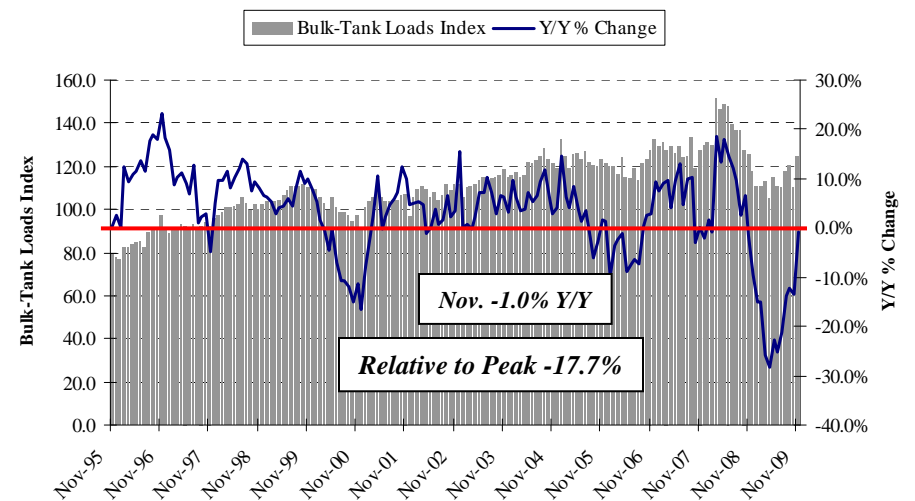
ATA Loads Index For Flatbed Carriers



ATA Loads Index For Refrigerated Carriers



ATA Loads Index For Bulk-Tank Carriers

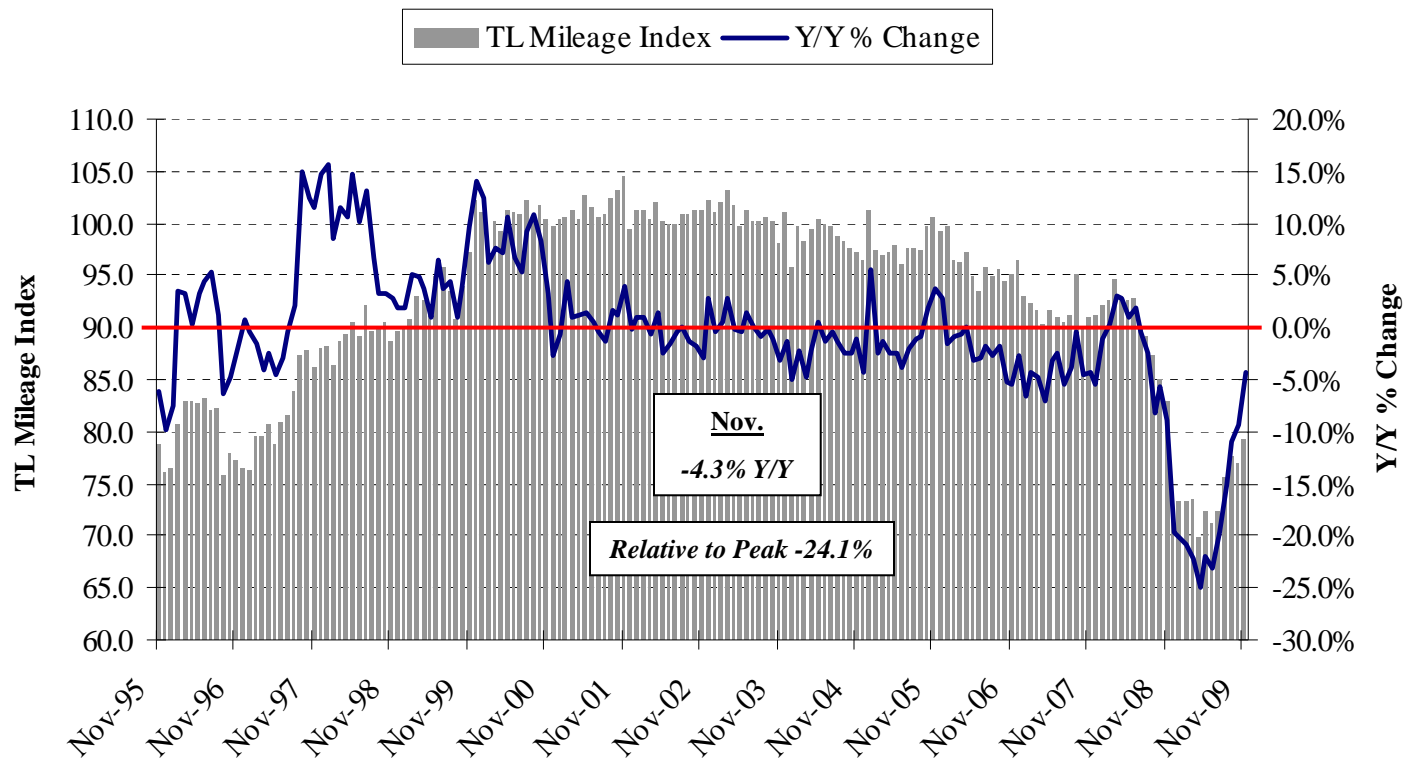


Source for all graphs: American Trucking Associations

TL Miles Index Witnessed Best Y/Y Comparison Since August '08 in November



ATA Mileage Index For All Truckload Carriers

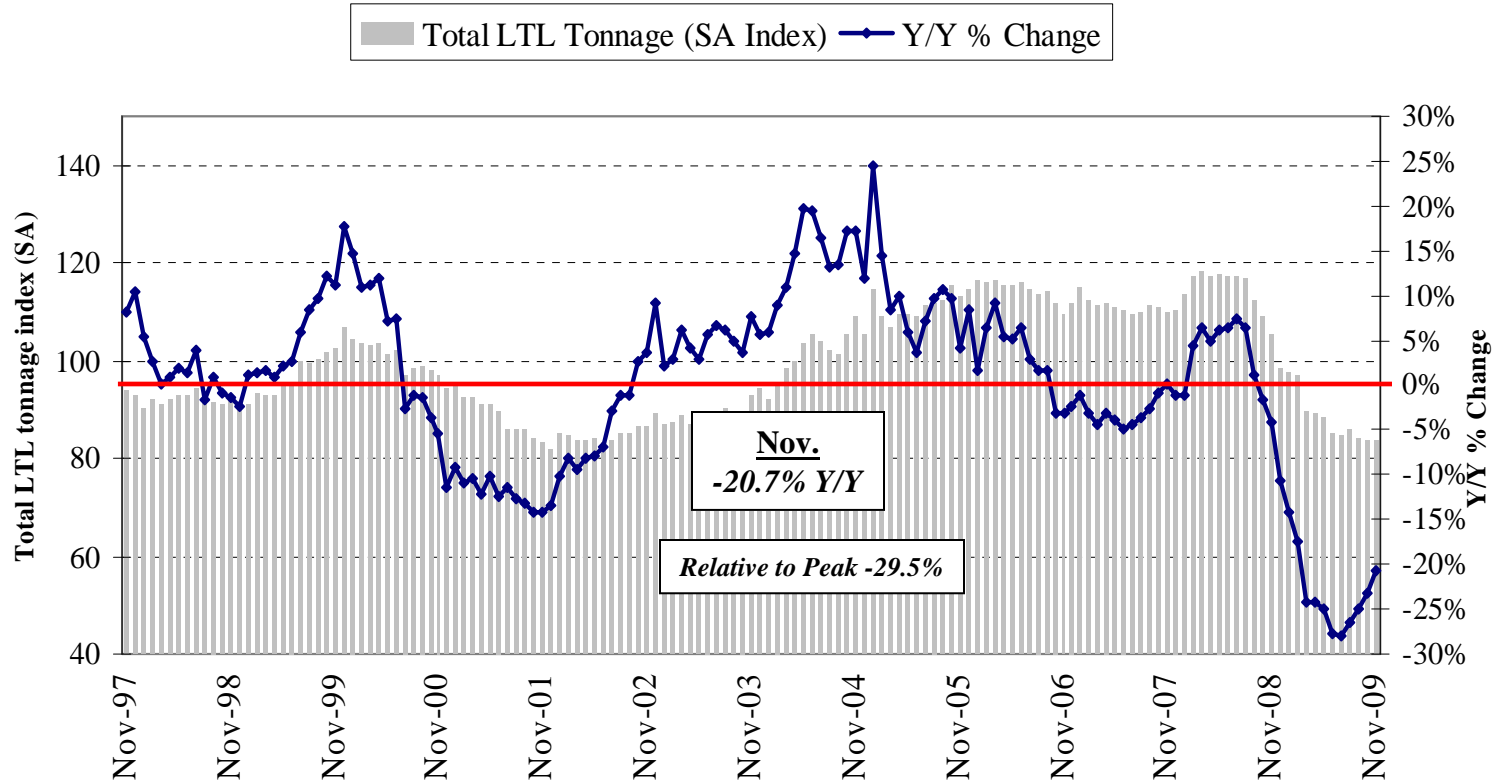


Source: American Trucking Associations

LTL Tonnage Index Has Shown Less Negative Comps From August to November



Still, LTL Comps Look Worse Than TL Comps, as Larger LTL Shipments Have Followed Attractive Rates Back Into The TL Sector



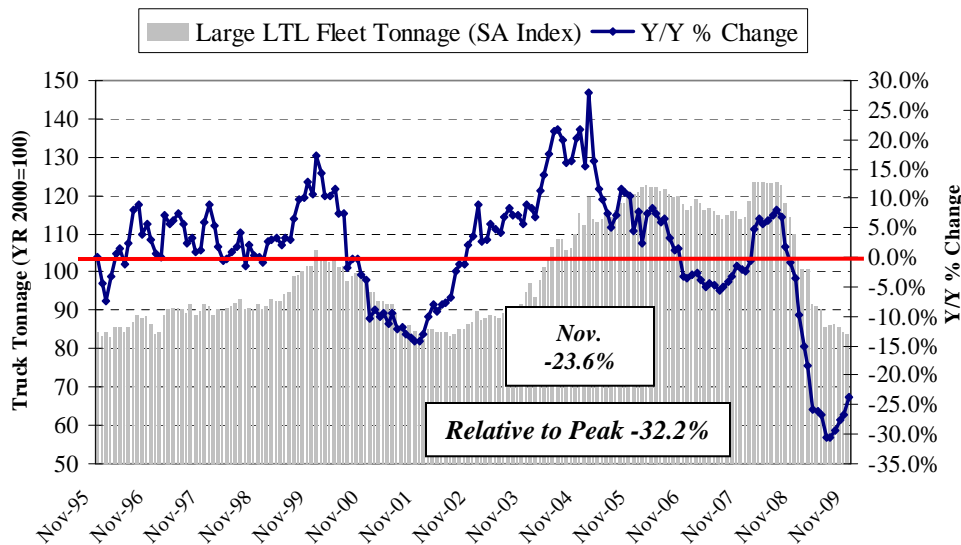
Source: American Trucking Associations

Small LTL Fleets Experienced Y/Y Growth in November

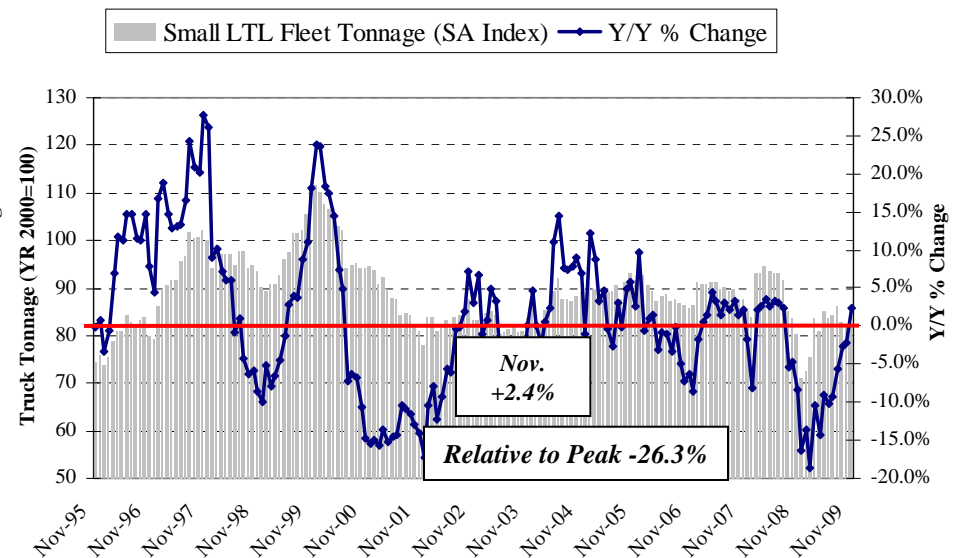


Recent Volume Data Remained Negative For Large Fleets, But Turned Positive For Small Fleets, in November

