

**Transportation Research**

**David Ross, CFA**  
**John Larkin, CFA**  
**Michael Baudendistel**

**dross@stifel.com**  
**jglarkin@stifel.com**  
**mbauden@stifel.com**

**(443) 224-1316**  
**(443) 224-1315**  
**(443) 224-1357**

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*The following is an edited transcription of a presentation delivered by David Ross on August 27, 2008 to the FTR Associates Conference in Indianapolis, IN. We have attempted to recreate the experience of listening to the presentation live in the ensuing pages, having placed the relevant slides referred to by Mr. Ross throughout the document.*

*David Ross, CFA:*

In the trucking industry, when one wants to determine overall health, it is important to not only look at the freight side but the truck side as well. We believe that it's all about supply and demand, which are rarely in balance, typically giving bargaining/negotiating power to the shipper for a while and then back to the carrier.

As most of you know, trucking has been lousy the last couple of years. This was demand-driven, as demand for trucking services fell due to a mix of cyclical and secular issues. Following some robust years for the industry, from 2004 through the first half of 2006, the housing bubble burst, the auto sector tanked, the dollar continued its decline, banks stopped lending, fuel prices skyrocketed, and life as a trucker was not so easy anymore. The drop-off in demand left too many trucks chasing too little freight. This problem put downward pressure on rates, and shippers finally got some pricing relief after a couple of rough years at the negotiating table.

Normally, the subsequent years would've meant low-cost shipping and struggling carriers until enough truckers went belly-up to bring supply and demand back into equilibrium. But fuel costs rose significantly and because of the now industry standard practice of dynamic fuel surcharges, shippers got no pricing relief and continued to see their transportation bills rise, even as their negotiated base rate per mile was declining.

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**Exhibit 1: It's a Supply and Demand Story...**

- ❖ Demand for trucking services has declined the last couple of years due to a mix of secular and cyclical issues - weak consumer, weak dollar, weak manufacturing environment, smaller packaging and changing supply chains
- ❖ This drop-off in demand resulted in too many trucks chasing too little freight
- ❖ The oversupply put pressure on pricing, and supply needed to come down to match the reduced demand
- ❖ Increased fuel costs really hurt carriers and has accelerated the exit of supply
- ❖ Has supply now sufficiently exited to match the lower freight volumes?
- ❖ Will freight volumes rebound? When?

*Source: Stifel Nicolaus*

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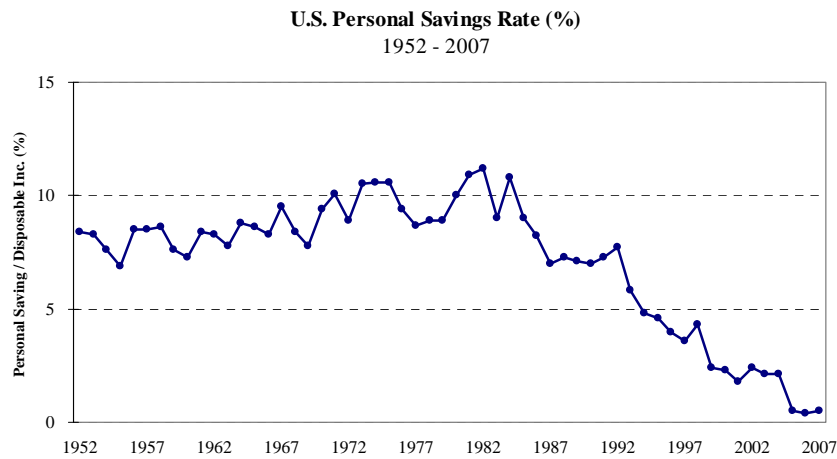
So, has supply sufficiently exited the industry to match the reduced freight volumes in this struggling economy? When is freight going to improve? How should supply and demand look over the next few years? First, I'll discuss a little more detail on the demand picture to frame our view.

Trucking volumes are driven largely by the retail/consumer market. Trucking is the biggest piece of the U.S. transportation pie, truckload is the biggest piece of the trucking pie, and dry van truckload is the largest segment of the truckload market. So, the dry van truckload segment is where most of our comments will be targeted, but we will also touch on less-than-truckload (LTL) freight a little bit too. So, if the retail/consumer market drives truck freight, and volumes are down, what's the matter with the consumer? Why are volumes down?

Well, we like to spend what we earn in this country. Actually, we like to spend more than we earn. One can see in **Exhibit 2** that the generation of savers is gone and Americans today do not save. In addition to not saving, Americans have drawn down and spent the large amount of savings (\$350+bn) they had accumulated only 17 years ago. We don't see a continuation of consumers spending more than they earn, and a return to savings would only further restrain freight growth (especially with banks not lending).

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**Exhibit 2: Slowing Consumer Spending Growth Tied to Lack of Savings to Tap; and a Return to Savings Could Restrain Freight Growth**



Source: U.S. Census Bureau



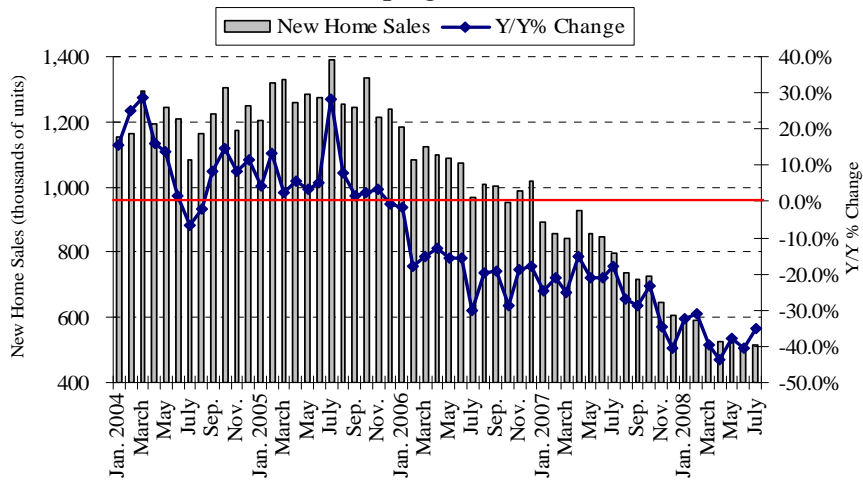
Source: National Association of Realtors

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In **Exhibit 3** we illustrate what most of you have seen first hand in your neighborhoods. After a great run in the early part of this century, the housing market has shown significant deterioration in the last couple of years. In addition to drawing down savings and spending what they earned, U.S. consumers had also been tapping into their home equity, as home values shot up, for more cash to spend on things they didn't need.

