



The Freight Economy

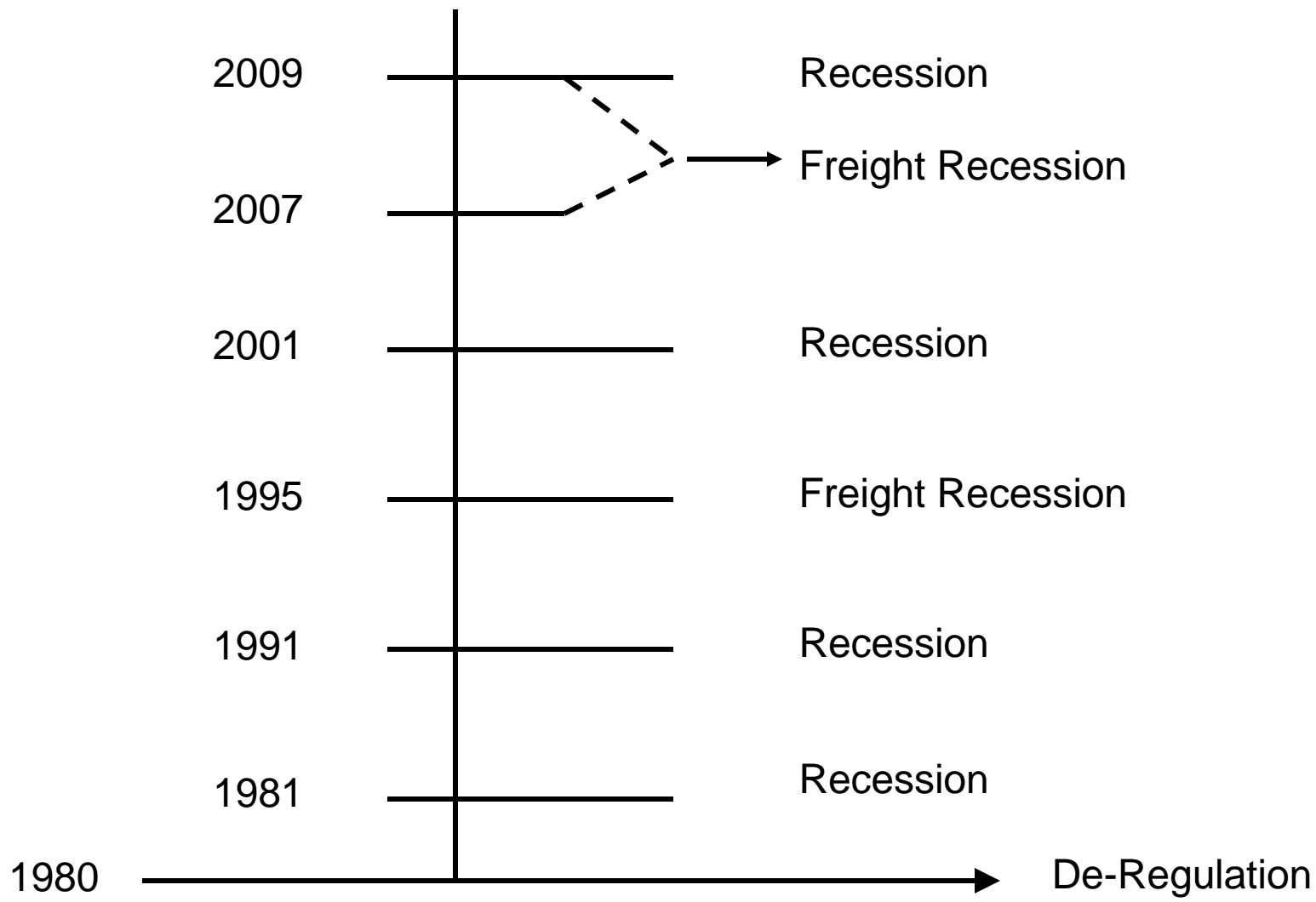
April 22, 2010



What's your **next** move?™

2009
Investor Conference

History of Recessions



Changes in Supply Chain

- ▶ The re-engineering of U.S. Supply Chains
- ▶ Billions of truck and intermodal miles have been eliminated
- ▶ Started with ocean - all water from U.S. west coast ports
- ▶ 2003 - 2006 Higher truck rates, fuel
- ▶ 2008 - Higher fuel

Re-Engineering of Supply Chains

- ▶ Where are products produced?
 - Produced products at multiple locations
 - Co-packers - new locations
 - New plants

- ▶ Bottom line:
 - Manufacturers produce products closer to end user
 - Billions of miles taken out of supply chain

Re-Engineering of Supply Chains

▶ Minimization of Product



Re-Engineering of Supply Chains

▶ Condensed Product

Full Cup



Use 1/2 Cup

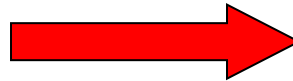
Scoop of Powder



Tablet

Re-Engineering of Supply Chains

► Packaging



Customer Survey - Inventory Levels

	2009 vs. 2008	2010 vs. 2009
▶ Food	Slightly Higher	Flat
▶ Consumer Products	Flat	Flat
▶ Retail	Significantly Lower	Flat
▶ Paper	Flat to Down	Flat
▶ Manufacturing	Significantly Lower	Flat to Down
▶ Automotive	Significantly Lower	Flat to Down
▶ Building Products	Significantly Lower	Flat

Customer Survey - Sales

	2009 vs. 2008	2010 vs. 2009
▶ Food	+ 1-2%	+ 1-2%
▶ Consumer Products	+ 2-3%	+ 1-4%
▶ Retail	Flat to -5%	Flat to +2%
▶ Paper	Flat to -6%	+ 1-2%
▶ Manufacturing	- 7-10%	Flat Sales
▶ Automotive	- 20-40%	+ 5-20%
▶ Building Products	- 22%	Flat

Elements of Price

- ▶ Supply and Demand
- ▶ Service Differential
- ▶ Capacity
- ▶ Diversified Portfolio of Services

Elements of Intermodal Price

- ▶ Freight volumes increase - economy
- ▶ Legacy contracts change or not renewed
- ▶ Competitors understand their cost better
- ▶ Truck rates increase

Elements of Truck Price

- ▶ Freight volumes increase - economy
- ▶ More bankruptcies
- ▶ Less new trucks purchased 2008, 2009 and 2010
- ▶ Fuel prices increase quickly
- ▶ Banks call loans

Signs of Recovery

- ▶ Better than expected Holiday Sales
- ▶ Q1 of 2010 showing signs of recovery
- ▶ Driver Market tightens
- ▶ Customers rates on the raise