Large LTL Fleet Tonnage Showed Positive Y/Y Growth From January 2008 to September 2008, But Has Been Negative Since October 2008



Small LTL Fleet Tonnage Showed Negative Y/Y Growth From September 2008 Through October 2009, But Posted Y/Y Growth Again in November 2009



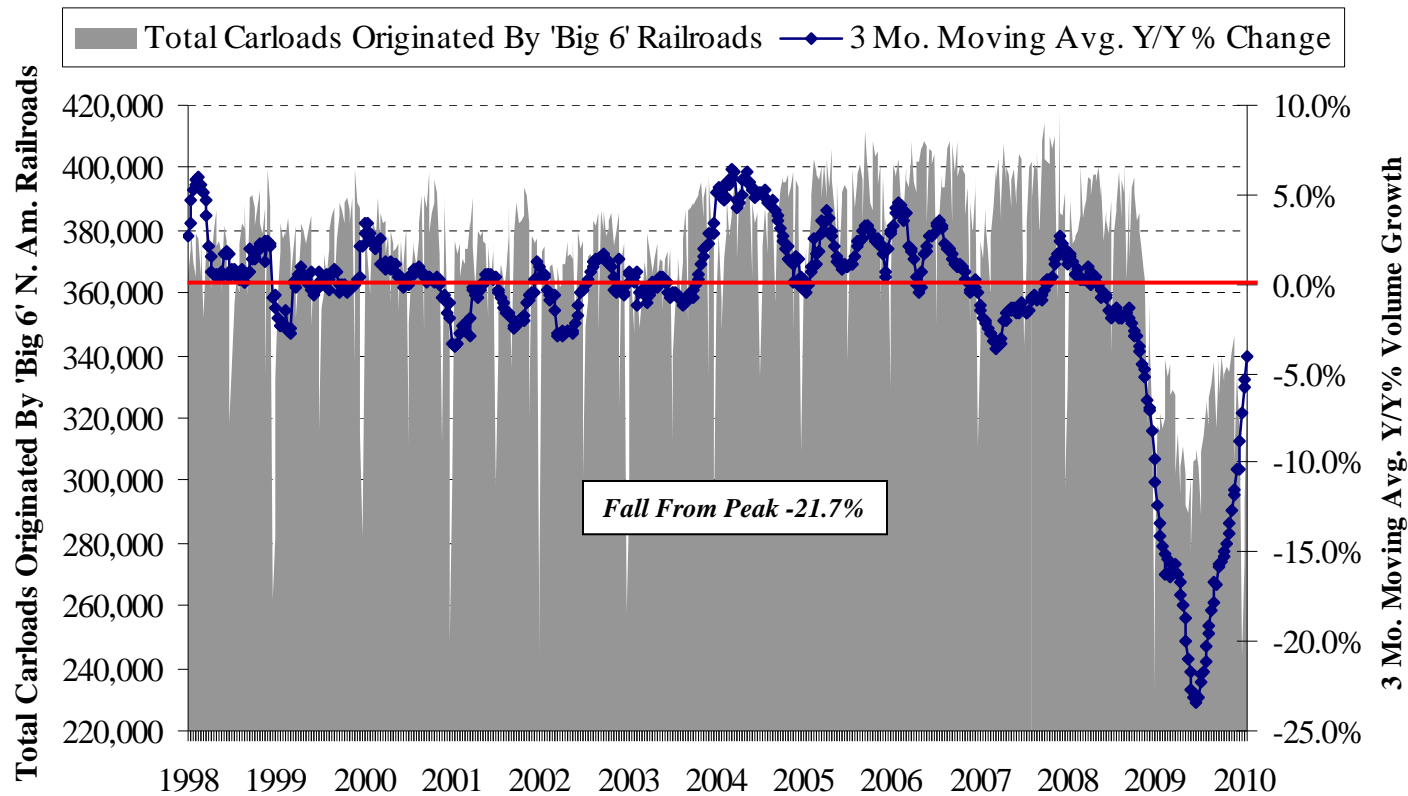
Large LTL fleets defined as those earning greater than \$300 million in annual revenue
Small LTL fleets defined as those earning less than \$300 million in annual revenue

Source: American Trucking Associations

Rail Data Comparisons Continue to Trend Less Negative



Rail Carload¹ Origination Comparisons Becoming Less Negative in Recent Weeks; At What Point Has Inventory Coal De-Stocking Run Its Course?



¹Carloads exclude intermodal

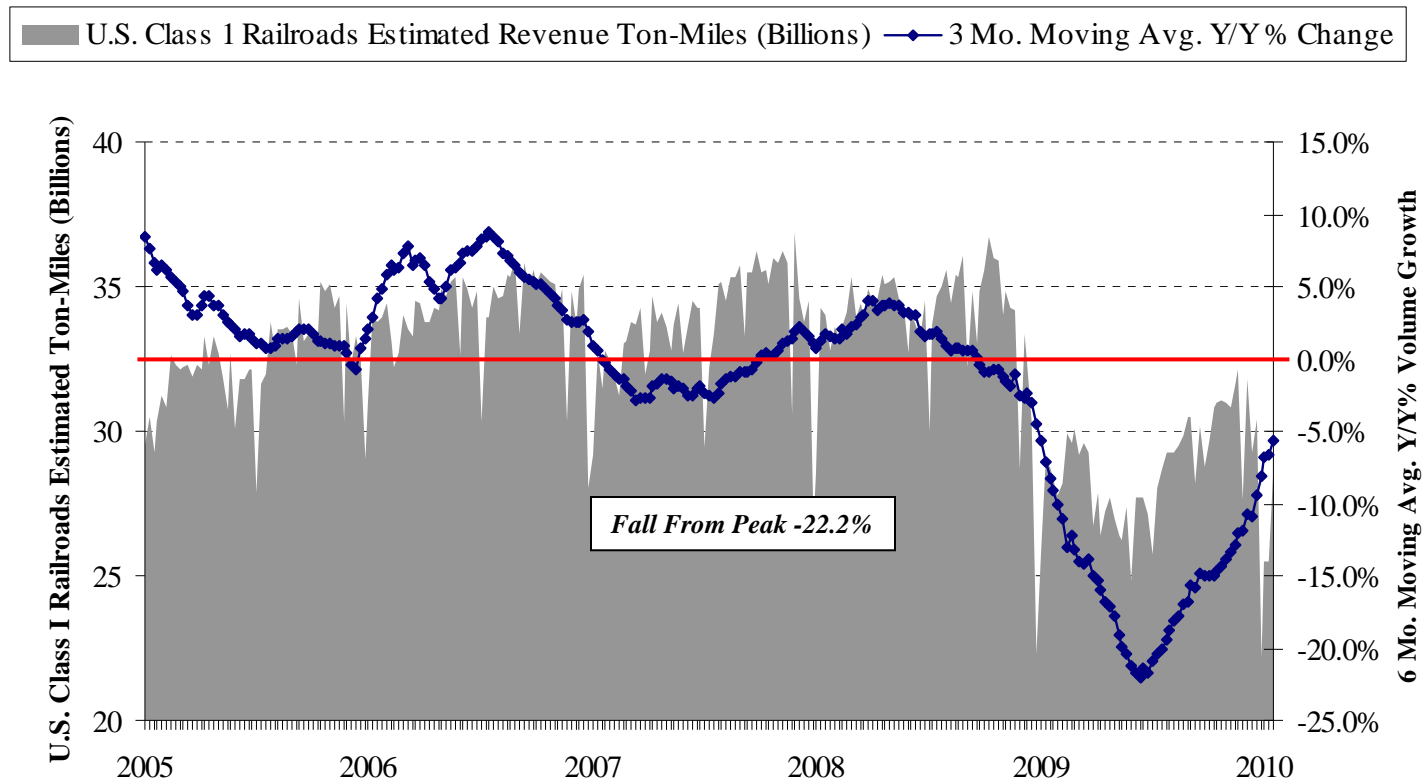
Data through January 16, 2010

Source: Association of American Railroads

Rail Data Comparisons Continue to Trend Less Negative



Rail Revenue Ton-Mile Comparisons have been Slightly Less Negative than Carload Comparisons due to Growth in Longer Haul and Heavier Commodities as Well as Higher Capacity Freight Cars



Data through January 16, 2010

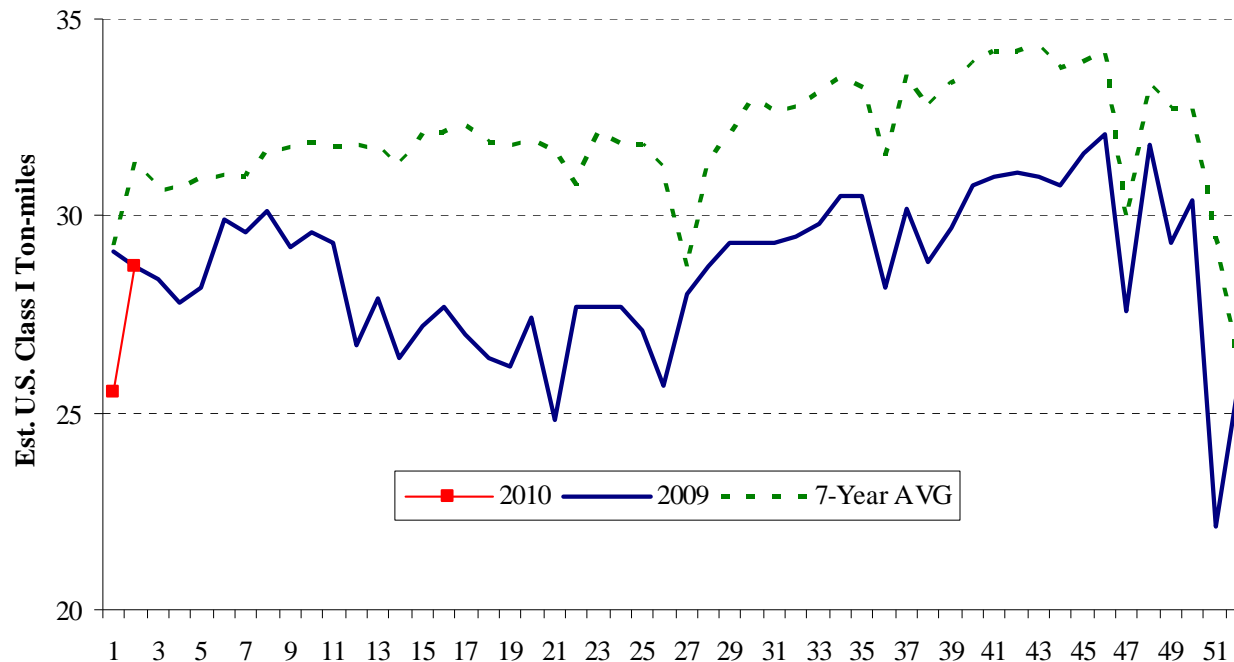
Source: Association of American Railroads

Rail Ton-Miles' Seasonal Improvement From 1H09 to 2H09 Slightly Better Than Average



2009 Class I Estimated Ton-Miles Showed Normal Seasonal Improvement in 2H09 as Plants Came Back Online; However, On An Absolute Basis, Ton-Miles Still Remained Below Seven Year Average

