

Logistics & Transportation Market Update



July 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 – July 2006



General Market Overview

Recent Industry Trends

- It has been a busy few months since our last update in March. We attended both the WERC conference in Orlando and the EyeforTransport 3PL conference in Atlanta. We have spoken to many executives and managers, and business appears strong on all fronts. Record freight volumes, constrained capacity and the continued trend towards outsourced logistics is helping the bottom line.
- The general investment thesis remains the same: as manufacturing and sourcing continues to migrate to Asia, the requirements for sophisticated inbound logistics services will increase. It is estimated that \$50 billion of manufacturing has moved to Asia since 2002, increasing the length and complexity of the supply chain. Warehousing has become the hedge against volatility in manufacturing thousands of miles away.
- We continue to meet with private equity firms who maintain serious interest in the logistics sector. Increasingly, private equity firms have mandates to make investments in the sector, keeping interest (and valuation) strong. Private equity interest is driven by two key industry characteristics: 1) increased demand for outsourced logistics and transportation services, and 2) the fragmented nature of the industry and the opportunity for consolidation. Combined, investors see the opportunity to create significant value. That said, the biggest hurdle for investors is finding a sizable platform company to enter the industry.

M&A and Valuation Trends

The transportation and logistics markets remain hot. A strong economy and aggressive lending market, coupled with a hot sector are supporting strong valuations. The public equity sectors continue to do extremely well, even after the mid-June stock market correction:

- All EB&Co.-followed Transportation and Logistics sectors outperformed the general market over the last twelve months.
- The 3PL Index was clearly the top performer, driven by strong operating results and investor interest looking to profit from an increased outsourcing trend and an active M&A market.

M&A activity remains solid across all sectors. Demand from strategic buyers (FedEx, Ozburn-Hessey, to name a few) continues as companies look to broaden their service offering. Further demand is being driven by private equity buyers looking for platform companies in the sector.

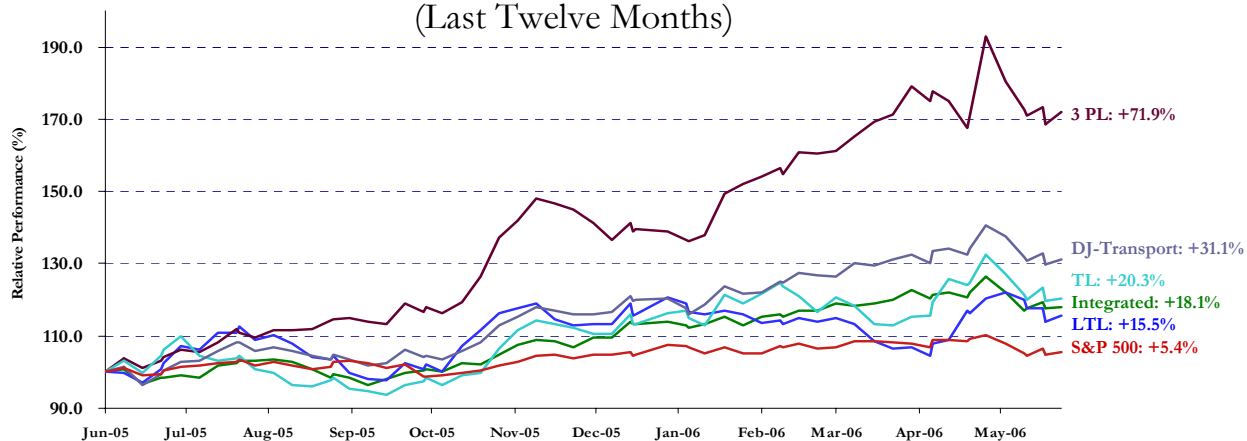
We do not expect rising interest rates to have a material impact on valuation. A slowing economy and general credit defaults will have a much bigger impact on valuations. Lenders remain aggressive, yet are becoming more cautious and thorough in their due diligence.