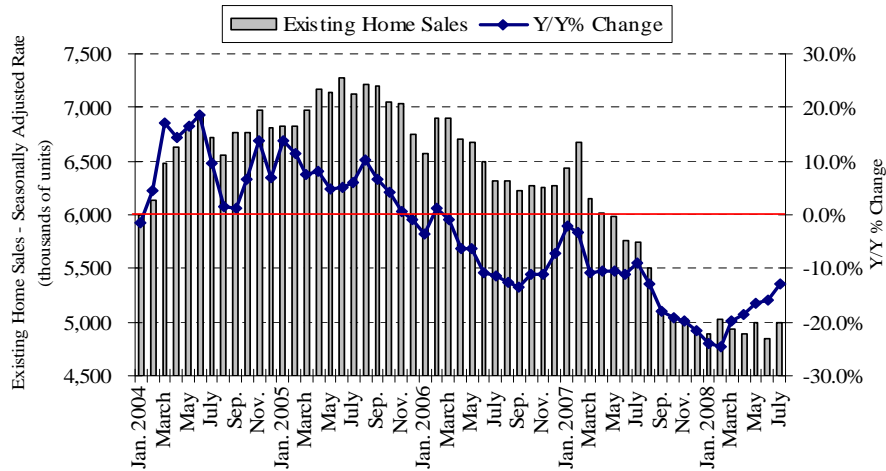
**Exhibit 3: Housing Market Not Likely to Rebound Anytime Soon; Consumers Can No Longer Use Homes As ATMs**

New Home Sales remain sharply negative, even as comps get easier



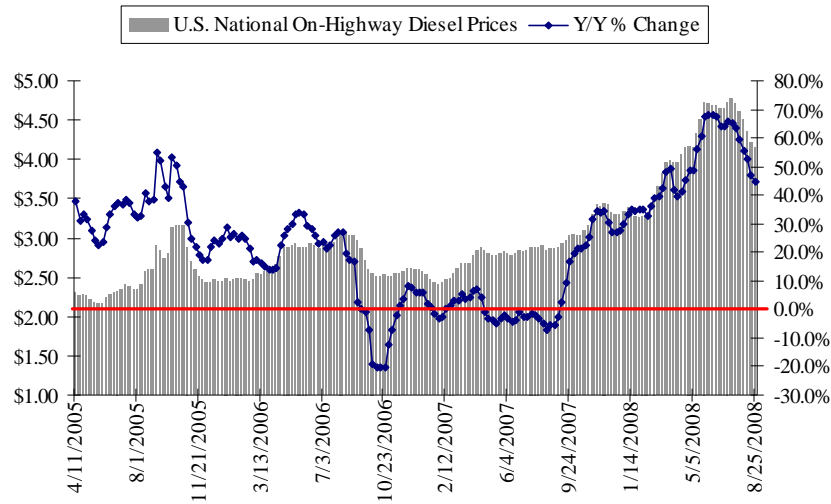
Source: U.S. Census Bureau

Existing Home Sales still weak



Source: National Association of Realtors

**Exhibit 4: Consumer Spending Also Slowed by Declining Discretionary Income, as Fuel Prices Have Risen Dramatically, Which Has Also Pressured Carrier Margins**

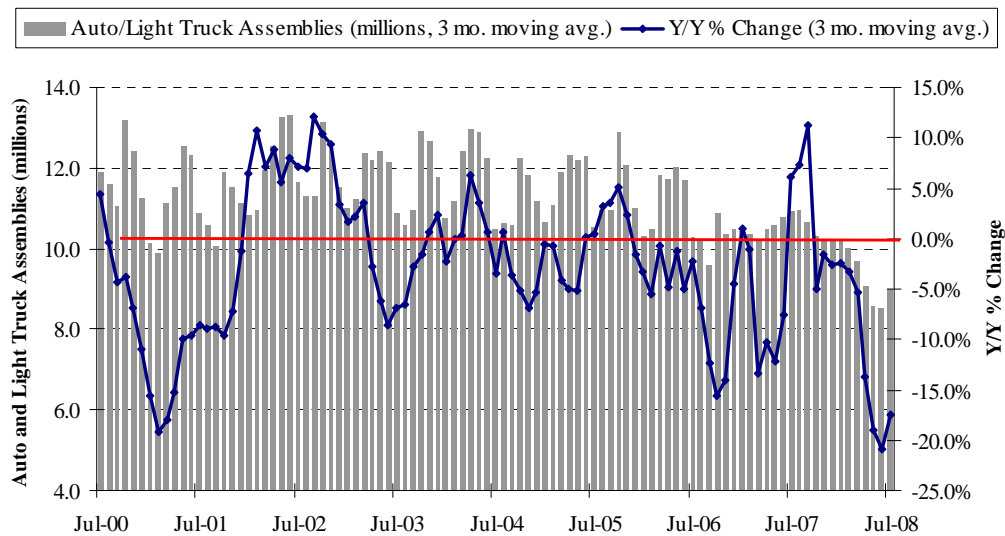


Source: Energy Information Administration

As we mentioned before, not only were savings drying up and house prices falling, but fuel prices began to rise. Higher gas prices at the pump meant even less discretionary income for the consumer to spend on goods. Furthermore, diesel, normally a cheaper fuel than gas, has risen even more dramatically in price at the pump due to reduced diesel refining capacity, increased exports and reduced imports. While high gas prices gives the consumer less money to spend, high diesel prices make everything they do buy more expensive, because diesel is used in transportation, farming, fishing and other commercial services. Higher diesel prices have hurt carriers' margins but have also been largely passed on to the shippers (a.k.a. the retailers) who will, in turn, pass them on to their customers (a.k.a. the consumers) or experience margin contraction themselves.

Not just the retail economy has been soft, though. Manufacturing, led by the automotive slowdown, has been soft. **Exhibit 5** shows that auto production in the U.S. is now lower than back in the 2001 recession (as a result of high fuel prices and a sluggish economy).