**U.S. Est. Class I Ton-miles Flat Y/Y in Week 2;
Remain Below Historical Average (2003-2009)**

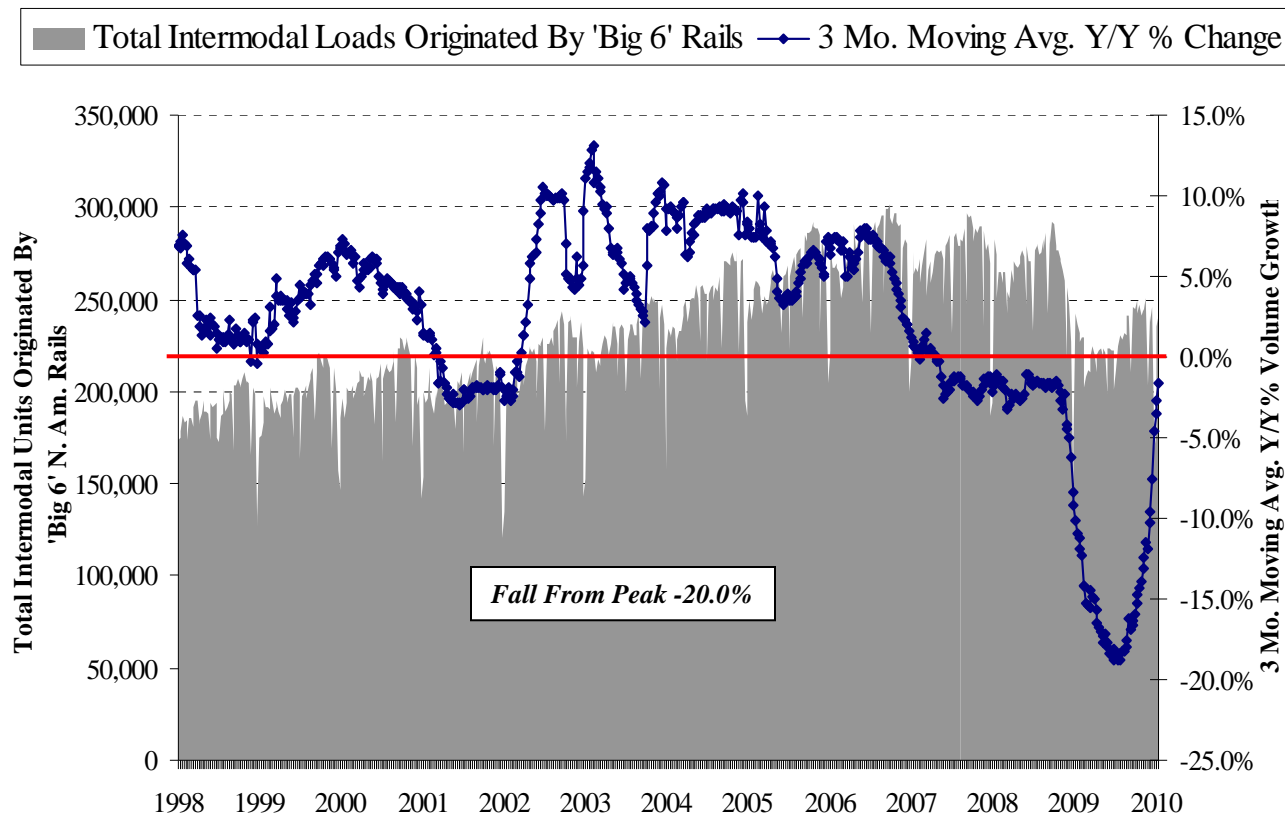


Source: Association of American Railroads

Rail Data Comparisons Continue to Trend Less Negative



Intermodal Volumes Have Been Slow to Rebound, Due Primarily to Slower Consumer Spending, All-Water Service to East Coast Ports, and More Competitive Truck Pricing; Recent Data Suggests Additional Weakness



Data through January 16, 2010

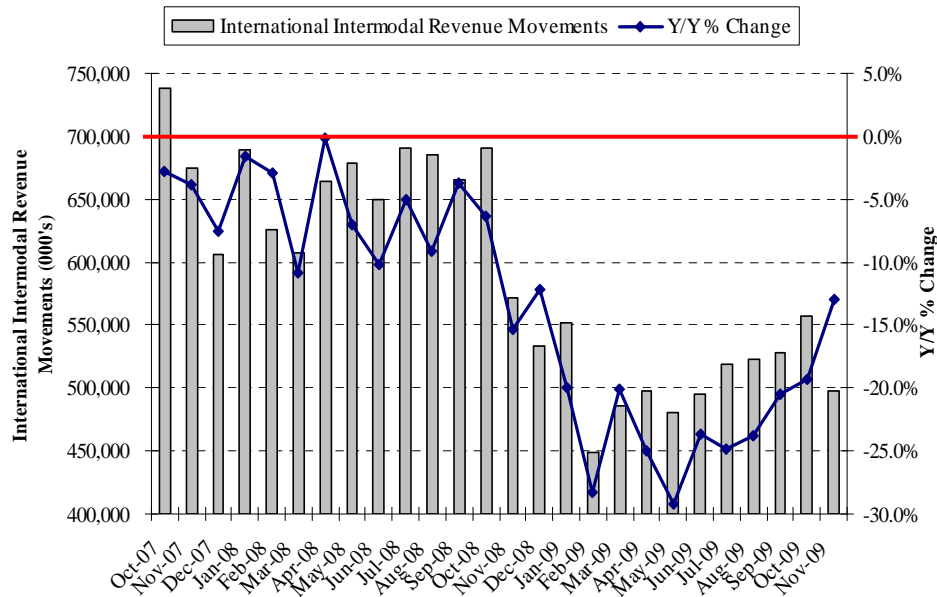
Source: Association of American Railroads

Domestic Intermodal Holding Up Far Better Than International Intermodal

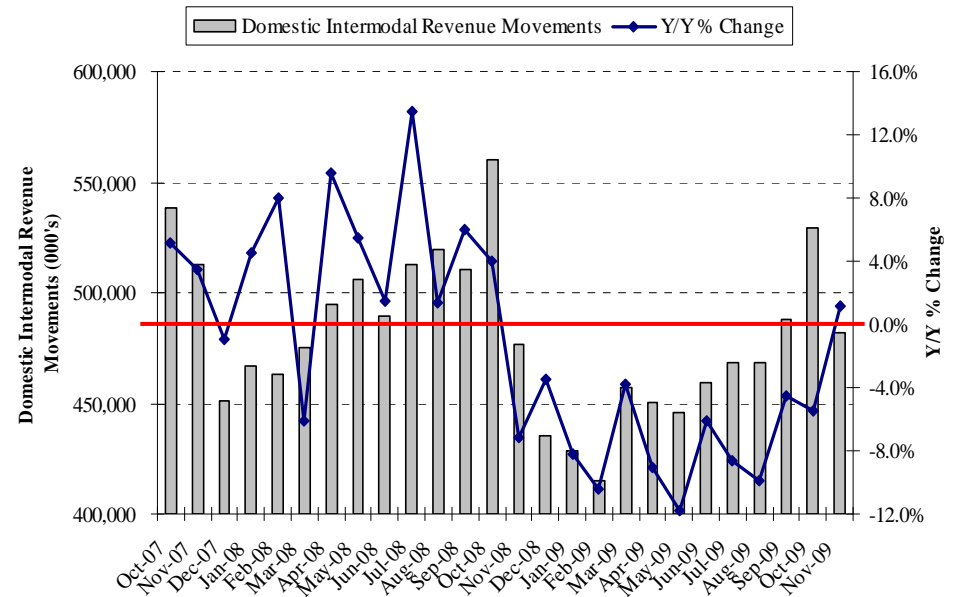


Truck/Rail Partnerships Driving Much of the Domestic Intermodal Growth

North American Intermodal Loadings

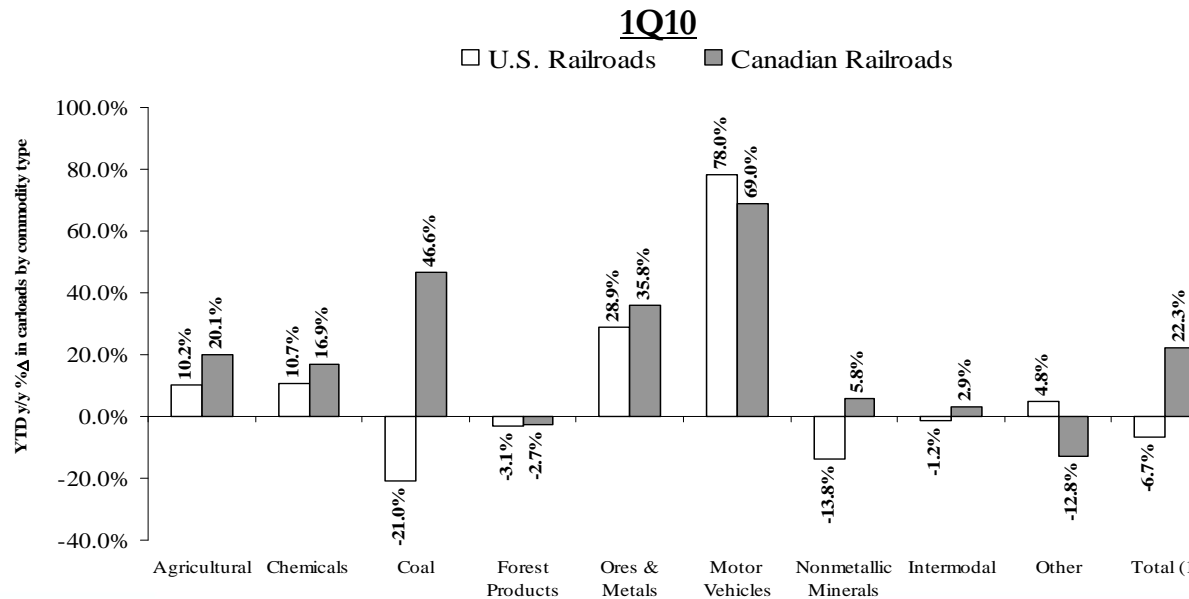
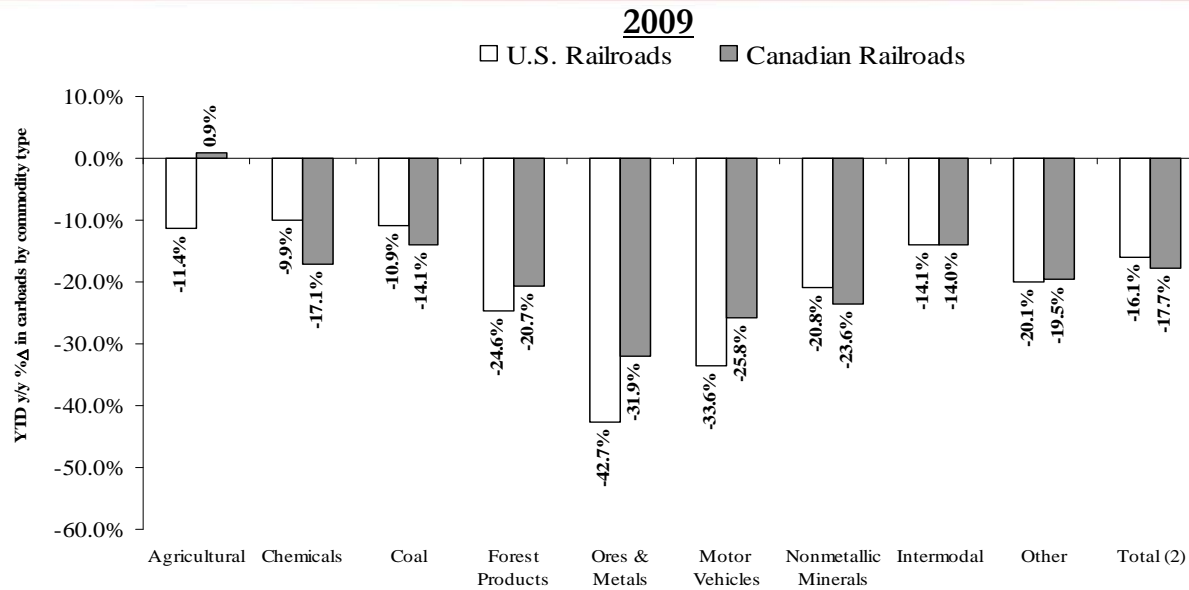


