

Logistics & Transportation Market Update



March 2006



EWING BEMISS & Co.



INVESTMENT BANKERS

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Ewing Bemiss & Co. is a financial advisory firm focused on delivering superior service and optimal results to middle market companies. Since its 1992 founding, EB&Co. has brought to bear its extensive transaction experience and relationship orientation for the benefit of clients in numerous industrial, manufacturing and service sectors.

Logistics & Truck Transportation – March 2006



General Market Overview

Recent Industry Trends

- The Logistics and Truck Transportation Industries performed well in 2005. Sector strength was driven by 1) the strong economy; 2) effective management of capacity; and 3) increased complexity of supply chain management due to globalization. These factors helped lead to improved pricing discipline and increased barriers to entry. Improved technologies, driver shortages and increasing scale helped industry leaders prevail. Increased labor and benefit costs, high fuel prices and driver scarcity limited growth of small carriers.
- Diversified 3PL companies outperformed the other major sectors (see Ewing Bemiss & Co. Index Performance on opposite page) with share prices rising 45% versus the S&P 500 gaining 6.7%. 3PL companies leveraged multiple supply chain relationships and transportation modes to support an increasingly complex flow of goods domestically and internationally.
- Three out of the four Ewing Bemiss Sector Indices outperformed the S&P 500, with only the LTL Index posting a below market return.
- Expect continued consolidation in the overall industry as carriers and providers look to grow market share and improve product offerings. That said, the industry remains highly fragmented.
- Caution still remains around asset-based truckers, especially in the face of decelerating earnings, higher fuel costs and other inflationary concerns.
- Tight capacity and limited fleet growth have helped stabilize TL and LTL pricing. Fleet expansion is expected in 2006 as carriers rejuvenate their fleets and look to buy before the emission laws change in 2007. As more price aggressive carriers fall out of the market and service becomes increasingly important for J.I.T management, the pricing and earning levels should remain strong.
- While there are early signs that the economy may be softening, supply and demand ratios should remain in favor of the Logistics and Transportation market for the foreseeable future.

M&A and Valuation Trends

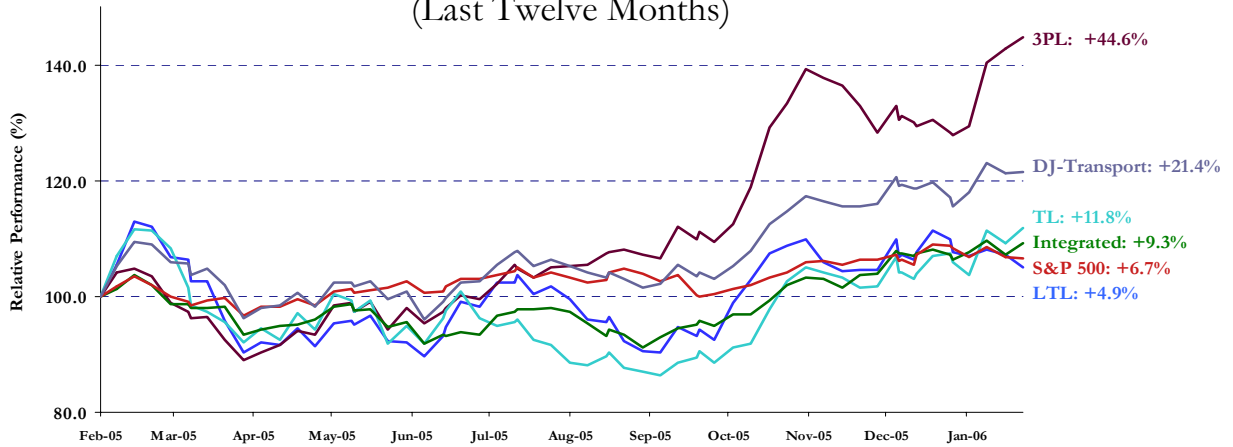
- Continued activity in the logistics space as market leaders look to fill out service offerings and gain exposure to additional vertical markets.
- M&A market focus on regional LTL (next day and two day) market should remain.
- Expect larger regional LTLs to be acquisitive as they look to smaller regional LTLs for growth.
- Additional interest will be driven by large logistics and transportation providers looking to expand footprint. The strong Euro may also help to encourage foreign investment.
- There is a surplus of private equity capital that is very interested in finding a home in the Logistics & Transportation industries. There is continued interest in the asset light companies and a growing interest in asset-based models as the fundamentals of the industry continue to be favorable.