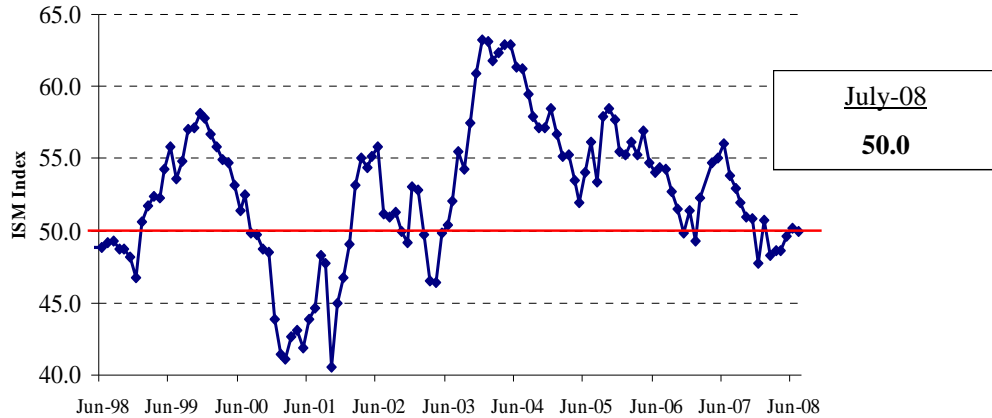
**Exhibit 5: Auto and Light Truck Production Weaker Than Last Recession and Well Below Year-Ago Levels**



Source: Federal Reserve Board

Interestingly, manufacturing as a whole has not seen the same downturn, when looking at ISM Index in **Exhibit 6**, due to increased exports (a by-product of the weak dollar). Some economists estimate that the ISM Index would be ~40 (or in-line with the last recession), excluding the export mini-boom. Right now, even with strong export volumes, the manufacturing economy is bordering on growth and contraction. (Note: less than a week after this presentation, the ISM Index for August was reported at 49.9, indicating a contracting manufacturing sector)

**Exhibit 6: Even With a Strong Export Market, the U.S. Manufacturing Economy Is Struggling to Grow**

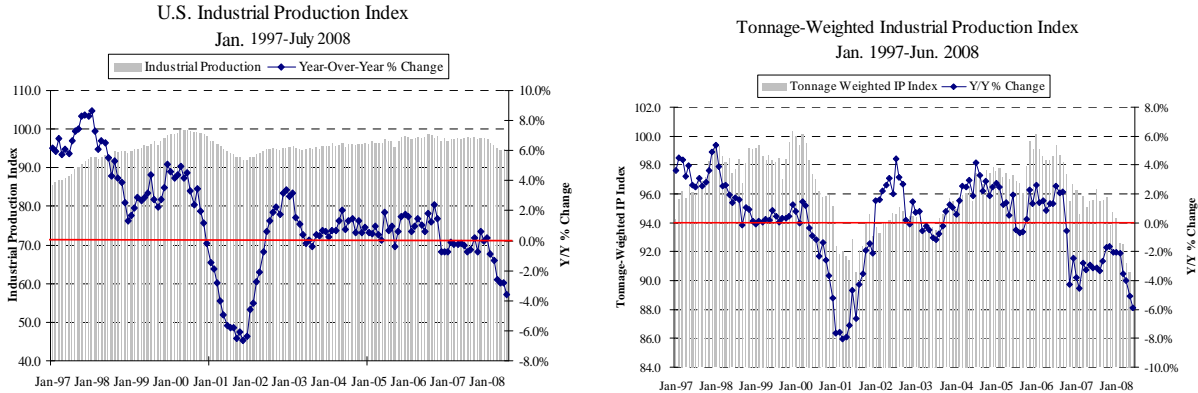


Source: Institute for Supply Management

ISM Index values over 50 indicate industrial growth while ISM Index values below 50 indicate industrial contraction

On a tonnage-weighted basis, **Exhibit 7** shows that industrial production is still declining and heading back toward 2001 recession levels.

**Exhibit 7: Even With a Strong Export Market, the U.S. Manufacturing Economy Is Struggling to Grow**



Data in both graphs are adjusted for PPI, excluding food and energy  
Source: St. Louis Federal Reserve, American Trucking Associations

With the consumer weakened and industrial production down, what else drives freight demand? **Exhibit 8** points out some more secular trends affecting demand, including the off-shoring of manufacturing to the Pacific Rim and elsewhere (which could reverse a little, though, due to the significant rise in transportation costs), and the smoothing of freight flows (we do not expect a “peak” fall shipping season again this year). Packaging is also becoming more important to shippers (as a way to save money and protect their margins) with rising transportation costs. For example, Wal-Mart fits 9% more milk on a truck now just by redesigned packaging. Freight is also becoming more condensed. One example we like to use that is simple and relevant to everyone is laundry detergent. Tide is now 2x concentrated, so it uses only 1/2 the space on trucks and shelves for the same washing power.

### Exhibit 8: Other Important Factors Influencing Demand

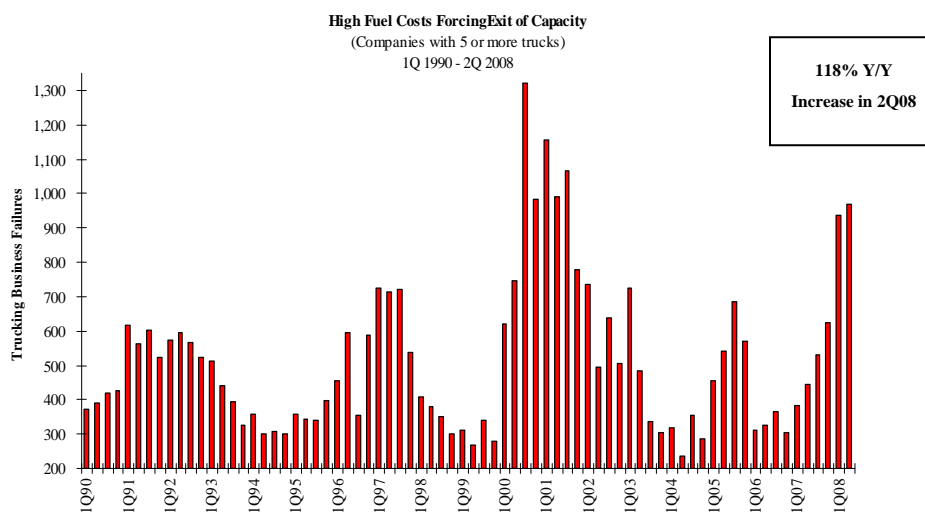
- ❖ Off-shoring of manufacturing has changed the complexion of transportation demand (fewer raw material and component moves, more finished goods moves from ports)
- ❖ Shippers, in an attempt to avoid capacity shortfalls and associated peak season pricing (and to recognize the gift card effect) have endeavored to smooth freight flows over the course of the year
- ❖ Retailers should be especially cautious in ordering for the '08 holiday season, as they seek to avoid a post-holiday, post-gift card redemption inventory glut
- ❖ Freight is becoming more "condensed" (e.g., three flat screen TVs occupy the same space as one old-fashioned CRT TV once did, laundry detergent is becoming more concentrated, iPod vs. boom box, etc.)
- ❖ Packaging is becoming more space and weight efficient to fit more in each truck
- ❖ Some manufacturers have redesigned supply chains in an attempt to reduce transportation costs, favoring multi-SKU regional production over single-SKU national production

Source: Stifel Nicolaus

Finally, supply chain redesign is underway, but it is a very long process. Over time this may have a significant impact on freight flows and trucking demand, but near-term, the effects should barely be felt. We've just read, however, that IKEA is opening up more regional DCs (distribution centers) in the U.S. to reduce transportation costs. Moreover, because of high fuel costs and a strong euro (relative to the U.S. dollar), it is now cheaper for IKEA to make bookcases in the U.S. and ship them to Europe, rather than to produce them in Europe. We believe we'll see more of this kind of activity going forward.