North American Intermodal Loadings



Source for both graphs: Gross Transportation Consulting, FTR Associates

Rail Volumes Declined Sharply in '09; 1Q10 QTD Volumes Improving as Comps Ease

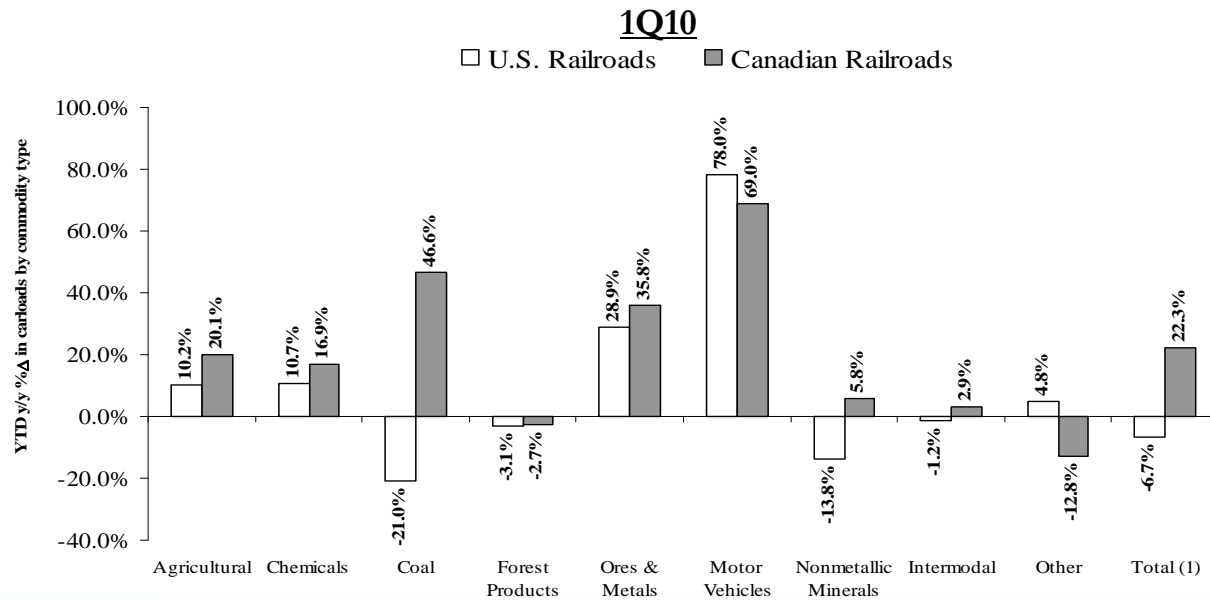
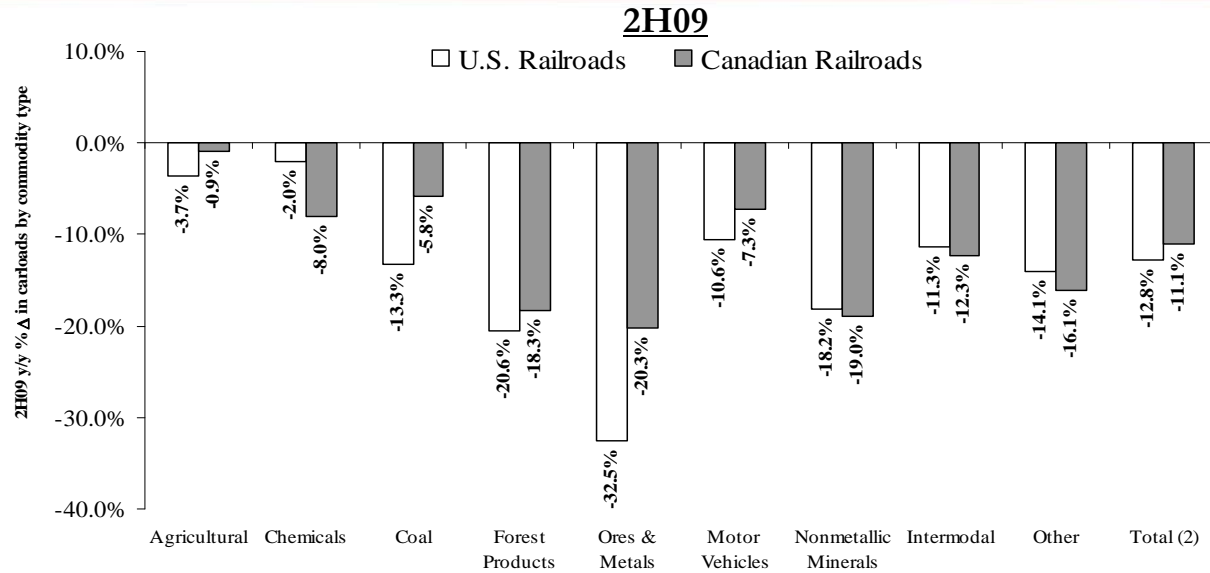


¹Total carloads excludes intermodal
Carloads are originations 1Q-to-date through January 16, 2010

²Total carloads excludes intermodal
Carloads are originations through 2009

Source: Association of American Railroads

Rail Volumes Declined Less Sharply in the 2H09 But Remained Weak Vs. 1Q10 QTD



¹Total carloads excludes intermodal
Carloads are originations 1Q-to-date through January 16, 2010

²Total carloads excludes intermodal
Carloads are originations for 2H09

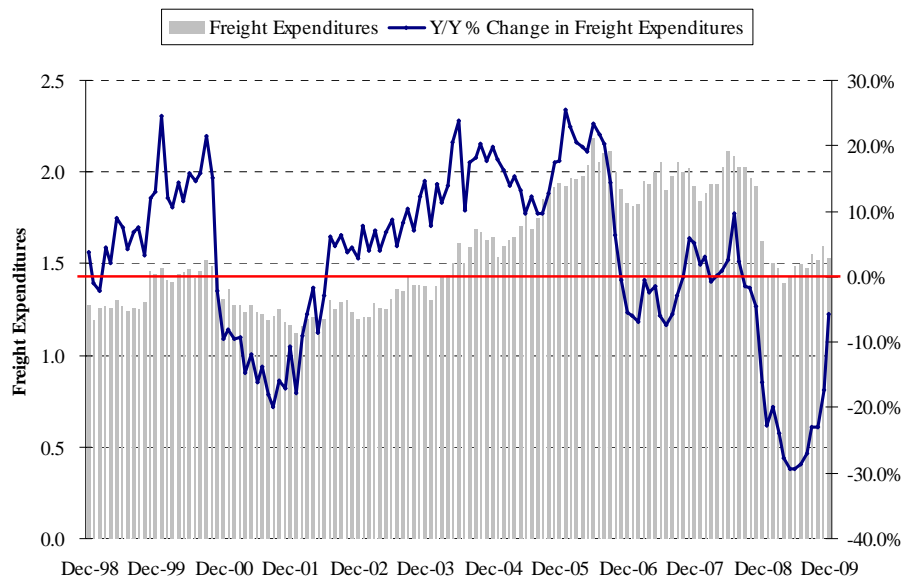
Source: Association of American Railroads

Cass Freight Indices Show Improving Y/Y Comparisons

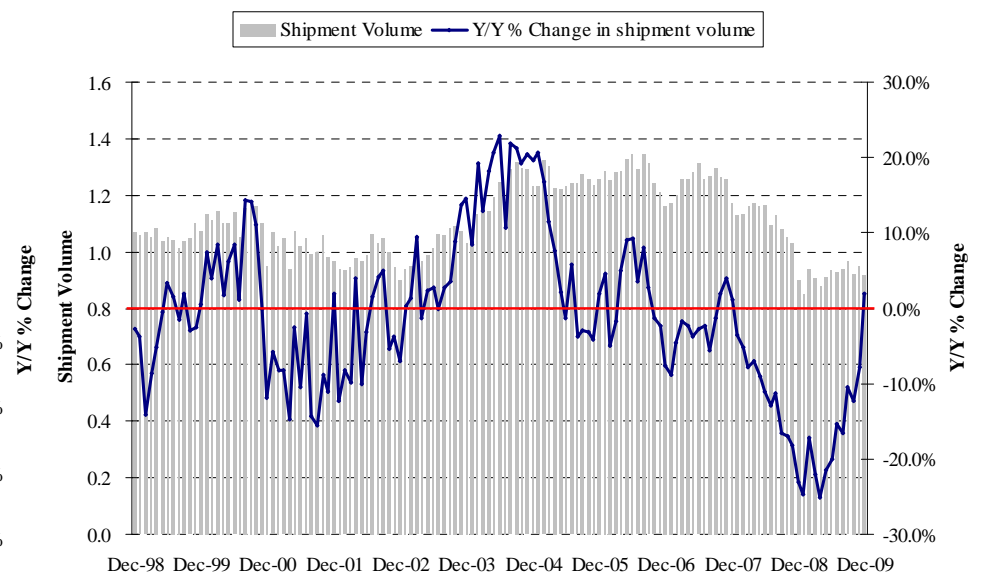


Cass Index for Freight Expenditures Declined 5.6% Y/Y in December While Shipment Volume Index Improved 1.9% Y/Y

Freight Expenditures (Dec. 1998 - Dec. 2009)



Shipment Volumes (Dec. 1998 - Dec. 2009)



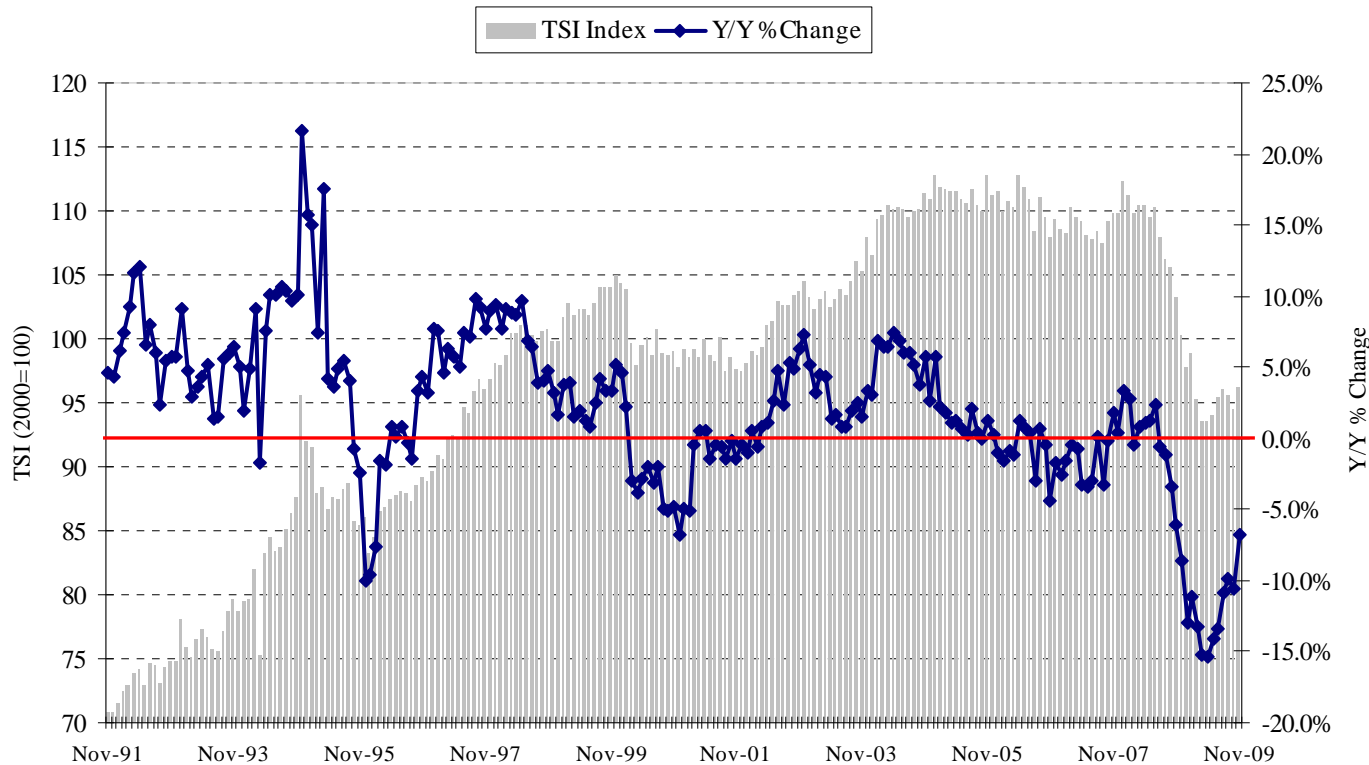
Source: Cass Information Systems, Inc.