Logistics & Truck Transportation – March 2006

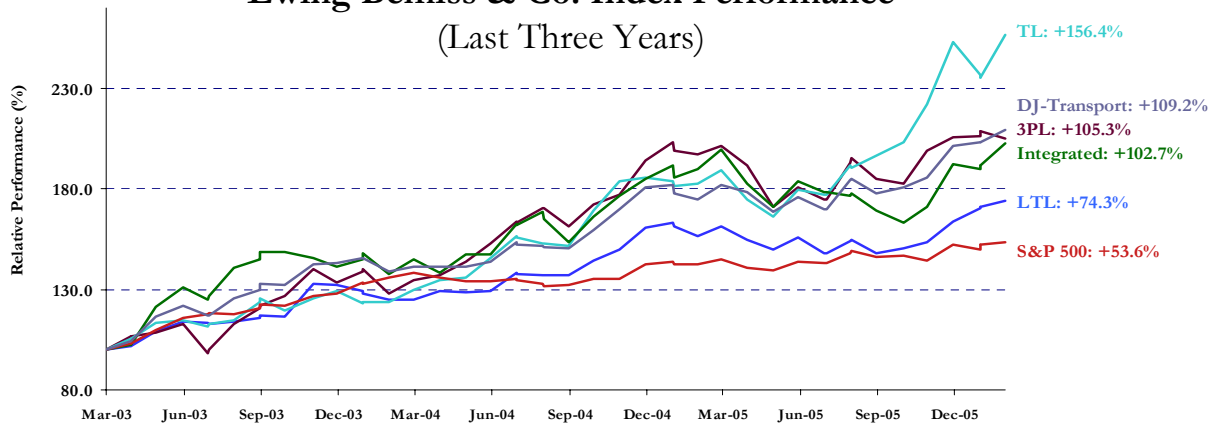


General Market Overview

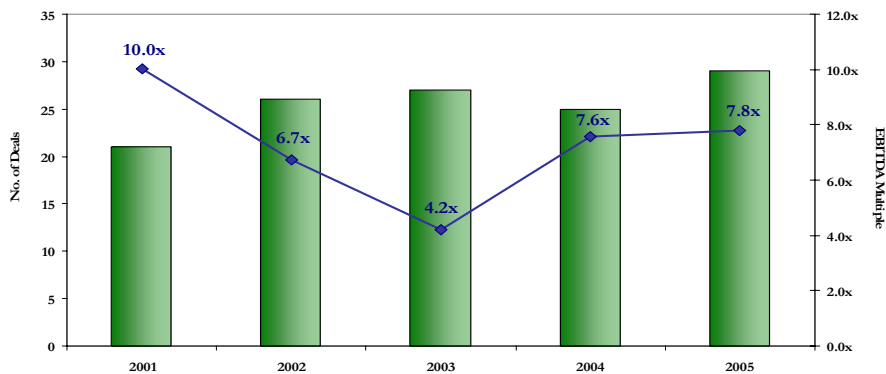
Ewing Bemiss & Co. Index Performance
(Last Twelve Months)



Ewing Bemiss & Co. Index Performance
(Last Three Years)



Deal Volume (2001-2005)*



*Based on EB&Co. tracked M&A activity for 2001 - 2005

Notes:

LTL: Less-Than-Truckload Index comprised of ABFS, YRCW, VTN(TSX), CNF, ODFL, SCST

3PL: Third-Party-Logistics Index comprised of CHRW, EAGL, FWRD, UTIW, PACR

TL: Truckload Index comprised of HTLD, JBHT, KNX, SWFT, WERN, CVTI

Integrated: Integrated Index comprised of FDX, UPS, DPW(DB), TNT (ENXTAM)

Logistics and Truck Transportation – March 2006



Third Party Logistics

Third Party Logistics

- **Market Trends:**

- Freight brokerage is becoming increasingly important, as logistics providers are looking for ways to add capacity without adding assets. Additionally, increased fuel costs and surcharges are forcing many shippers to divert freight from air to ground. With improvements in service in the 1-2-3 day offering, many question how much will ever move back to air.