Again, there are two main drivers we watch in the trucking market: supply and demand. Now that we've talked about demand, let's talk about truck supply. Because equilibrium is always sought (but almost never achieved), we knew that with decreased demand, supply needed to come out of the trucking industry to protect carriers' margins and restore the industry's health. **Exhibit 9** shows that while carriers exited at an increasing rate from the end of 2006 through 2007, it wasn't until fuel spiked to \$3.50/gallon and above that significant capacity came out in 1H08 (nearly 2,000 fleets, or an estimated 90,000 trucks).

### Exhibit 9: Trucking Company Failures Were Near Record Levels in 2Q08

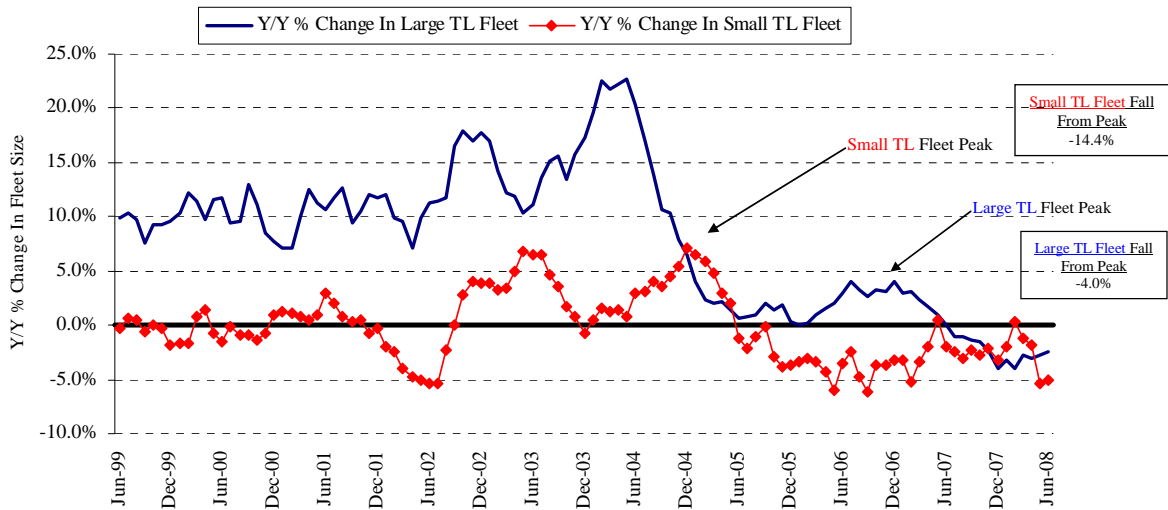


Source: Avondale Partners

Turning to **Exhibit 10**, looking at capacity during the peak compared to today, we find that supply has come down to nearly match the reduced demand. But, there have been different trends in the small fleets versus the large fleets, as the graph shows. The small fleets peaked in terms of capacity back 3-4 years ago. However, because times were good and the large fleets had record margins and strong balance sheets, many of the bigger carriers participated in a significant pre-buy of tractors in 2006 due to uncertainty surrounding and additional costs of the new 2007 engines (which had to meet more stringent EPA emissions standards). Therefore, large TL fleet capacity didn't peak until late 2006. Since each of these have come off of their respective peaks, we estimate total fleet capacity is off between 7% and 8% over the last couple of years, which is roughly in-line with the demand fall-off over the same period.

**Exhibit 10: Small Fleets Have Been Downsizing for the Last 3 Years, Whereas Large Fleets Have Declined Only Since Mid-2007**

Truckload Capacity Has Now Fallen More Than 3% Year-Over-Year

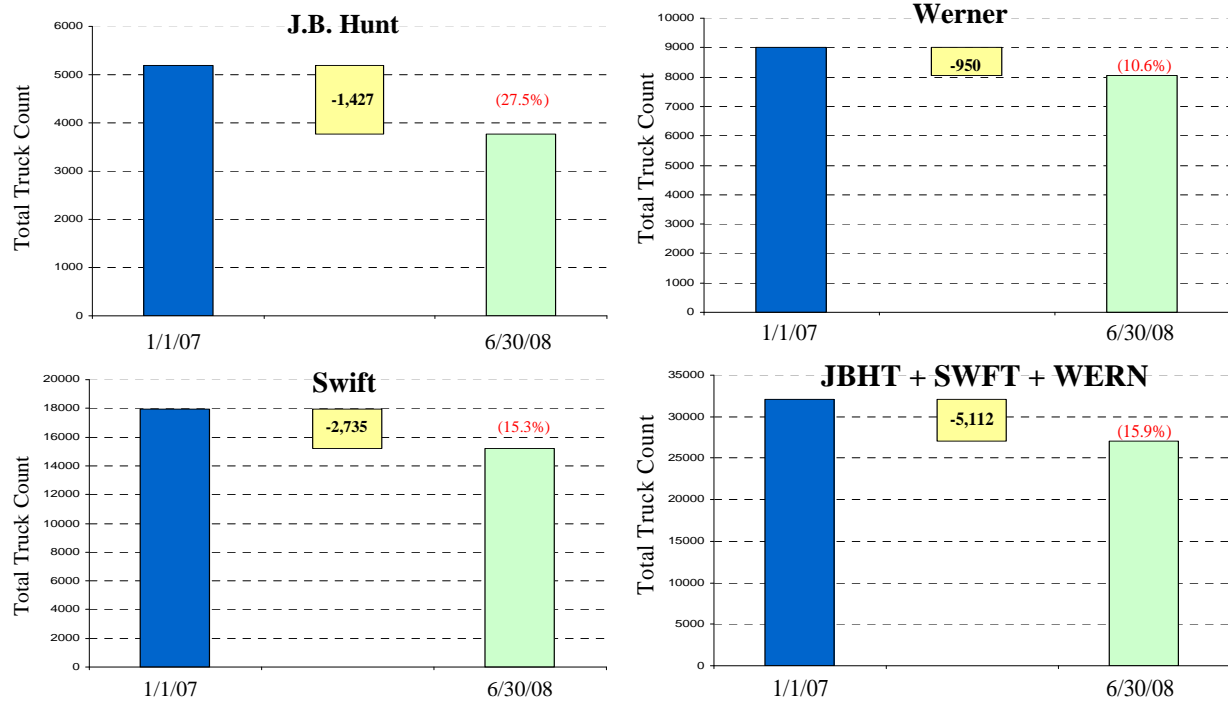


Large truckload fleets defined as carriers with greater than \$30 million in annual revenue  
 Small truckload fleets defined as carriers with less than \$30 million in annual revenue  
 Source: American Trucking Associations

What is different about this recent downturn/ freight recession from any other since deregulation is that the big fleets are not growing through it but rather downsizing at a fairly rapid clip. ROIC is now more important than growth or “being the biggest.”