Freight TSI Hits Lowest November Level Since 1996



The Freight Transportation Services Index Declined 6.8% Y/Y in November; On An Absolute Basis, November TSI Was The Lowest For November Since November 1996

Freight TSI Declined 6.8% Y/Y in November



Data through November 2009

Source: Bureau of Transportation Statistics

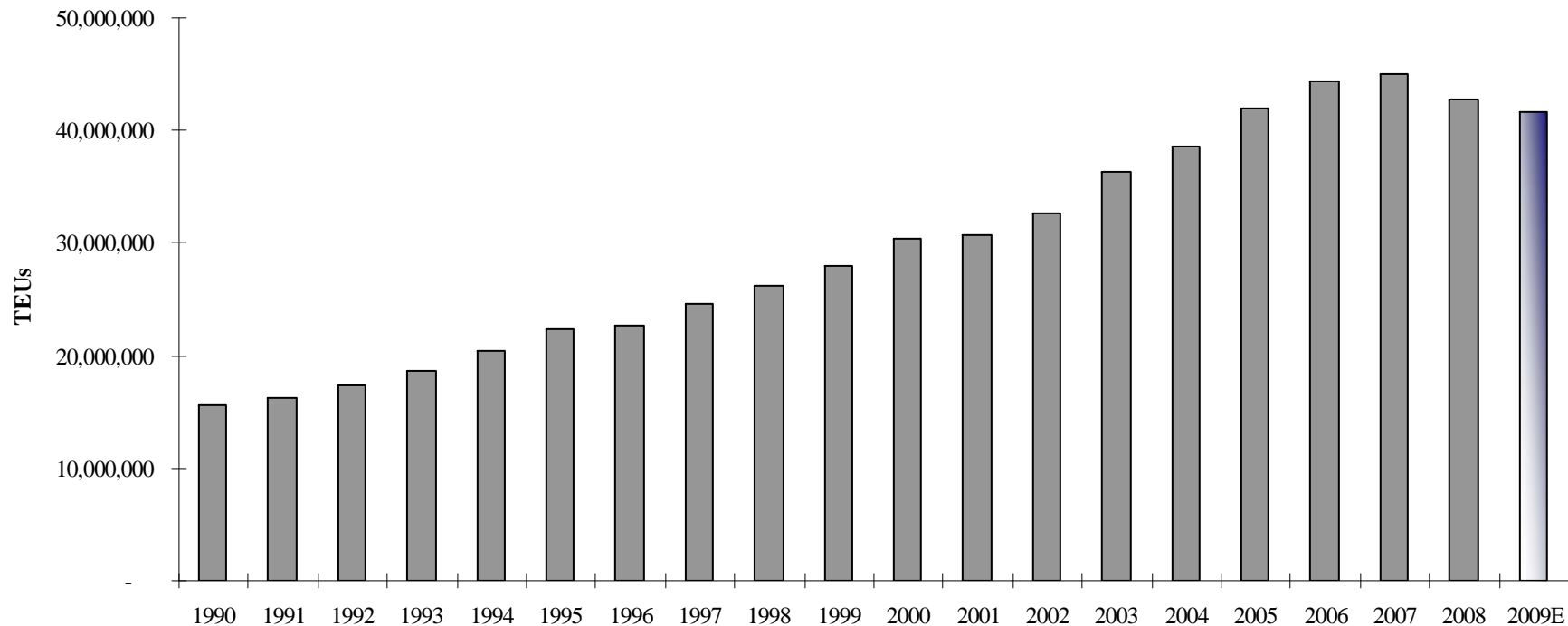
Container Volumes Down for Second Year in a Row in 2009



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For First Time Since 1990, Container Volume at Ports Declined in 2008, Despite Robust Growth in 1H08 Export Traffic; 2009 Was Second Down Year in a Row

Total U.S. Container Traffic

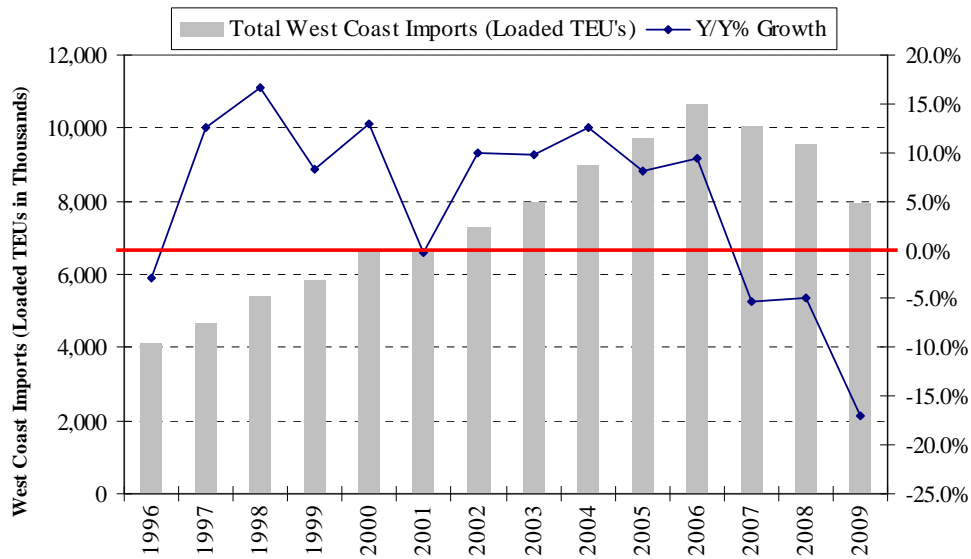


Source: American Association of Port Authorities, TTX, and Stifel Nicolaus estimates

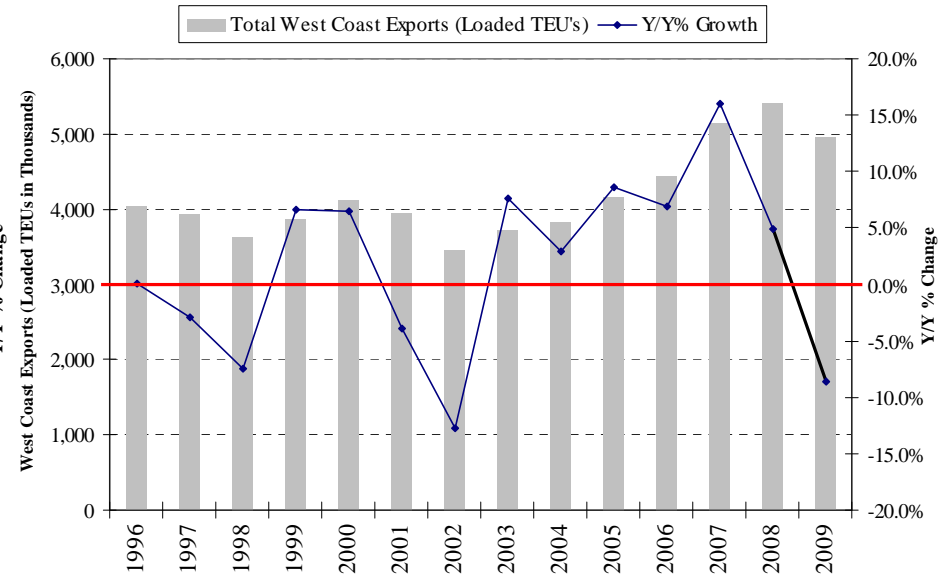
Container Volumes at Western U.S. Ports Have Been Weakening Since Mid-2006



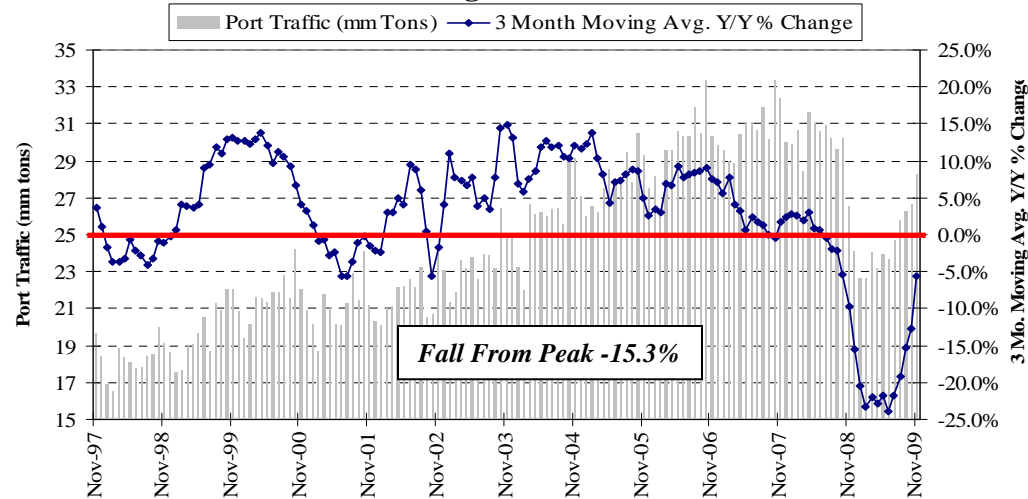
Imports to The West Coast Continued to Fall in 2009, Contracting 17.1% Y/Y



Exports From the West Coast Had Steadily Grown Since 2002; 2009 Exports Declined 8.5% Y/Y



West Coast Port Tonnage Declined 5.6% in November



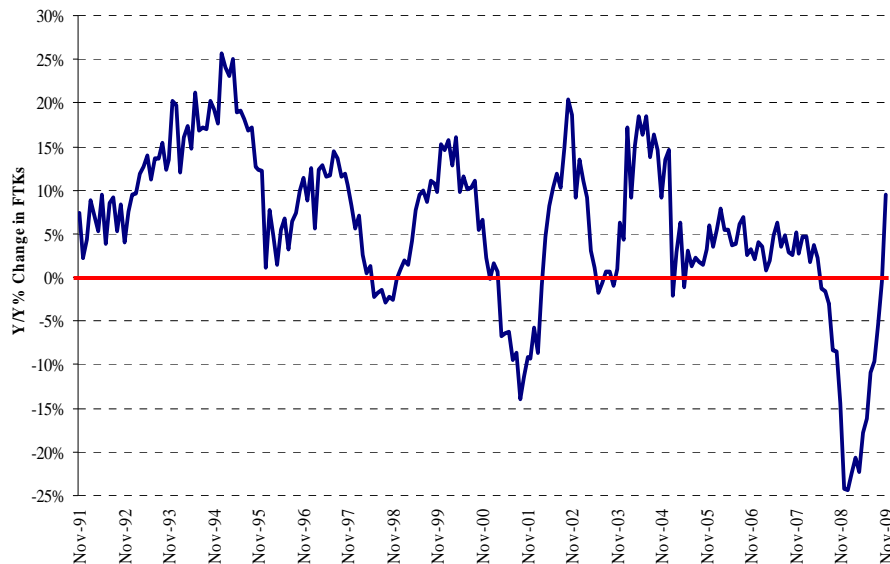
Source: Top Two Graphs: American Association of Port Authorities, Individual Port Data, Stifel Nicolaus Estimates, Bottom Graph: Pacific Maritime Association

Surge of Air Cargo in 4Q09 Due to Lean Inventories and Stock-Out Risk



Recent Air Cargo Data Shows Volume Comps Have Turned Positive in November; Still Some Longer-term Share Shift to Ocean and Ground; Fuel Intensity of Airfreight an Issue; Will Volumes Remain Strong After Chinese New Year?