- **Market Watch:**

- *Pacer* is expanding service at its double-stack subsidiary, Pacer Stacktrain, in an effort to piggy-back on what looks to be another record year for the rail and intermodal industries.

- **Recent Deals:**

- Jan 31st The Brink's Company completed the sale of **BAX Global**, its forwarding and logistics unit, to German railway company, **Deutsche Bahn**, for \$1.11 billion in cash. BAX Global had revenues of approximately \$2.7 billion in 2005.
- Jan 16th **Hub Group** announced that it will pay \$48 million for Memphis-based drayage company **Comtrak**. The merger marks an effort by Hub Group to expand their existing drayage business by adding capacity to their in-house company, Quality Services. Comtrak 2005 revenue is estimated to be \$85 million. Consideration includes \$38 million in cash and up to \$10 million in earn-outs based on Comtrak's 2006 and 2007 performance. The deal is expected to close during Q1 2006.
- Jan 12th **Radiant Logistics**, a global transportation and supply chain management company, acquired the Seattle-based holding company, **Airgroup Corporation**, in a transaction valued at \$10 million. Airgroup's revenue was \$51.5 million for LTM ended June 30, 2005.
- Dec 9th Blue Point Capital Partners' **V&S Transport Holdings** acquired **Rapid Freightways**, a Los Angeles-based transportation and logistics provider that specializes in servicing needs of the electronics industry. Rapid has revenue of approximately \$11 million.
- Dec 1st **Freightquote**, a leading provider of web-based freight transportation management services for small businesses, agreed to buy **Twin Modal**, a Minneapolis, MN-based transportation brokerage provider specializing in truckload and intermodal. This is Freightquote's first step outside the web-based world. Freightquote has revenue of approximately \$200 million.
- Mar 16th **Target Logistics, Inc.** announced that it has acquired the stock of **Air Cargo International** and **Domestic, Inc.** for cash and an earn-out based on gross profit over five years. For the 12 months ended December 31, 2004, Air Cargo reported revenue of approximately \$16 million.

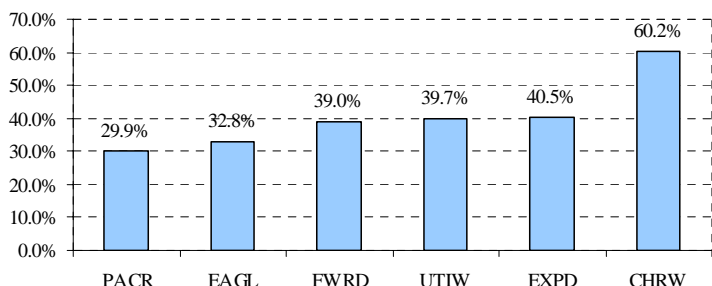
Logistics and Truck Transportation – March 2006