**Exhibit 11** shows three of the biggest truckload carriers in the business – J.B. Hunt (TL division only), Werner, and Swift. From the beginning of 2007 (roughly the peak of large fleet capacity) J.B. Hunt has reduced its over-the-road fleet by more than 27%, Werner has downsized its fleet by over 10%, and Swift has taken out more than 15% of its trucks. Just those three companies have taken over 5,000 trucks out of the market over the last 18 months.

**Exhibit 11: For the First Time Since Deregulation, Large Fleets Have Shed Significant Capacity**



Source: Company data

Why have they been cutting trucks, and what are the other large carriers doing? **Exhibit 12** shows how some of the larger truckload carriers have shifted their focus over the last couple of years. The truckload business is not the most attractive place to invest additional capital for those who want to please shareholders, as it remains a very capital-intensive, fragmented, and cyclical industry. Just about every company we speak with is getting into the truckload brokerage business as the preferred way to add capacity without taking ownership risk. And those remaining in the over-the-road truckload market tend to focus more now on shorter-haul moves that are not competitive w/ intermodal, and more attractive for drivers. As Jim Newton (General Manager of Triple Crown Services) said earlier, approximately 70% of freight travels less than 550 miles. That said, carriers would rather not compete with the rails in longer-haul lanes for only a small amount of freight in a market where they have more difficulty finding drivers.

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**Exhibit 12: For the First Time Since Deregulation, Large Fleets Have Shed Significant Capacity**

	<b>Old Focus</b>	<b>New Focus</b>
<b>J.B. Hunt</b>	Generic TL	Intermodal, Dedicated, Brokerage
<b>Swift</b>	Western TL specialist	Highly-levered private company with growing intermodal division
<b>Schneider</b>	Generic TL	Logistics, Intermodal, Transloading, Chinese operations
<b>U.S. Xpress</b>	Long-haul team TL	Regional TL, Floorcovering distribution, Intermodal, Dedicated, Teams
<b>CFI (Con-way)</b>	NAFTA TL carrier	LTL linehaul, NAFTA markets, Exploring cross-sell with LTL
<b>Knight</b>	Regional TL	Refrigerated, Brokerage
<b>Heartland</b>	Regional TL	Regional TL
<b>Werner</b>	TL specialist	Dedicated, Brokerage, Regional TL, China (forwarding)
<b>Landstar</b>	TL specialist	Brokerage, Warehousing, Forwarding, Logistics
<b>Marten</b>	Long-haul TL	Regional, Brokerage, Intermodal, Dedicated

Source: Stifel Nicolaus

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Other supply issues are shown in **Exhibit 13**. First is highway congestion. Increasing highway congestion lowers average truck speed and slows transit times, reducing productivity, and, since companies and drivers are primarily paid by the mile, lowers revenue/truck/day and lowers driver take-home pay. Driver demographics don't look any better either, as there doesn't seem to be anyone under 35 that has an interest in driving a truck. The average age of drivers continues to climb, and there doesn't seem to be any relief for this problem on the horizon. More government regulations and greater enforcement of those regulations should further constrict capacity. Electronic On-Board Recorders (EOBRs) and speed governors should bring down miles driven. In addition, TWIC (Transportation Worker Identification Credential) cards, background checks, improved drug testing, and increased driver health standards should shrink the driver pool. We are also not likely to see heavier weight trucks or LCVs (longer combination vehicles) on the road anytime soon. The rail industry has spoken out against it strongly, and rails are now actually viewed in Washington as the greener alternative (as they are more fuel efficient than trucks).

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**Exhibit 13: Other Important Factors Influencing Supply**

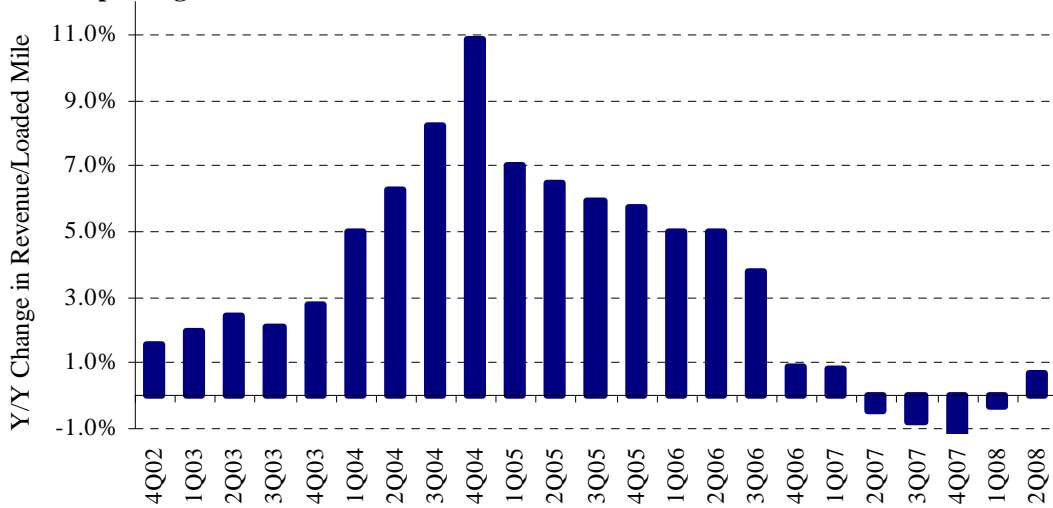
- ❖ Accelerating highway congestion hurts productivity
- ❖ Driver demographics about to turn “ugly”
- ❖ Increasingly strict and well-enforced federal regulations related to safety and security—e.g., TWIC, EOBRs, speed governors, improved drug testing, new health requirements, driver database, etc.—should also constrain capacity
- ❖ Heavier and longer trucks not likely to be approved soon
- ❖ Toll roads could become more prevalent
- ❖ Public-private partnerships have been slow to develop
- ❖ Hike in fuel tax seems to be the only viable answer, but politicians appear to lack the backbone to make this change in a high fuel price environment
- ❖ Investment Tax Credits and public funding for railroads

Source: Stifel Nicolaus

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Next, we'll look at how supply and demand has translated into carrier pricing. **Exhibit 14** shows that after some good years during the housing boom, rates have been under pressure due to overcapacity (or under demand) but have improved in the most recent quarter slightly due to a serious exit of capacity.