Logistics & Truck Transportation – July 2006

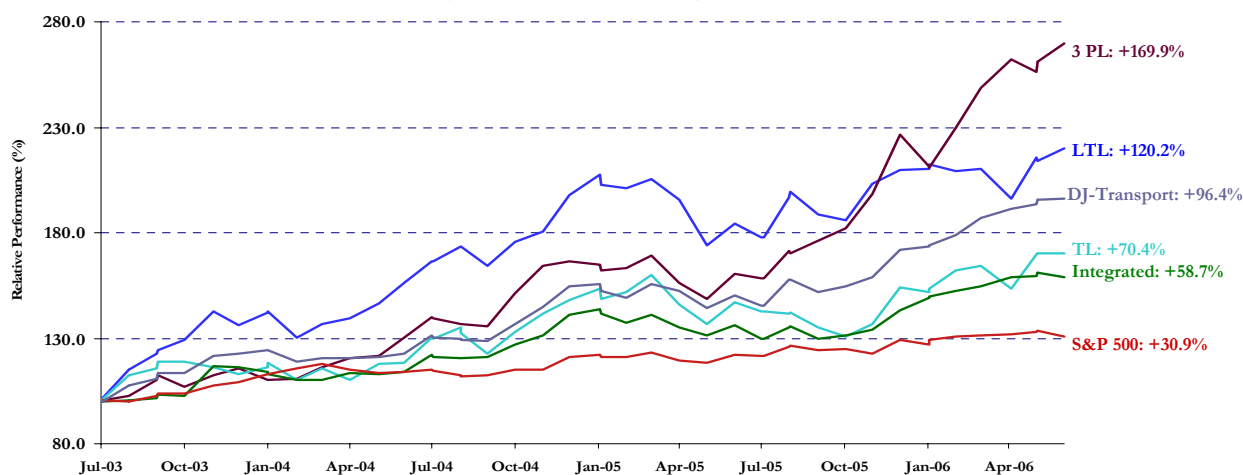


General Market Overview

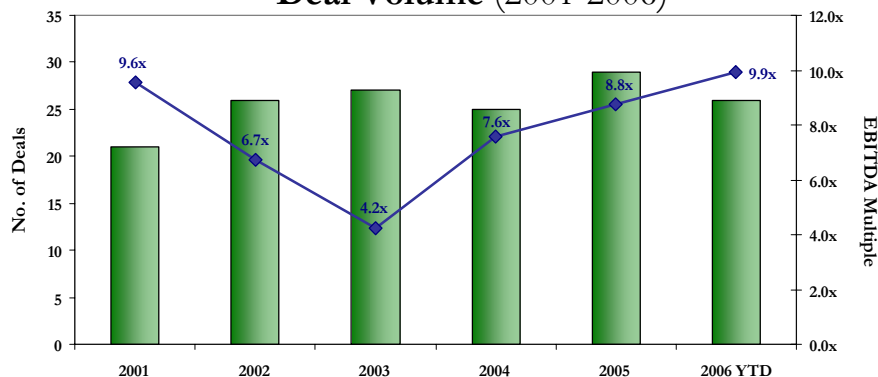
Ewing Bemiss & Co. Index Performance
(Last Twelve Months)



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



Deal Volume (2001-2006)*



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)

*Based on EB&C's tracked M&A activity for 2001 – June 2006

Logistics and Truck Transportation – July 2006



Third Party Logistics

Third Party Logistics

- **Market Trends:**

- The 3PL sector continues to be the darling of the Transportation Sector. The share prices of the EB&Co. 3PL Index are up 71.9% over the last twelve months. Median EBITDA and trailing P/E multiples continue to tick upward, reaching current levels of 15.6x and 31.1x, respectively.
- Wal-Mart may be starting a new industry trend as it announced in April that it intends to cut inventory by as much as \$6 billion in 100 days. Reductions come as management seeks new ways to reduce costs without impacting customer service.

- **Recent Deals:**

- July 6th **Ozburn-Hessey** announced plans to buy both **Barthco International, Inc.** of Philadelphia, PA and **Turbo Logistics** of Gainesville, GA. Once integrated, the combined company will have operating revenue in excess of \$600 million and will provide clients with greater visibility of freight in the global supply chain from a single point of entry. Barthco International provides global logistics, international freight forwarding, customs brokerage, air and sea cargo consolidation, project services, warehousing and distribution. Turbo Logistics is a domestic transportation broker.
- June 30th **Sun Capital Partners**, a Florida-based private equity firm, acquired all of the operating assets of **Jevic Transportation Inc.** Jevic will no longer be a subsidiary of SCST. Jevic is a New Jersey-based regional LTL company.
- June **Schneider National** has partnered with **CSX** Intermodal and Kansas City Southern to offer dedicated intermodal between Marion, Ohio (near Columbus) and Kansas City, MO. The service is expected to take one day off of transit time to the West Coast.
- May 3th **Jacobson Companies** announced the acquisition of Atlanta, GA based, **Wilpak, Inc.** The merger with Wilpak, a provider of packaging and logistics services, enhances the capabilities of both parties in providing national supply chain management services. Terms were not disclosed. Earlier this year, Jacobson also acquired **Southwest Storage and Distribution**, a third party logistics provider based in Phoenix, AZ and **The Plus Group**, a temporary staffing company located in Memphis, TN.
- April **Caribbean Shipping Services** called off its planned merger with **Eagle Logistics Systems** citing that it could grow the business on its own from new shipping lines entering its home port of Jacksonville, FL.