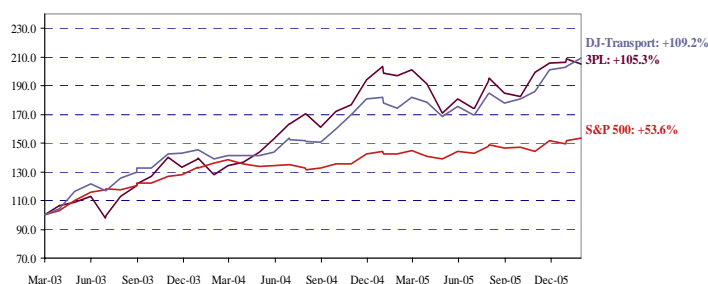
Third Party Logistics

Third Party Logistics – Market Indicators

LTM Share Price Performance



Last 3 Years



		Twelve Months Ending:						
		12/31/2002	12/31/2003	12/31/2004	3/31/2005	6/30/2005	9/30/2005	12/31/2005
EV / LTM EBITDA	Average	13.4x	14.1x	15.4x	14.7x	12.8x	13.8x	16.6x
	Median	14.8x	13.8x	15.9x	15.7x	13.2x	14.8x	17.1x
Price / LTM EPS	Average	34.7x	30.1x	32.8x	27.6x	25.5x	28.1x	31.2x
	Median	30.7x	32.0x	31.8x	27.8x	26.0x	28.9x	31.8x
Return on Assets	Average	14.4%	15.3%	17.8%	17.0%	17.6%	18.6%	20.7%
	Median	16.4%	16.2%	17.2%	17.1%	18.0%	18.4%	19.6%
Median Growth Rates	Revenue	0.1%	12.0%	23.3%	24.3%	24.8%	24.2%	17.6%
	Net Income	21.1%	30.5%	61.9%	48.7%	42.8%	33.1%	37.7%

	Market Price		52-Week Range		Market Cap.	Total Enterprise Value	Last Twelve Months - 12/31/2005			EV / EBITDA	Price / Earnings
	3/8/2006	High	Low	Revenue			EBITDA	Net Income			
	<i>Dollars in Thousands, except per share</i>										
CH Robinson Worldwide Inc.	\$44.08	\$46.36	\$23.60	\$6,266.4	\$5,913.3	\$5,688.9	\$344.9	\$203.4	17.1x	31.8x	
EGL Inc.	36.55	42.96	16.20	1,475.4	1,475.4	NA	NA	NA	NA	NA	
Expeditors International of Washington Inc.	77.36	80.63	47.17	7,198.7	6,734.6	3,901.8	335.4	218.6	20.1	34.5	
Forward Air	35.05	40.93	22.02	1,145.6	1,066.3	320.9	76.3	44.9	14.0	26.5	
UTI Worldwide	100.16	108.95	62.74	2,937.0	2,859.5	773.8	126.9	67.5	22.5	43.9	
Pacer International Inc.	30.04	32.74	20.05	974.8	1,055.7	1,860.1	111.3	50.9	9.5	19.5	
									Mean	17.2x	32.6x
									Median	18.5x	33.1x
									Overall Segment Index	19.3x	37.4x

Logistics and Truck Transportation – March 2006



Less-Than Truck Load

Less Than Truck Load

- **Market Trends:**

- Recent deals have focused on the better margins found in the next-day and second-day, time definitive market.
- Expect foreign companies and ocean carriers to look to expand their footprint through acquisition.
- In general, expect consolidation to lead to more pricing power and less cyclicity.

- **Recent Deals:**

- Jan 16th **Old Dominion Freight Line, Inc.** entered into a definitive agreement to acquire all the assets of **UW Freight Line, Inc.** of Salt Lake City, thus expanding its regional operation westward. The transaction is expected to close in Q1 2006. Terms of the transaction were not disclosed. UW Freightline, Inc. had revenues of \$23 million for the calendar year 2005.
- December Former chairman and 30% owner of the troubled regional LTL carrier **Central Freight Lines**, Jerry Moyes, is working to buy the remaining 70% for \$2.25 per share, or a 24% premium over the announcement date's close. Central closed nearly 10% of its terminal base in Q4 as part of an effort to shore up its finances. Shareholder lawsuits may slow the closing.
- Dec. 19th Montreal-based **Vitran** announced it would acquire Sparks's Nevada-based LTL carrier, **Sierra West Express**, for approximately \$2.50 million. Sierra West Express had LTM revenue of approximately \$16 million and EBITDA of \$1.0 million. The transaction closed Jan. 3rd.
- May 31st **Chris Truck Line**, a Wichita based LTL, was acquired by **Vitran** for approximately \$29.3 million. Total consideration consists of \$2.8 million in Vitran's common shares and \$26.5 million from Vitran's cash on hand. Chris Truck Line had LTM revenues of \$28.9 million, with corresponding operating income of \$4.6 million. The transaction was made at a trailing twelve month EBITDA multiple of 4.6x.
- May 16th **UPS** announced it would expand its regional LTL service offering by acquiring **Overnite Corp.** for \$1.35 billion, or 7.6x LTM EBITDA. Overnite had \$1.65 billion in revenue for the year 2004.
- Feb 27th **Yellow Roadway** continued to expand its regional LTL service offering by acquiring **US Freightways** for \$1.58 billion or 8.0x EBITDA. The transaction closed May 24th. The purchase was made with 50% stock and 50% cash, plus the assumption of \$99 million of debt.
- In June, Yellow Roadway teamed with **Shanghai Jin Jiang International Industrial Investment Co., Ltd** to form a Chinese-based transportation joint venture. Sources indicate that Yellow Roadway invested approximately \$50 million in the venture.
 - In March, Yellow Roadway's global logistics unit, Meridian IQ, acquired Shanghai based **GPS Logistics Group** in a play to strengthen Meridian's presence in China.