**Exhibit 14: Due to Significant Exit of Capacity, The Truckload Pricing Environment Is Showing Signs of Improving**



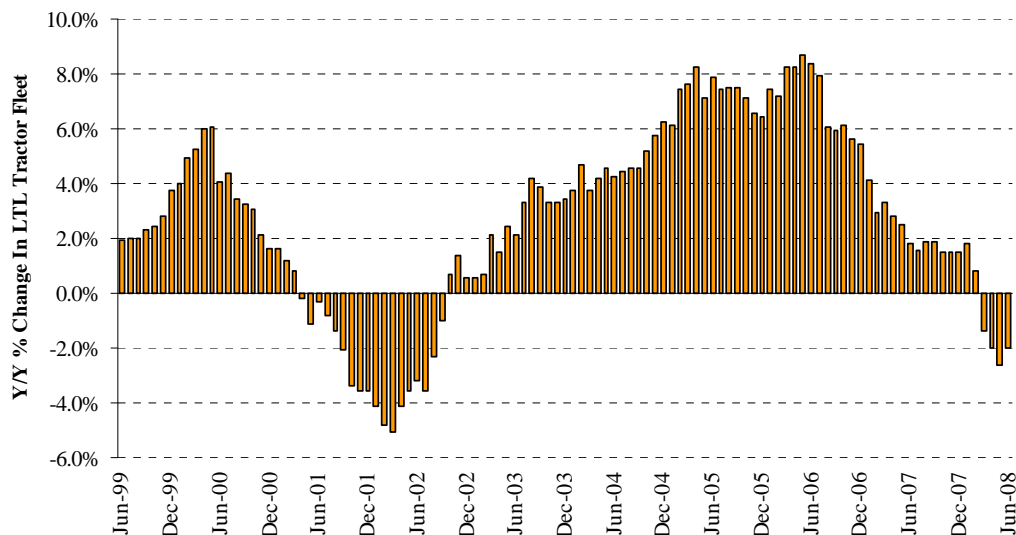
Revenue per loaded mile excludes fuel surcharge

TL Index includes: CLDN, CVTI, JBHT, MRTN, PTSI, USAK, and WERN

Source: Company Data

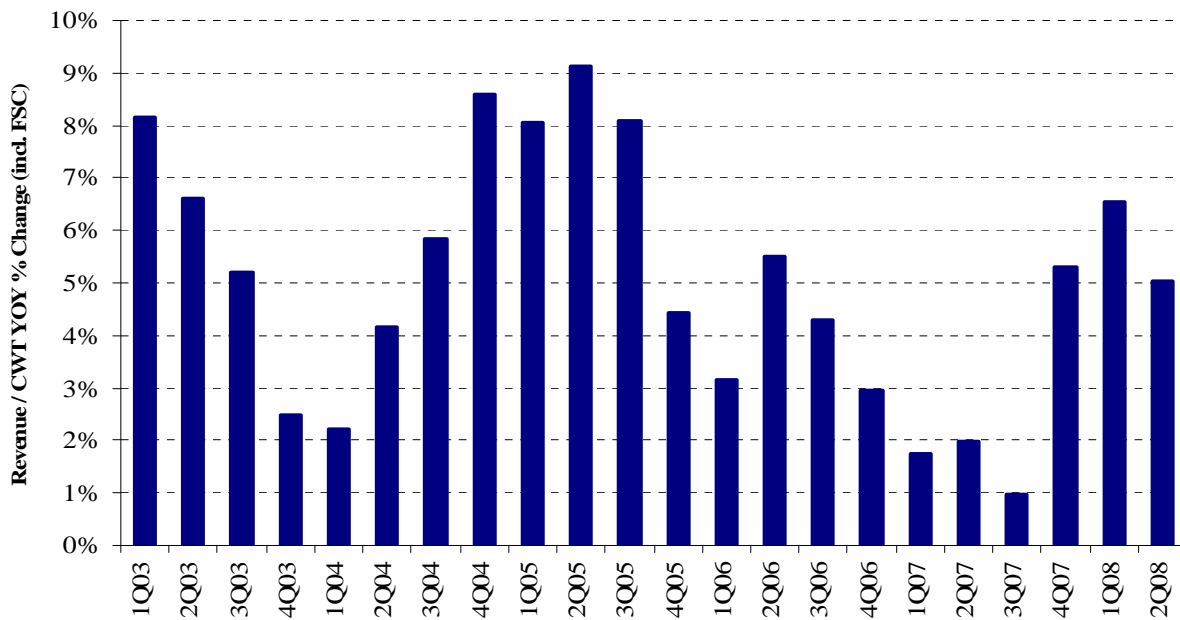
We've talked primarily about the truckload market thus far, but it is important to also touch on the less-than-truckload (LTL) market, as it is a unique niche of the trucking industry and where we spend a lot of our time with several public companies in the space. The LTL capacity story has been different from the truckload story, as it is a much more consolidated industry already. The biggest single capacity event in the industry since deregulation was the failure of Consolidated Freightways almost exactly six years ago in 2002. After they shut their doors, the remaining carriers had to grow to make up the slack in the market. In addition, the economy was recovering, there was an hours-of-service rule change (that moved some freight from truckload back to LTL in 2004), and the housing market was booming; the growth was significant. Recently, though, LTL fleets have also been declining, with freight demand falling as seen in **Exhibit 15**.