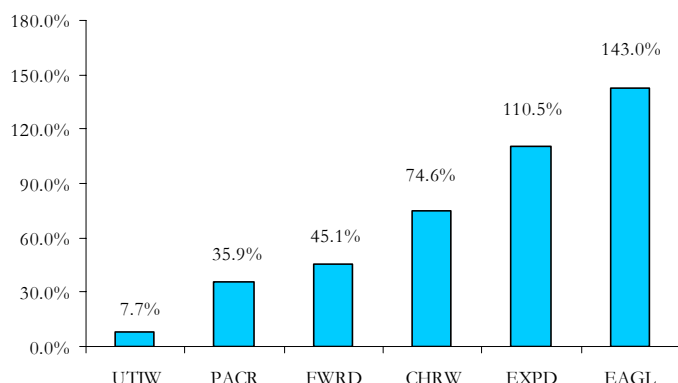
Logistics and Truck Transportation – July 2006



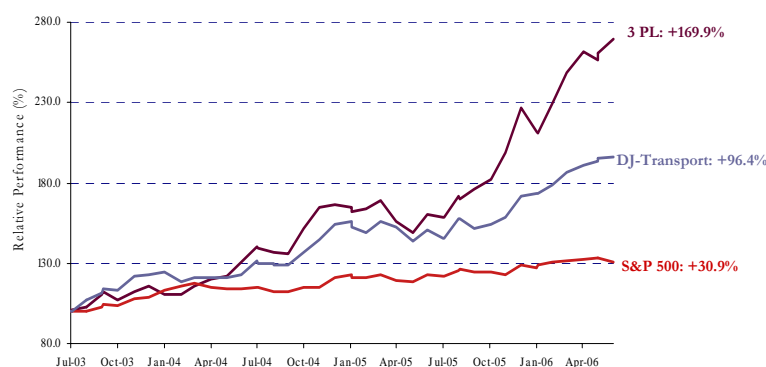
Third Party Logistics

Third Party Logistics – Market Indicators

LTM Share Price Performance



Last 3 Years



		Twelve Months Ending:						
		12/31/2002	12/31/2003	12/31/2004	6/30/2005	9/30/2005	12/31/2005	3/31/2006
EV / LTMEBITDA	Average	12.1x	12.9x	14.2x	13.0x	14.1x	14.9x	18.4x
	Median	11.9x	11.5x	12.5x	13.6x	15.6x	15.3x	15.6x
Price / LTMEPS	Average	32.7x	27.3x	28.4x	25.7x	28.7x	28.4x	29.9x
	Median	26.5x	27.5x	28.5x	26.6x	29.3x	29.1x	28.3x
Return on Assets	Average	14.4%	15.3%	17.9%	19.0%	19.7%	19.5%	19.8%
	Median	16.4%	16.2%	17.4%	18.5%	18.5%	19.1%	19.9%
Median Growth Rates	Revenue	0.1%	12.0%	23.3%	24.8%	24.2%	15.7%	16.6%
	Net Income	21.1%	30.5%	61.9%	42.8%	33.1%	28.2%	22.1%

Dollars in Millions, except per share

	Market Price		52-Week Range		Market Cap.	Total Enterprise Value	Last Twelve Months - 3/31/2006			EV / EBITDA	Price / Earnings	
	7/10/2006	High	Low	Revenue			EBITDA	Net Income				
CH Robinson Worldwide Inc.	\$51.91	\$55.18	\$28.38		\$9,016.9	\$8,636.3	\$5,973.1	\$371.2	\$219.7	23.3x	41.0x	
EGL Inc.	51.49	53.80	19.06		2,084.8	2,137.9	3,147.7	139.8	62.1	15.3	33.6	
Expeditors International of Washington Inc.	54.55	58.32	24.90		11,639.0	11,071.2	4,101.2	371.1	240.1	29.8	48.5	
Forward Air	42.94	43.48	28.13		1,351.9	1,269.3	333.7	80.0	47.2	15.9	28.6	
UTI Worldwide	25.26	36.32	22.31		2,428.1	2,295.0	966.4	154.0	88.4	14.9	27.5	
Pacer International Inc.	32.66	36.19	22.22		1,226.3	1,301.9	1,869.4	117.8	53.4	11.1	23.0	
										Mean	18.4x	33.7x
										Median	15.6x	31.1x
										Overall Segment Index	21.4x	32.0x