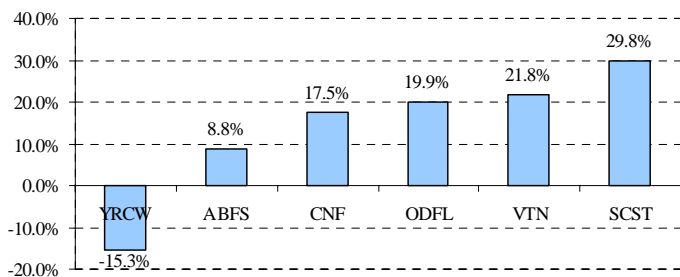
Logistics and Truck Transportation – March 2006



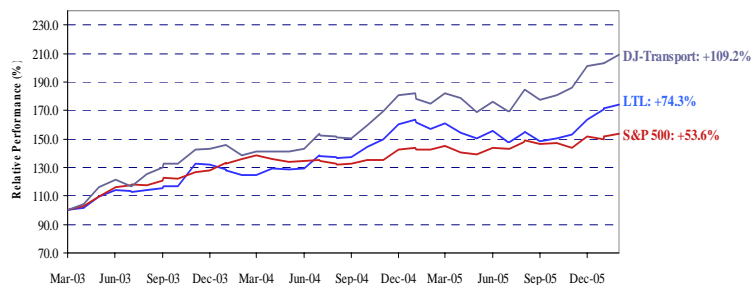
Less-Than Truck Load

Less Than Truckload – Market Indicators

LTM Share Price Performance



Last 3 Years



		Twelve Months Ending:						
		12/31/2002	12/31/2003	12/31/2004	3/31/2005	6/30/2005	9/30/2005	12/31/2005
EV / LTM EBITDA	Average	5.5x	8.1x	6.7x	5.7x	5.4x	5.4x	5.7x
	Median	5.8x	6.1x	6.4x	5.8x	5.6x	5.5x	5.9x
Price / LTMEPS	Average	16.0x	18.8x	17.4x	14.1x	12.1x	11.9x	13.0x
	Median	14.7x	17.6x	16.9x	13.7x	12.3x	11.6x	12.9x
Return on Assets	Average	7.7%	8.7%	11.9%	12.3%	12.5%	12.4%	13.6%
	Median	7.7%	9.1%	11.0%	11.9%	13.0%	13.4%	14.8%
Median Growth Rates								
	Revenue	-0.9%	8.6%	16.9%	22.2%	15.0%	13.3%	13.3%
	Net Income	60.1%	236.5% (1)	-14.4%	-21.3%	-24.2%	168.8%	171.1%