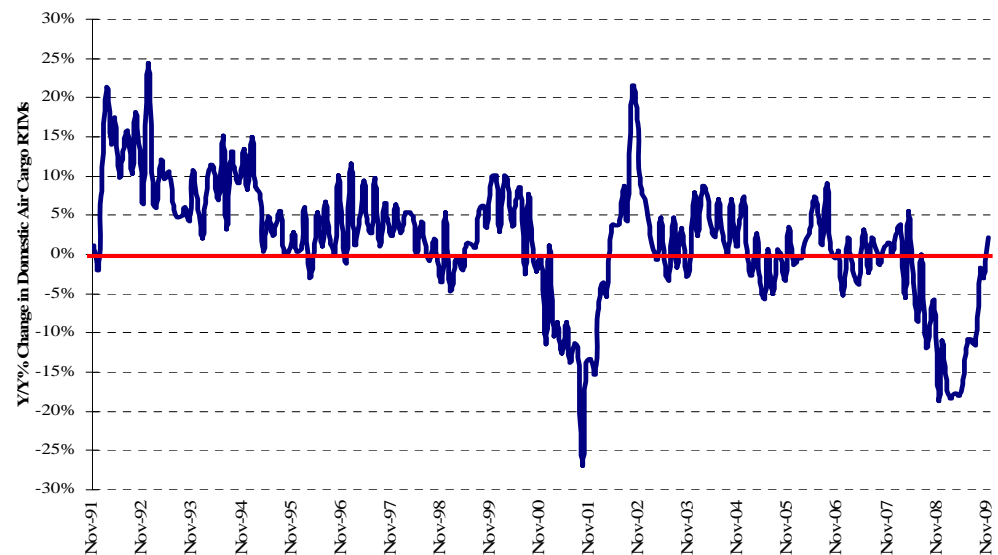
Int'l Air Cargo Volume Growth Appears To Have Bottomed As Comps Have Gotten Easier



Data through November 2009

Source: International Air Transport Association

Domestic Air Cargo Volumes Have Showed Negative Y/Y% Growth Since August 2008



Data through November 2009

Source: Air Transport Association

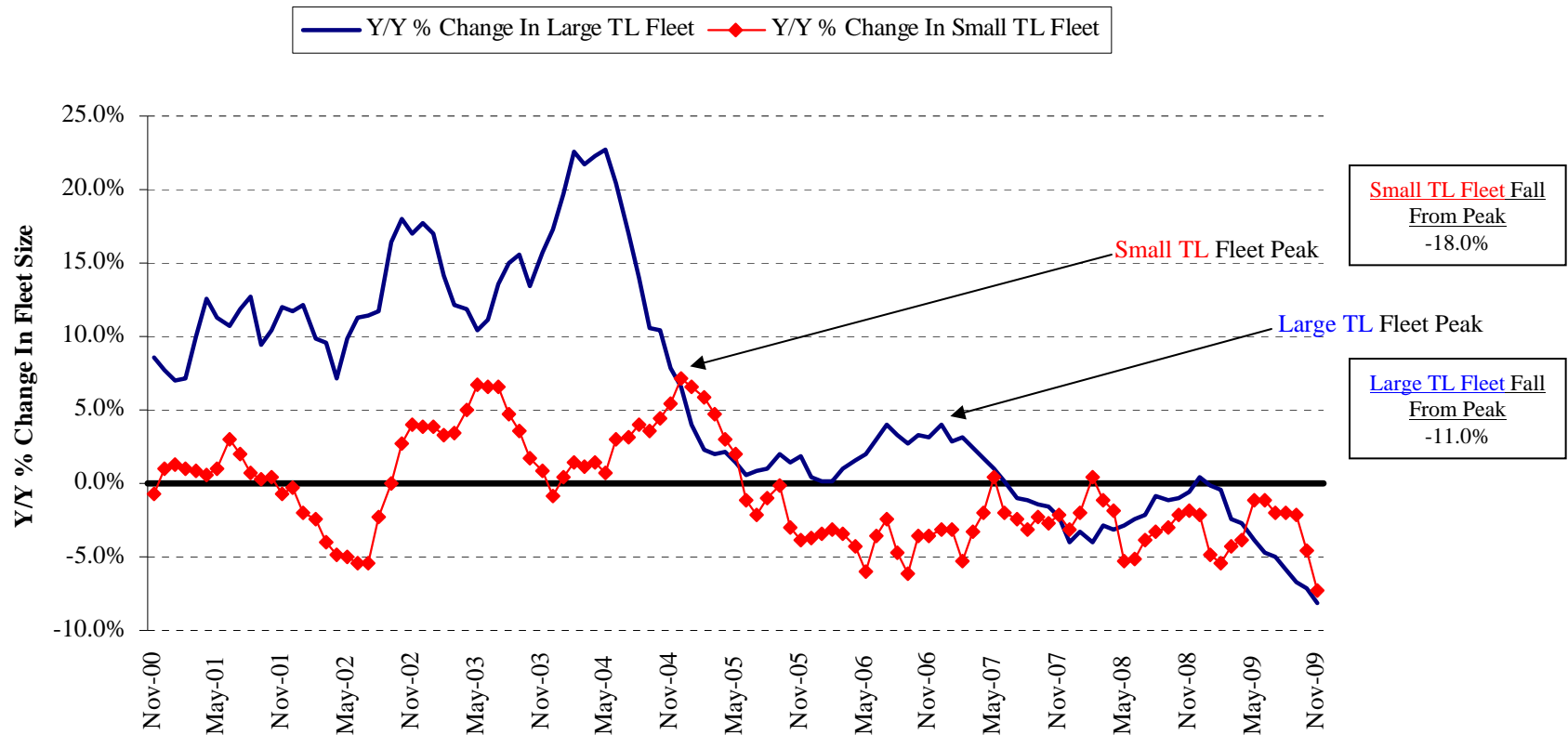


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Both Small and Large TL Fleets Continue to Downsize



Small Fleets Have Been Downsizing for Roughly the Last 5 Years (Since Mid-2005), Whereas Large Fleets Have Declined Only Since Mid-2007



Data through November 2009

Large truckload fleets defined as carriers with greater than \$30 million in annual revenue

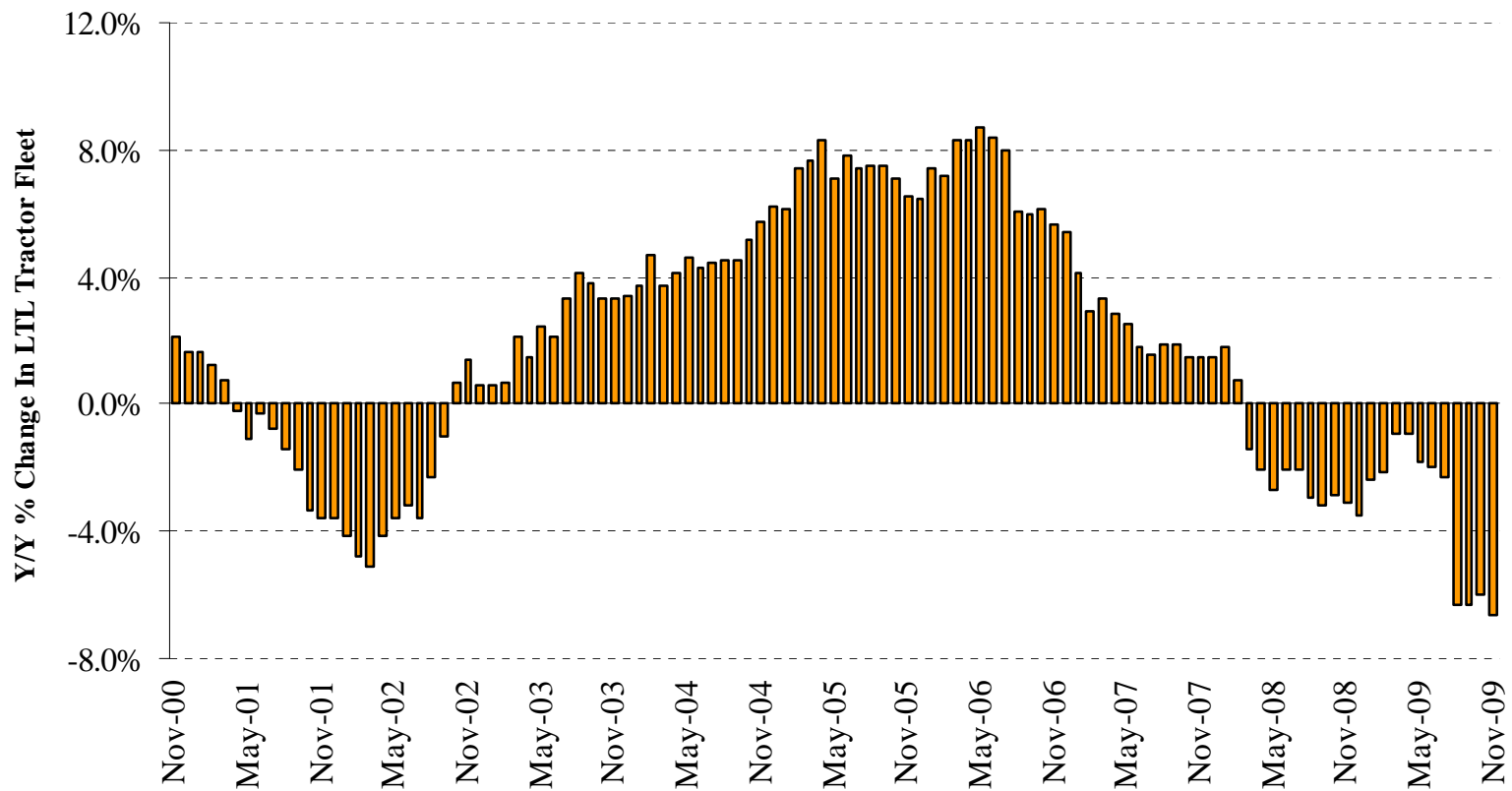
Small truckload fleets defined as carriers with less than \$30 million in annual revenue

Source: American Trucking Associations

LTL Fleets Showed Largest Y/Y Contraction on Record in November '09



LTL Equipment Showed Y/Y Decline of 6.6% in November, The Largest Y/Y Contraction Noted This Cycle