**Exhibit 15: Less-Than-Truckload (LTL) Industry Increased Capacity from the Failure of CF in September 2002 Up Until September 2007**



Source: American Trucking Associations

**Exhibit 16: With Excess Capacity, the LTL Market Remains Competitive on Price— Higher Fuel Surcharges Have Led the Increased Yields this Year**



Revenue per hundredweight includes fuel surcharges and is impacted by more than just price; changing length of haul, density, and weight/shipment also influence LTL yields

LTL Index includes: ABFS, CNW, FDX, ODFL, SAIA, VTNC, UPS and YRCW

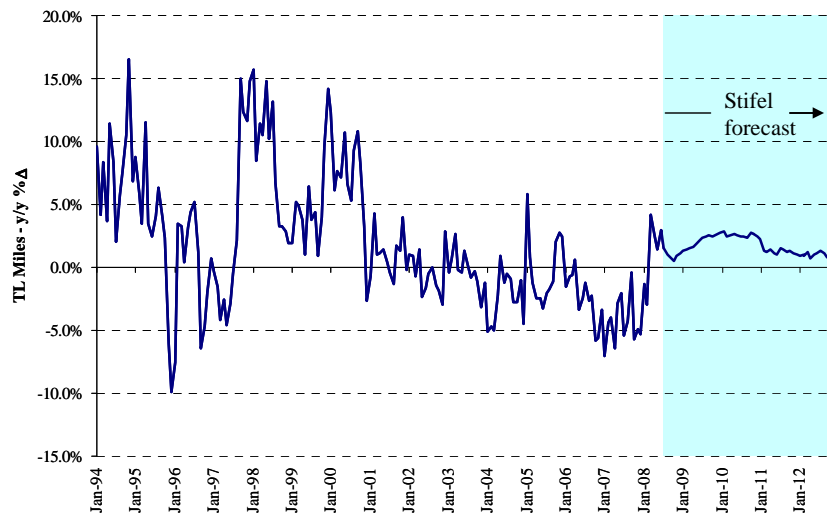
Source: Company data

So, what about pricing? The chart in **Exhibit 16** shows that rates started to come under pressure in 3Q06 (when housing and auto first showed signs of softening), and were under increasing pressure essentially until the end of 2007 when fuel prices spiked dramatically. LTL carriers no longer break out revenue per hundredweight excluding fuel surcharges, so this is the best data we have from public company reports. Still, yields are not a perfect measure of price anyway, as they are also impacted by changes in density, length of haul, and weight per shipment.

Now that we've gotten up to speed on recent trends in trucking, we'll take a look at our five-year forecast, which we can only guarantee will be wrong. We just want to be more right than others. We look at truckload demand in terms of miles driven, because that is how the carriers are paid. Demand for truckload services is largely retail/consumer based, and as we mentioned earlier, we are not the most bullish on consumer spending growth. In 2H08, we see flattish demand with no significant fall peak season. Looking into 2009, we expect modest year-over-year improvement in demand of 1%-2% in the first six months, increasing to around 3% in 2H09. But at some point, assuming the Fed does not raise rates until the economy is growing again, the trucking market stabilizes, fuel prices stabilize (or decline further), and banks become more comfortable with their balance sheets and start lending again, freight demand should improve. We expect this to happen later in 2009-2010. So, 2010 should see an approximate 3% increase in demand, as trucking remains the dominant mode of transportation in the U.S., and the economy recovers. 2011-2012 should then see lower demand growth of 1%-2%, as supply chains will continue to be redesigned slowly and packaging should become more efficient to permanently drive some truck miles out of the system with higher energy costs.

### Exhibit 17: Outlook for Truckload Freight Demand

- ❖ Truckload freight growth still driven largely by retail/consumer demand; propped up recently by 2Q08 economic stimulus
- ❖ Volume forecast unexciting near-term and modest growth seen over the next 5 years
- ❖ Product packaging and supply chain redesign should provide secular drag on freight volume growth



Source: American Trucking Associations and Stifel Nicolaus estimates

With demand flat near-term, and up modestly over the next five years, what about supply? We are even less bullish on capacity additions due to a number of factors. First, the driver shortage, which has largely gone unmentioned during the recent round of trucking failures, is not going away. Highway infrastructure funding will likely be insufficient to relieve any of the current highway congestion problems we are facing, and should also be insufficient to prevent the congestion issues from worsening. Interestingly, with higher fuel prices and Americans now driving fewer miles, gas tax receipts for the Highway Trust Fund are also declining, and politicians are not pushing for an increase in the gas tax (it has gone unchanged since 1993).

### Exhibit 18: Outlook for Truckload Capacity

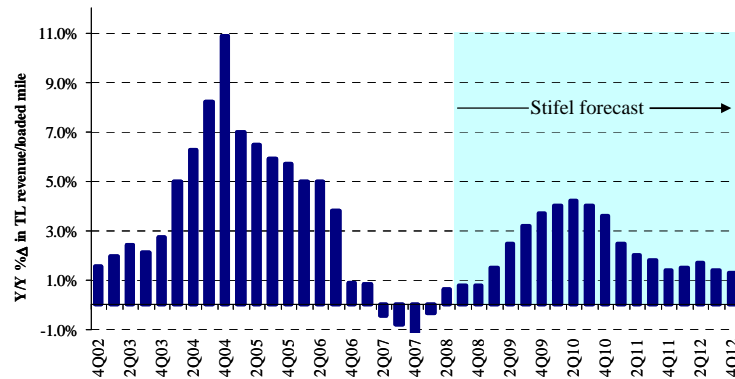
- ❖ Driver shortage should remain a long-term industry problem
  - ❖ Driver demographics not expected to become any more favorable
  - ❖ Government regulations (TWIC cards, background checks, EOBRs, HOS rules, etc.) hurt
  - ❖ Lack of pay increases not helping
  - ❖ Owner-operators continue to be a dying breed
- ❖ Highway congestion should continue to worsen
  - ❖ No near-term solution – highway fund running out of money – not a priority on Capitol Hill
  - ❖ Only makes driver job less appealing
- ❖ Barriers to entry higher than ever
  - ❖ Equipment costs will continue to rise with new round of EPA engine emission standards in 2010
  - ❖ Fuel prices should remain high
- ❖ Large fleets looking to grow in other areas
  - ❖ Better ROIC found in brokerage and intermodal with fewer headaches and less asset risk

Source: Stifel Nicolaus

Infrastructure funding is a big problem in this country but unfortunately remains low on the priorities of candidates in this election year and is not a hot voter topic. It may take more tragic bridge/tunnel collapses before significant attention is paid to the under-funding. Barriers to entry are also as high as they have ever been in trucking with equipment costs (due to rising commodity prices and tightening EPA engine emissions standards) and fuel costs having increased significantly the past few years. Large fleets are not adding capacity but choosing rather to grow into other less asset-intensive areas of transportation that provide higher returns.