	Market Price		52-Week Range		Market Cap.	Total Enterprise Value	Last Twelve Months - 12/31/2005			EV / EBITDA	Price / Earnings
	3/8/2006	High	Low	Revenue			EBITDA	Net Income			
							Revenue	EBITDA	Net Income		
Arkansas Best Corp.	\$41.55	\$46.42	\$30.25	\$1,102.4	\$996.7	\$1,860.3	\$214.3	\$104.6	4.7x	10.7x	
YRC Worldwide Inc.	45.99	51.54	45.58	2,590.5	2,533.0	8,741.6	785.1	291.1	3.2	8.7	
Vitrans Corp Inc.	19.65	20.47	14.37	248.3	248.2	428.2	32.4	17.8	7.7	14.1	
CNF Inc.	1.96	7.50	1.50	2,924.6	3,506.0	4,169.6	492.5	223.0	7.1	14.2	
Old Dominion Freight Line Inc.	25.13	29.04	17.63	1,005.2	1,134.2	1,061.4	151.9	53.9	7.5	18.7	
SCS Transportation Inc.	27.77	29.13	14.70	307.6	405.6	1,098.0	93.2	27.5	4.4	11.6	
									Mean	5.7x	13.0x
									Median	5.9x	12.9x
									Overall Segment Index	5.0x	11.9x

¹ This growth rate reflects 2002 M&A activity that included a loss in discontinued operations from YRC Worldwide's divestiture of ATS which dramatically lowered their net income for 2002.

Logistics and Truck Transportation – March 2006



Truck Load

Truck Load

- **Market Trends:**

- Traditional truckload carriers increasingly working to diversify models by expanding product offering. Trend is cost effective, multi-modal.
- Focus on dedicated contracts allows shippers to outsource all operations: provide capacity, driver recruitment / retention, fleet management.
- Trend leads to more consistent volumes for carriers and allows shippers to focus on their core business. Also allows carriers to better utilize assets.
- Asset-based truckload providers have begun to enter the brokerage business.
- Expect M&A to focus on smaller carriers (likely in the 4.5x – 6.0x EBITDA range).

- **Recent Deals:**

- Jan 12th **US Xpress** completed the acquisition of 41% of **Total Transportation of Mississippi**. TTMS had 2004 revenues of \$67 million.
- Oct 27th **Transportation Corporation of America, Inc.** signed a definitive merger agreement to be acquired by Minneapolis private equity firm **Goldner Hawn Johnson and Morris** in a deal valued at \$117 million or 3.9x EBITDA. Transport America's two largest beneficial holders of common stock were **Rutabaga Capital Management** and **Wasatch Advisors, Inc.**
- Apr 16th **Swift Transportation** sold off certain non-core assets of its auto haul business to **Granite Equity Partners**, of St. Cloud, NM. Swift employees directly related to its autohaul business transitioned to employment of the Newco, Auto Carrier Holdings, Inc. The purchase price was \$46.5 million, which includes a \$17.0 million note payable to Swift over a six-year period.
- Aug 12th **Knight Transportation, Inc.** acquired 100% of the stock of **Edwards Bros., Inc.**, an Idaho Falls truckload carrier that operates tractors, livestock trailers and refrigerated trailers. The purchase price was not disclosed. Edwards Brothers generated approximately \$25 million to \$30 million in revenue.
- Jan 18th **Celadon Group, Inc.** acquired the **Truckload Van Business of CX Roberson Inc.** for consideration of \$22.7 million. Assets included approximately 370 tractors and 670 van trailers but did not include Roberson's flatbed business and related assets. The sold division generated approximately \$45 million in gross revenue in 2004.

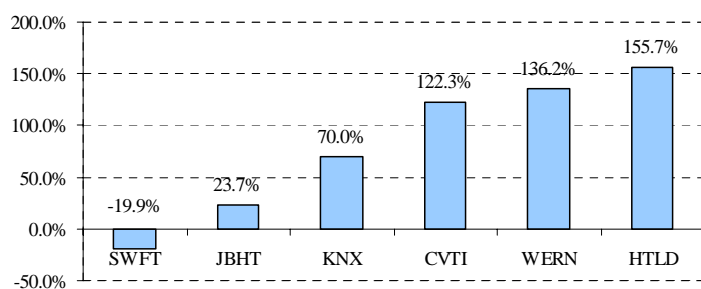
Logistics and Truck Transportation – March 2006