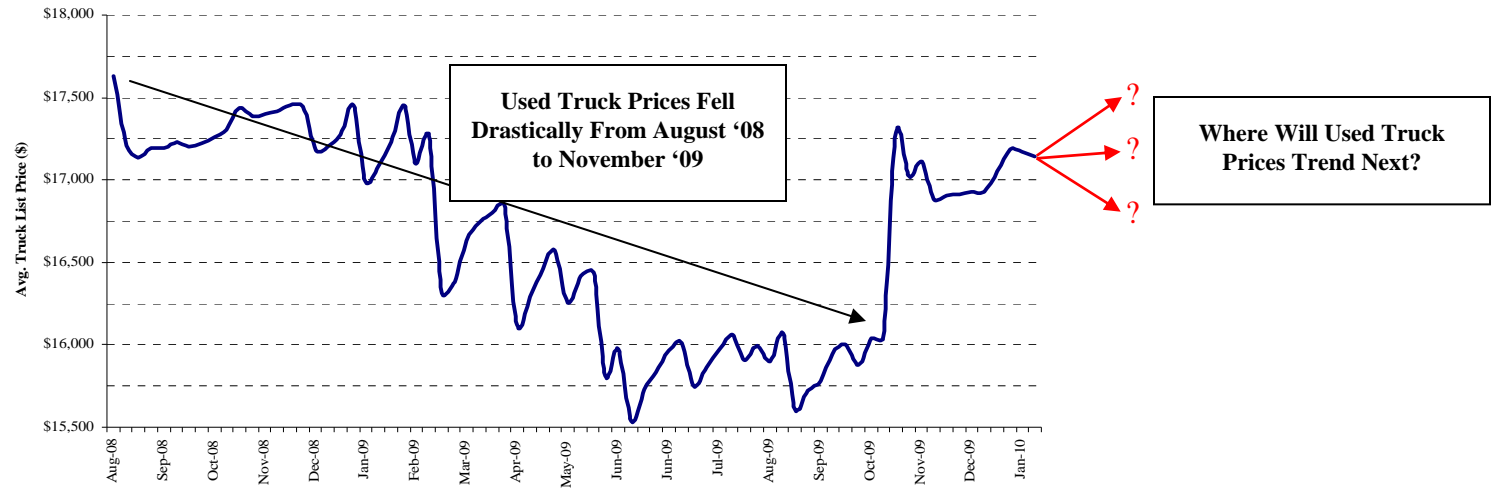
Data through November 2009

Source: American Trucking Associations

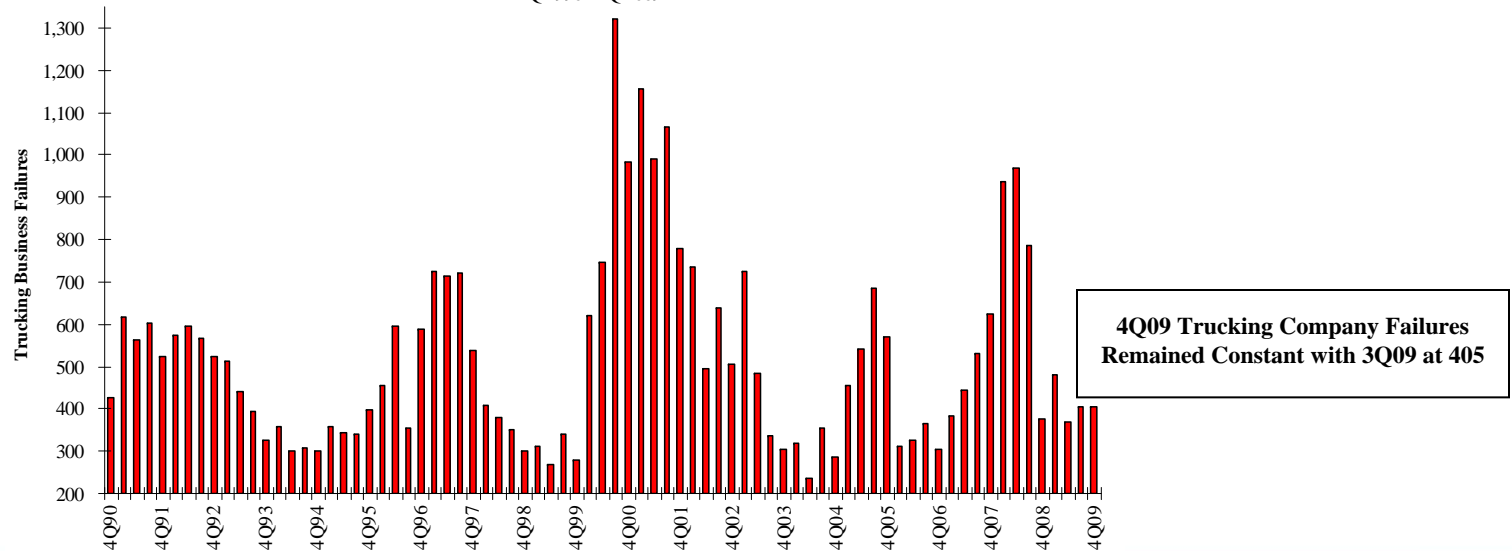
Trucking Company Failures Remained Constant, Sequentially, in 4Q09



Depressed Used Truck Values Slowed Fleet Liquidations Since 3Q08



Trucking Business Failures
(Companies with 5 or more trucks)
4Q 1990 - 4Q 2009



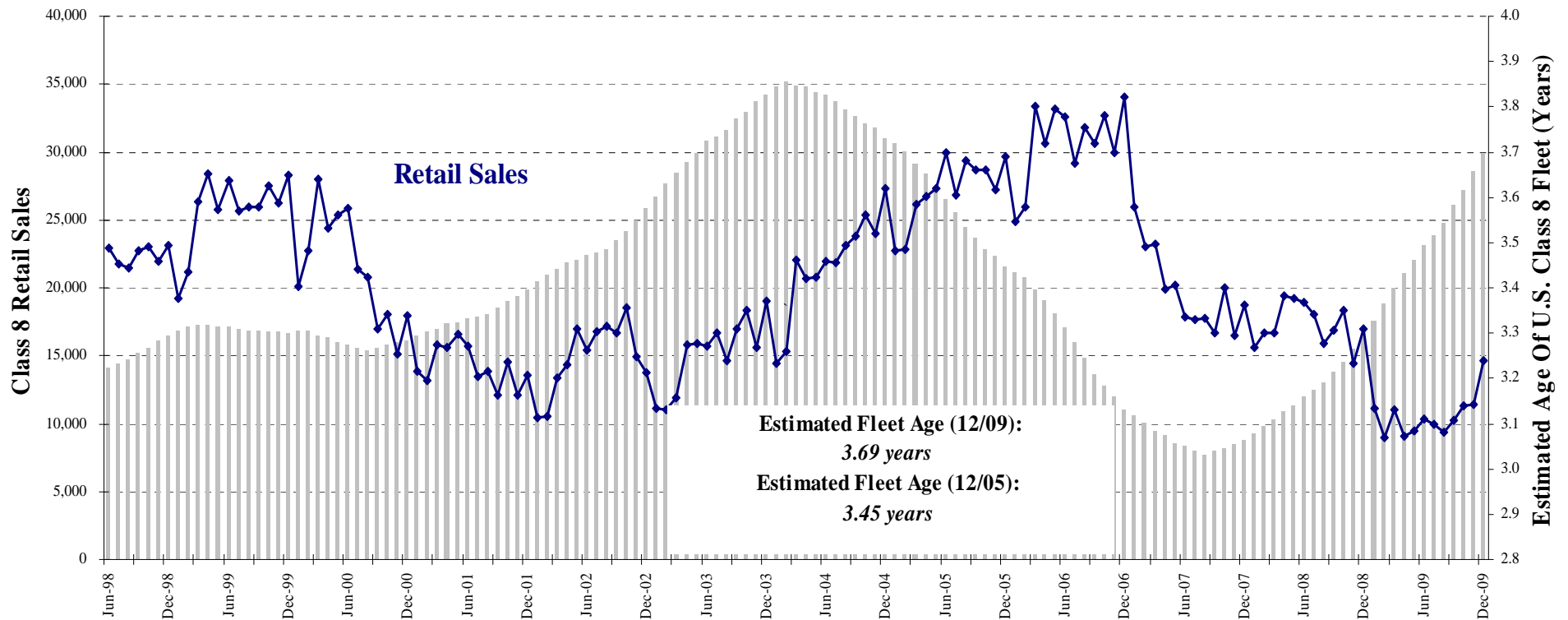
Source:
Top graph – Ryder System, Inc.
Bottom graph – Avondale Partners

Class 8 Truck Sales Have Plummeted and Remain Low Except For Muted Pre-Buy



Average Fleet Age Rising Again; Could Drive Significant Replacement Sales in 2011

Class 8 Monthly Retail Sales vs. Estimated Class 8 Fleet Age



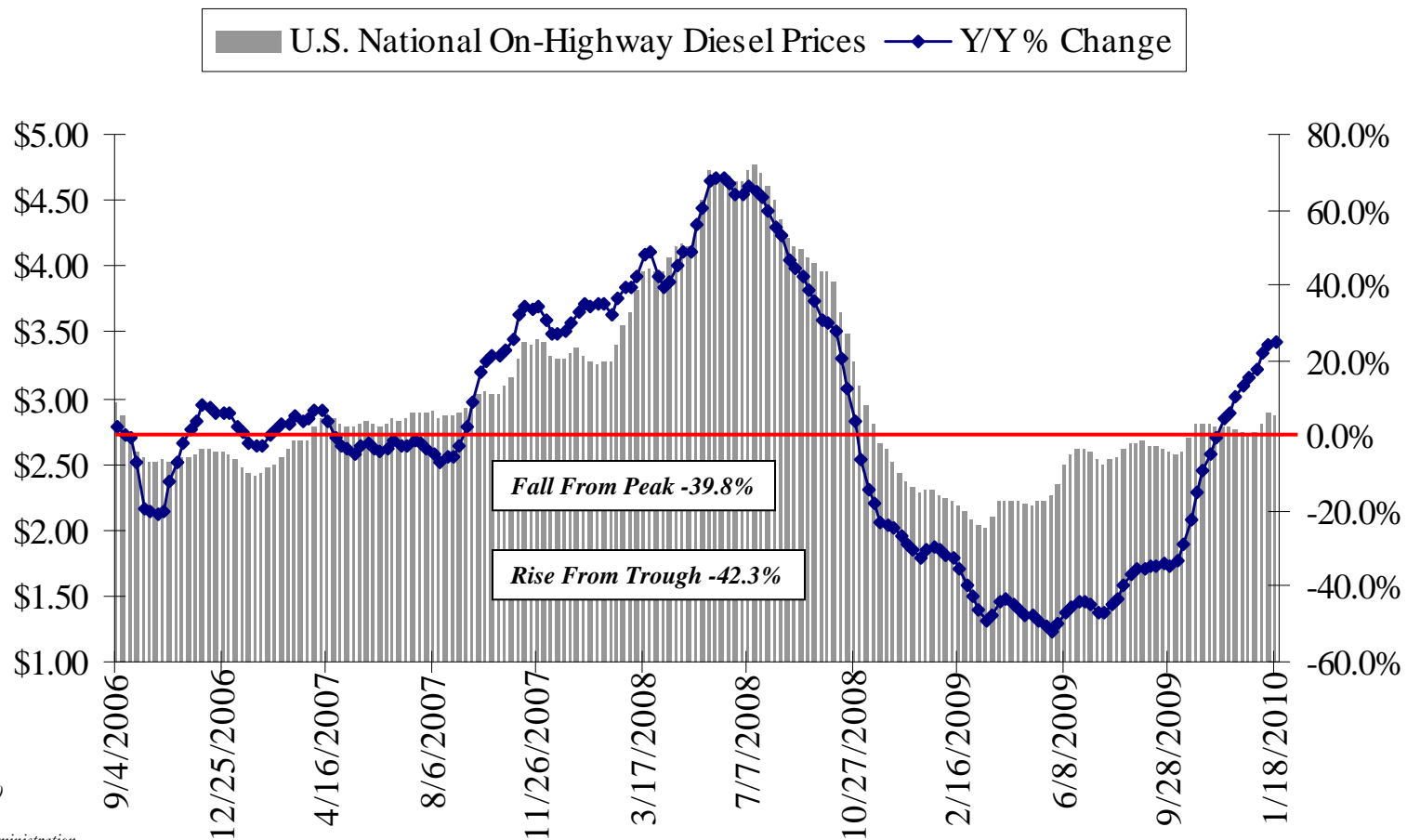
Data through December 2009

Source: A.C.T. Research

On-Highway Diesel Fuel Prices Have Begun to Slightly Rise After Drastic Drop in Late '08



High Diesel Prices Were Creating Another Drag on Transportation Companies' Financial Performance, Late 2008 Price Decline had Temporarily Provided a Reprieve to Struggling Truckload Carriers; However, We are Beginning to Again See Gradual Y/Y Increases Which Will Put Further Pressure on Struggling Carriers