**Exhibit 19: Truckload Pricing Forecast**

- ❖ Pricing should be driven mainly by the reduction/constriction of capacity, as we expect demand to grow faster than supply over the next several years
- ❖ Truckload pricing (at least in the spot market) began to firm earlier this year; more significant increases should be realized in 2009 and 2010

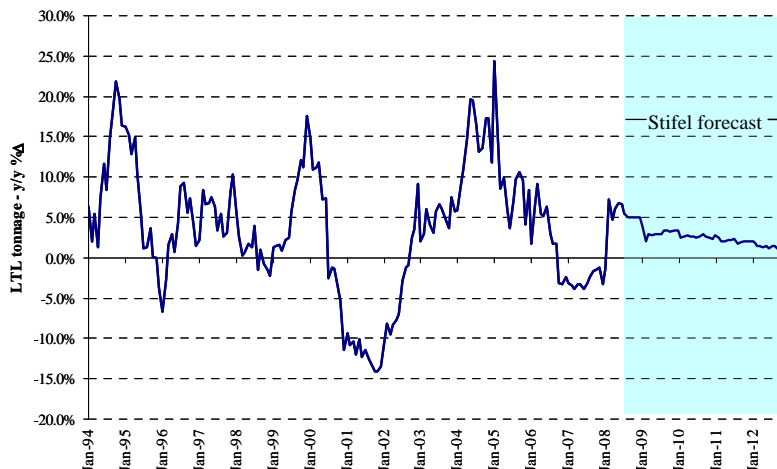


Revenue per loaded mile excludes fuel surcharges  
TL Index includes: CLDN, CVTI, JBHT, MRTN, PTSI, USAK, and WERN  
Source: Company Data and Stifel Nicolaus Estimates

With the demand outlook okay but better than our expectations for capacity, we believe pricing should be decent, but not as good as the last downturn, due to a lack of a housing bubble on top of the recovery. We will say that our risk, with respect to our demand forecast, is likely on the downside. The risk to our pricing forecast is to the upside (as it is possible more capacity leaves than we anticipate).

**Exhibit 20: Outlook for LTL Freight Demand**

- ❖ Demand tied more to manufacturing economy than retail; regional LTL should grow faster than long-haul LTL
- ❖ We expect only modest growth over the next 5 years ; No housing bubble expected in this recovery
- ❖ Benefit from TL overflow should be seen in tight truckload environment



Source: American Trucking Associations and Stifel Nicolaus estimates

Shifting back to LTL, **Exhibit 20** displays our supply/demand outlook for that group. LTL freight demand is more tied to the industrial/manufacturing economy, and again, we expect only modest growth over the next several years with below-trend U.S. economic growth and no housing bubble. Also, in a continuation of a trend we've seen for a long time, regional LTL should grow faster than long-haul LTL due to continued changes in shippers' supply chains around more short-haul freight (being closer to customer for shorter moves) and using other modes besides traditional LTL for the longer-haul moves. The LTL sector, as seen in 2004, should also benefit from any tightness in the truckload sector due to overflow freight.

**Exhibit 21: Outlook for LTL Capacity**

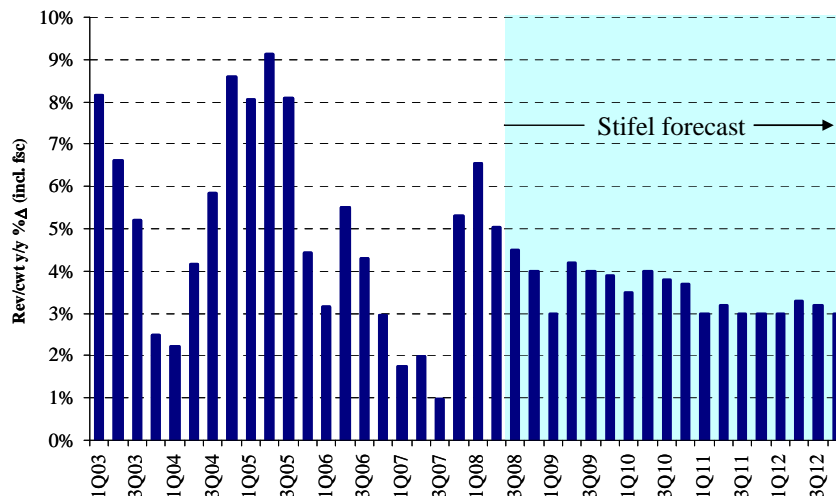
- ❖ Not as much capacity exited in recent downturn as in the previous one
- ❖ Some companies, like FedEx Freight, have recently slowed growth plans
- ❖ Industry consolidation should continue
  - ❖ Failures
  - ❖ Mergers/acquisitions
- ❖ Real estate remains biggest barrier to entry – no new entrants in LTL market

Source: Stifel Nicolaus estimates

We also believe that in this modest growth environment, capacity should continue to come out, as there remains a surplus in the LTL industry. Not as much capacity has come out in this downturn compared to 2001-2002. Basically, we believe this consolidated industry should continue to consolidate. We've already seen sizable carriers like Jevic and Alvan shut their doors this year, and we believe more will fail over the next few quarters. Some large carriers, like FedEx Freight, are slowing their growth plans, while others, like YRC Worldwide, have downsized capacity to try to keep pace with lost tonnage. And we believe long-term that real estate remains the biggest barrier to entry and growth in the LTL sector, especially in the bigger markets like Southern California and Chicago.

**Exhibit 22: LTL Pricing Forecast**

- ❖ Pricing should remain competitive; a lot of influence rests in hands of the largest provider
- ❖ Truckload market tightening should be beneficial



Revenue per hundredweight includes fuel surcharges and is impacted by more than just price; changing length of haul, density, and weight/shipment also influence LTL yields

LTL Index includes: ABFS, CNW, FDX, ODFL, SAIA, UPS, VTNC and YRCW

Source: Stifel Nicolaus estimates

Therefore, with a modest growth forecast coupled with still overcapacity but some more expected to come out, we believe the LTL pricing environment should remain competitive but not negative. As a reminder, LTL pricing includes fuel surcharges, and our assumption for fuel is that it stays around its current level (\$110-\$120/bbl) this year and then becomes inflationary for the next several years of the forecast. Until enough capacity fails/exits, we believe LTL will remain a difficult pricing environment for the carriers. The big wild card in this whole equation is YRC Worldwide with almost 24% of the market and what they choose to do on pricing. LTL is a network business where density is very important, and as the YRC companies continue to lose tonnage, they will either have to shrink to match their network(s) to the lower volume (current strategy) or cut price to try and prop up volume (what Consolidated Freightways did). It's difficult to play the price/volume game, and with as much market share as the company has, if Yellow, Roadway, and/or the USF companies decide to get price aggressive, the pricing outlook could be worse than we forecast.

As a closing comment, we would like to say that, in general, for both truckload and LTL, the worse this current economic downturn ends up being and the longer it lasts, the greater the upside will be for the surviving carriers who maintained good service levels, operating discipline, and strong balance sheets.

Thank you.

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Stifel Nicolaus Research Department  
Stifel, Nicolaus & Company, Inc.  
One South Street  
16<sup>th</sup> Floor  
Baltimore, Md. 21202

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