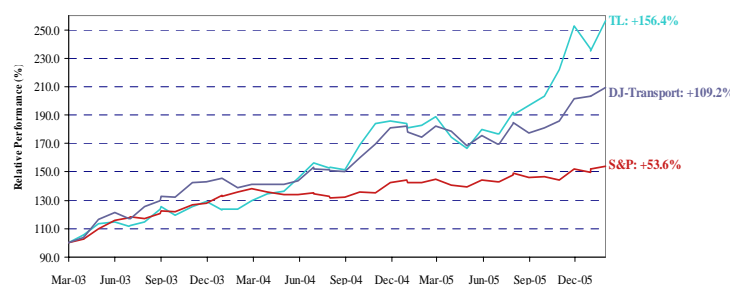
Truck Load

Truckload – Market Indicators

LTM Share Price Performance



Last 3 Years



		Twelve Months Ending:						
		12/31/2002	12/31/2003	12/31/2004	3/31/2005	6/30/2005	9/30/2005	12/31/2005
EV / LTM EBITDA	Average	7.8x	7.3x	8.2x	7.3x	7.0x	6.7x	6.5x
	Median	6.9x	7.0x	7.1x	6.7x	6.1x	6.1x	6.0x
Price / LTMEPS	Average	27.1x	23.2x	35.3x	39.1x	19.8x	18.9x	22.3x
	Median	27.7x	22.7x	26.3x	22.5x	18.8x	19.4x	19.4x
Return on Assets	Average	11.4%	13.4%	14.6%	14.1%	14.0%	13.5%	18.7%
	Median	8.8%	11.9%	15.3%	14.5%	14.7%	14.4%	19.7%
Median Growth Rates	Revenue	6.3%	11.4%	14.8%	16.4%	16.7%	15.8%	13.9%
	Net Income	57.3%	38.4%	14.4%	14.6%	14.2%	9.7%	13.8%

	Market Price		52-Week Range		Market Cap.	Total Enterprise Value	Last Twelve Months - 12/31/2005			EV / EBITDA	Price / Earnings
	3/8/2006	High	Low	Revenue			EBITDA	Net Income			
							Revenue	EBITDA	Net Income		
Heartland Express Inc.	\$23.00	\$25.00	\$17.74	\$1,497.4	\$1,209.8	\$523.8	\$140.5	\$71.9	8.6x	21.0x	
JB Hunt Transport Services Inc.	22.88	25.90	17.38	3,501.5	3,618.1	3,127.9	525.6	207.3	6.9	17.8	
Knight Transportation Inc.	19.88	22.51	13.83	1,775.2	1,754.1	566.8	150.1	61.7	11.7	29.1	
Swift Transportation Co. Inc.	23.58	26.19	16.25	1,485.9	1,474.6	3,197.5	400.8	101.1	3.7	14.8	
Werner Enterprises Inc.	19.26	22.58	15.78	1,564.0	1,587.4	1,971.8	316.0	98.5	5.0	16.1	
Covenant Transportation	14.89	21.65	9.81	195.4	191.8	643.1	58.4	5.7	3.3	35.2	
									Mean	6.5x	19.2x
									Median	6.0x	18.6x
									Overall Segment Index	6.2x	19.8x

Logistics and Truck Transportation – March 2006



Integrated

Integrated – Market Indicators

• Market Watch

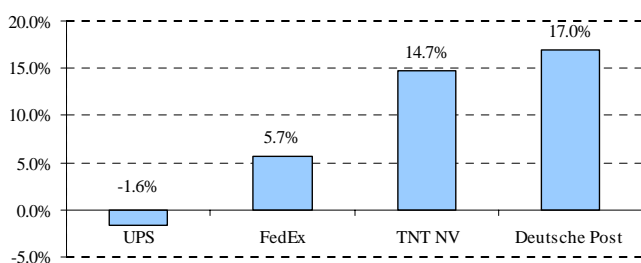
- FedEx, via FedEx Ground, and UPS, via Overnite, continue to beef up their ground transportation offering.