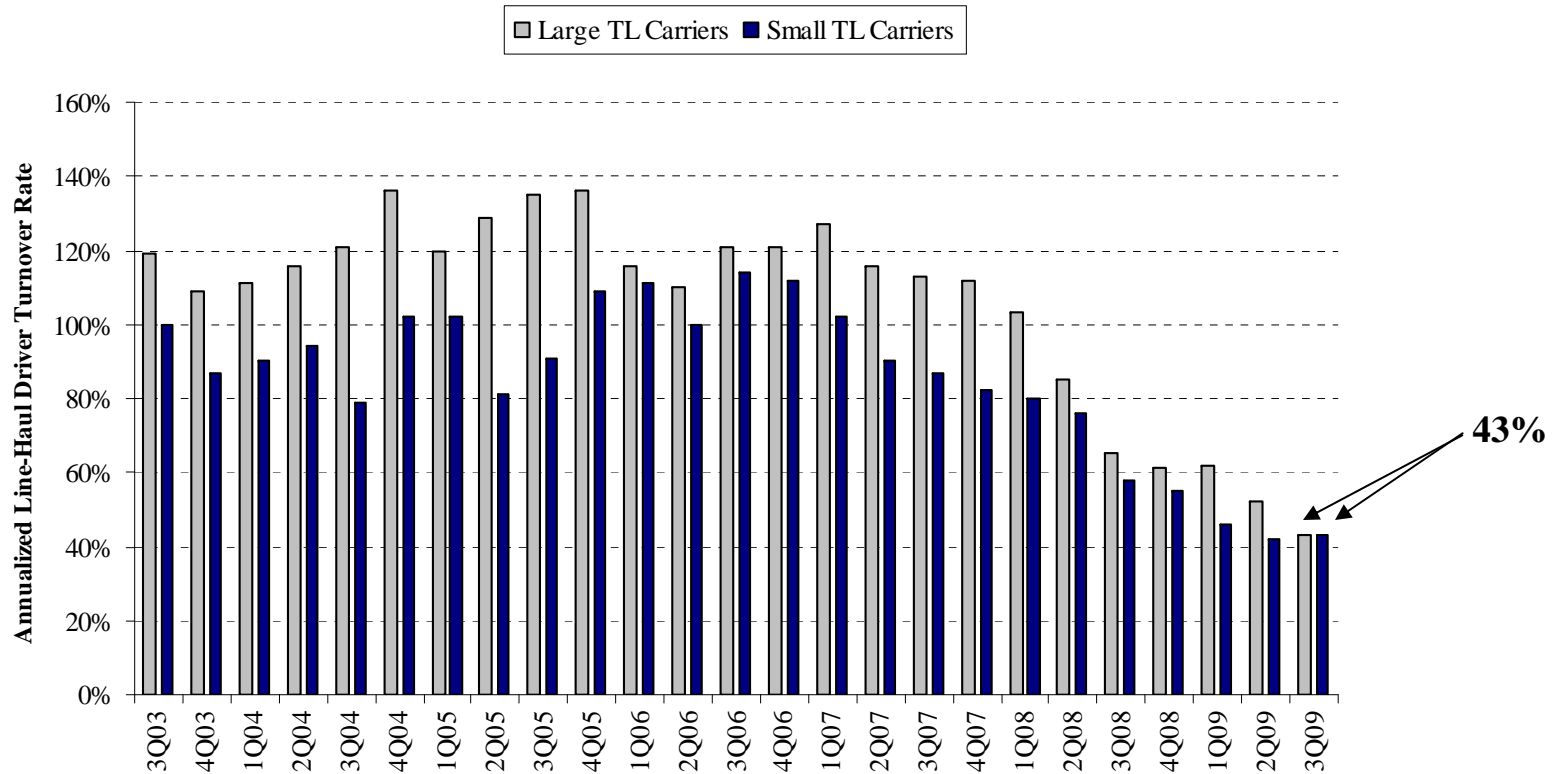
Data through January 18, 2010

Source: Energy Information Administration

Turnover Rate Reached 8-Year Low in 3Q09



Drivers Seeing Less Opportunity to Switch Employers Due to the Reductions in Fleet Sizes; Resolution of Transportation Infrastructure Bill, in Congress, Could Quickly Exacerbate the Driver Shortage; CSA 2010, Driver HOS Revisions, EOBR's, Revised Health Standards, Speed Limits, Etc. Will All Pressure Available TL Capacity



2003 - 2008 Averages:

Large TL: 112%

Small TL: 91%

Large truckload fleets defined as carriers with greater than \$30 million in annual revenue
Small truckload fleets defined as carriers with less than \$30 million in annual revenue

Source: American Trucking Associations



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Truckload Sector Themes



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Is recent strengthening of demand a precursor to a strong 2010? When will pricing rally?

- **Fleet Downsizing/Redeployment Continues:** Small fleets continued downsizing, on average. Some large fleets continue downsizing as well. Many large carriers are redeploying trucks to less seasonal, less cyclical, less driver-intensive, niche markets such as dedicated and drayage markets.
- **Rate of Company Failures Has Slowed:** Small fleets and owner-operators not exiting the market as quickly as hoped as some lenders and lessors appear unwilling to liquidate or repossess equipment given still depressed used equipment values. *(note: used equipment values appeared to bounce off the bottom during 4Q09, thereby offering some encouragement that liquidation could be more palatable late in 2010)*
- **Pricing Remains the Biggest Challenge:** Shippers that have recently put business out to bid saw price reductions ranging from 5% to 10%, and in some cases more than 10%; however, bid activity seems to be slowing and pricing, for many shippers, appears to have stabilized at low, non-sustainable rates. Some shippers have been ruthless with regard to severing long-term, multi-decade relationships with carriers, have unfavorably modified fuel surcharge mechanisms, and have unfavorably modified payment terms. Carriers shifting from account to account in the midst of all the re-bidding created additional inefficiencies.
- **Large Carrier Diversification Puts Pressure on Smaller Fleets:** Large carrier growth focused on intermodal, dedicated, regional, and truck brokerage businesses. That strategy is exerting further pressure on small carriers, which are displaced into conventional long-haul truckload markets where they are ill-equipped to prosper due to high cost positioning and reliance on truck brokerage industry to reposition equipment.
- **Intermodal Coming Into its Own For Some Carriers:** Domestic intermodal still gaining some share, particularly in shorter-haul lanes, even as fuel prices have declined, y/y; J.B. Hunt is the clear leader, in our view; J.B. Hunt's new Norfolk Southern deal solidifies its leadership position; but, pricing pressure now has arrived in the intermodal arena.

Less-Than-Truckload Sector Themes



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Pricing still difficult with lack of freight and lack of consolidation

- **Volumes Remain Challenging:** LTL volumes started off slower than expected in 4Q09 (after a respectable September) but picked up slightly before tailing off as usual in December. Many carriers' tonnage was boosted by market share gains from YRC Worldwide, as the company continued to struggle to hold onto its customers in the midst of a financial/liquidity crisis. Some LTL carriers saw y/y tonnage comps turn positive in 4Q09. Some large LTL shipments have found less expensive TL alternatives.
- **Pricing Remains Harsh:** Pricing remains very competitive in the LTL sector (and should at least through 1Q10), as volumes remain depressed and capacity has not exited as rapidly, as it typically would during a downturn. Some carriers are offering unprecedented pricing to capture market share and to perhaps exert pressure on financially challenged YRC Worldwide. Fuel prices have stabilized and therefore y/y yield comps should start to appear more normal.
- **Capex Remains Depressed:** Most LTL carriers spent little on CapEx in 2009 and may keep spending at below-depreciation levels in 2010, assuming no large capacity exits that would improve margins and industry profitability.
- **YRC Worldwide Always Seems to Pull a Rabbit Out of its Hat:** YRC Worldwide has shrunk now to only ~15% of industry capacity and most recently completed its note exchange, which essentially gave the company to its bondholders. The company's cash burn remains high (even without normal interest or pension payments) and its future remains uncertain. Only the banks are privileged to the company's present financial situation (how bad is it?); the rest of us will have to wait a few more weeks.



Deals Overwhelm Weak Volume and Challenging Pricing in Many Investors' Eyes

- **Hub Group Chooses Union Pacific:** Hub Group moved most of its volume in the West to Union Pacific. Previously, Hub had split its business between Union Pacific and BNSF. Hub cited Union Pacific's service improvements and efficiencies associated with handling most Western U.S. volume on one network.
- **Pacer Restructures:** Pacer announced it was effectively exiting the wholesale business and would stake its fortunes on providing a door-to-door retail offering. The company appointed Dan Avramovich as CEO to implement the transition. Its future is uncertain.
- **J.B. Hunt Consolidates More Power in the Intermodal Arena:** J.B. Hunt announced a blockbuster deal with Norfolk Southern, which has been steadily developing strategic intermodal corridors in a series of public-private partnerships. Essentially, J.B. Hunt becomes the anchor tenant of Norfolk Southern's evolving state-of-the-art intermodal network. J.B. Hunt's Norfolk Southern deal is potentially as significant as its never-to-be-replicated deal with BNSF.
- **Domestic Intermodal Gaining Market Share:** Pricing differential and fuel surcharge differential vis-à-vis truck makes intermodal more economically attractive in many high density, medium-haul and long-haul markets; however, the relative advantage has subsided somewhat since 2H08 as fuel prices generally declined; while implementation of corporate environmental sustainability plans has "legs" for some shippers, others have returned to a "low price rules" philosophy.



Deals Overwhelm Weak Volume and Challenging Pricing in Many Investors' Eyes

- **Shorter-haul Markets Attracting Attention:** Push into shorter-haul markets has been successful for a few big intermodal players in recent quarters. 500 mile lanes are now thought to be suitable in some cases.
- **International Traffic is Soft:** Transcontinental volumes remain weak and pricing likely under the most pressure in the transcon lanes. “All-water service” to East Coast ports is here to stay, but shift away from West Coast ports has, for the most part, already taken place.
- **Service Continues to Improve:** Rail service/fluidity generally remained high in 4Q09. Recovering volumes are not expected to impinge on current service levels.
- **Drayage Still at the Low End of the Trucking Food Chain:** Drayage companies currently experiencing high levels of economic pain; sufficient capacity may be unavailable should volumes rapidly recover and should additional ports adopt the LA/Long Beach mentality with respect to drayage truck emissions.



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Hang in There!!!!



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- Overcapacity is unsustainable – market forces will make the adjustment eventually.
- Inventories have generally adjusted to new normal demand. Replenishment to new normal demand should create steadier, albeit still weak, demand.
- Weak dollar combined with Asian and European economic recoveries should create new opportunities for exporters.
- Product, packaging, and supply chain redesign should not be overlooked – freight saved is freight gone forever.
- Accommodative monetary policy should remain in place for the foreseeable future; fiscal policy stimuli have not been terribly effective, but their expiration could retard further growth.
- Biggest risk is adverse changes to the U.S. business climate (runaway Federal deficits, tax hikes, costly regulation, compensation czars, bank bashing, potential health care overhaul, bailouts of non-competitive companies, ineffective fiscal policy stimulus programs, etc.) Does the election of Scott Brown to “Ted Kennedy’s Senate seat” give businessmen enough confidence to move forward with hiring and spending?

The Patience of the American People Continues to be Tested in
This Poor Economic Environment



Cartoon courtesy of Kevin “Kal” Kallangher



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BUY -We expect this stock to outperform the S&P 500 by more than 10% over the next 12 months. For higher-yielding equities such as REITs and Utilities, we expect a total return in excess of 12% over the next 12 months.

HOLD -We expect this stock to perform within 10% (plus or minus) of the S&P 500 over the next 12 months. A Hold rating is also used for those higher-yielding securities where we are comfortable with the safety of the dividend, but believe that upside in the share price is limited.

SELL -We expect this stock to underperform the S&P 500 by more than 10% over the next 12 months and believe the stock could decline in value.

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Cartoon courtesy of Kevin "Kal" Kallagher

Our way *is* the highway



Payment and credit products for commercial fleets

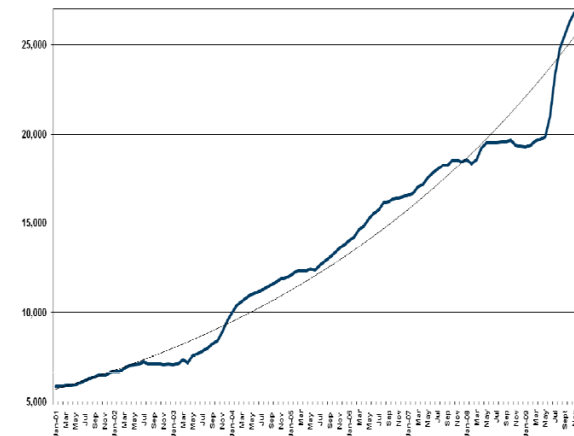
Owned by LLR Partners, FTV Capital & Senior Management

Our way is the highway.

Fast Facts



- Founded 1988 in Nashville, TN
- Fastest growing proprietary fleet fuel card in the last decade
- 26,000 fleet customers
- \$2.3 billion in fuel spend in 2009
- 55,000 fuel and maintenance sites
- 190 employees



Products & Services



- OTR Fuel Card

- Originated the "Zero Transaction Fee" Program
- Accepted at almost all truck stops
- Discount Management (Cost Plus, Retail Less, Better Of)
- Trucking software interfaces for fuel data and fuel tax
- On-Site Fueling Solutions
- Cash Services
 - PlusChek (paper)
 - Cash Advances
 - ATM / Debit
 - Driver Settlement



- Local Fuel Card

- Accepted at over 45,000 local merchants, including Chevron, Sunoco, Hess, Valero, Sheetz, Mapco
- Primarily for businesses to manage gas purchases



- GPS solution

- Factoring of truck company invoices



Our way is the highway.

Questions?





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3 p.m. EST

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