• Recent Deals

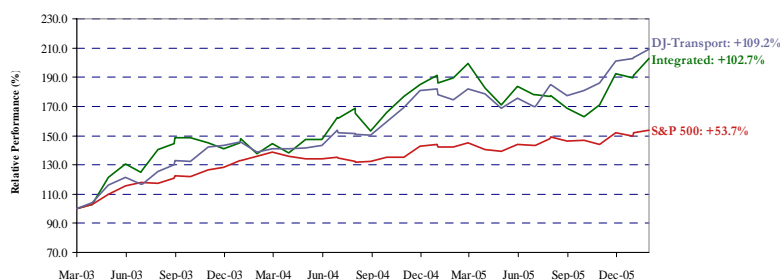
Dec. 13th **Deutsche Post AG** completed the acquisition of **Exel Plc** for €7.4 billion, or 12.5x LTM EBITDA. The group expects to achieve €220 million in annual gross cost synergies by 2008. Exel CEO John Allan will head Deutsche Post's enlarged logistics division.

Q4 **TNT** continued its strategy of divesting non-core assets including: Contract Logistics GlobalCollect, Groupe Malherbe and Transports Pierre Mendy.

LTM Share Price Performance



Last 3 Years



		Twelve Months Ending:						
		12/31/2002	12/31/2003	12/31/2004	3/31/2005	6/30/2005	9/30/2005	12/31/2005
EV / LTMEBITDA	Average	13.2x	9.5x	9.2x	7.9x	7.4x	7.2x	7.2x
	Median	9.6x	9.1x	8.2x	7.1x	6.5x	6.5x	7.6x
Price / LTMEPS	Average	15.2x	25.4x	19.3x	18.0x	16.2x	16.0x	17.3x
	Median	15.9x	27.9x	18.1x	17.6x	15.6x	16.1x	18.7x
Return on Assets	Average	9.9%	10.3%	11.4%	10.9%	11.0%	11.3%	13.7%
	Median	11.7%	11.8%	14.0%	13.2%	13.2%	13.4%	13.7%
Median Growth Rates	Revenue	15.4%	14.1%	15.3%	13.6%	9.6%	10.5%	3.7%
	Net Income	-23.7%	52.0%	50.7%	55.2%	44.4%	45.6%	21.7%

	Market Price			Market Cap.	Total Enterprise Value	Last Twelve Months - 12/31/2005			EV / EBITDA	Price / Earnings	
	3/8/2006	52-Week Range				Revenue	EBITDA	Net Income			
		High	Low								
United Parcel Service Inc.	\$77.00	\$79.97	\$66.10	\$82,931.7	\$79,025.7	\$42,581.0	\$7,760.3	\$3,870.0	10.2x	21.7x	
TNT NV	32.43	33.97	22.76	14,563.9	15,428.3	16,293.1	2,125.6	825.9	7.3	17.2	
FedEx Corporation	111.78	112.39	76.81	31,418.4	33,328.4	30,851.0	4,169.0	1,575.0	8.0	20.2	
Deutsche Post	25.87	28.35	21.04	27,038.5	19,458.5	52,601.8	5,925.0	2,636.3	3.3	10.3	
									Mean	7.2x	13.9x
									Median	7.6x	17.2x
									Overall Segment Index	7.4x	21.4x

All figures in \$US

Logistics and Truck Transportation – March 2006



Integrated - Less-Than Truck Load – Third Party Logistics – Truck Load

News Bits

- **Engine emission standard** will change in 2007. New requirements will increase the purchase price of a tractor by 5%-10% and increase fuel consumption by 3%-5%. Class 8 truck orders in North America reached an all-time monthly high of 43,100 in January, with truck manufacturers reporting strong gains as buyers accelerated purchases ahead of new engine emission rules.
- **Driver shortages**, caused by an aging demographic and poor quality of life, have helped stymie growth. The Trucking Industry has over 100% annualized turnover. According to the Department of Labor Statistics, Truckload employment growth is expected to be about 5%.
- The revised **Hours of Service** rules (issued in August 2005) are in limbo again after the Teamsters and Public Citizens, among others, filed a new suit on February 17, 2006 challenging the rule's effect on public safety. This latest challenge only adds to the difficulties facing the trucking industry's staffing problems.
- **China:** At present, there are approximately 730,000 logistics service providers registered with China's industrial and commercial administrative departments.

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