Logistics and Truck Transportation – July 2006



Trucking

• Market Trends:

- The trucking industry continues to perform well. The TL Index outperformed the LTL Index over the last twelve months, rising 20.3% and 15.5%, respectively. Truckload carriers trade at higher EV and P/E multiples compared to LTL.
- Record profits continue as truckers capitalize on constrained capacity and record volumes.
- Cost pressures continue to drive up shipper's costs:
 - Driver shortage
 - Continued effect of Hours of Services change
 - Fuel prices up 95% from two years ago. The ATA estimates that the trucking industry will spend \$98.3 billion on fuel in 2006, up \$10.6 billion from 2005
 - Environmental emission regulations continue to play a role in equipment replacement costs
- Expect fuel charges and rate increases to be passed to shippers.
- Long-haul LTL seems to have renewed value as shippers change their distribution patterns, consolidating warehouse space near ports and shipping to points closer to final destination.

LTL Mix by Days of Service

	Next Day	2 Day	3 Day	4+ Day
FedEx Freight	45%	43%	10%	2%
Watkins	2%	8%	40%	50%
YRC Worldwide	30%	30%	20%	20%
UPS Freight	29%	21%	20%	30%
Con-way Freight	43%	39%	16%	2%
FedEx/Watkins	34%	34%	18%	14%

Source: June 5, Traffic World.

• Recent Deals:

June 2nd **Panther Expedited Services** filed an S-1 as part of the process of going public. Panther was purchased by Fenway Partners, a New York based private equity firm, on June 10th, 2005.

May 26th **Federal Express** purchased privately held **Watkins Motor Lines** for \$780 million. Watkins had revenue of \$1.05 billion. The deal is expected to close this summer.

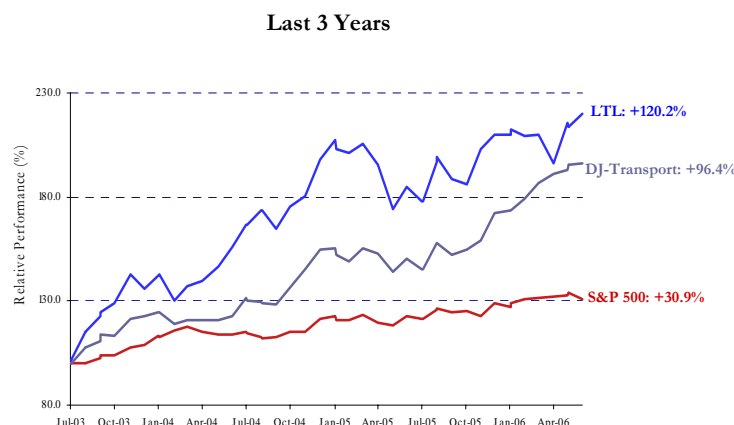
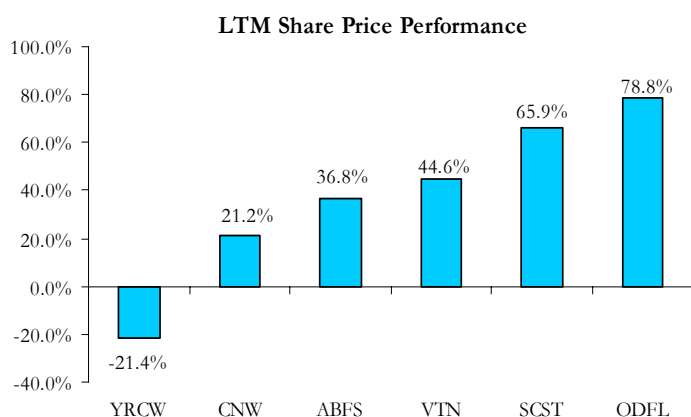
April Domestic air cargo company, **Kitty Hawk**, launched an airport-to-airport less-than-truckload service called Kitty Hawk Ground.

Logistics and Truck Transportation – July 2006



Less-Than Truck Load

Less Than Truckload – Market Indicators



		Twelve Months Ending:						
		12/31/2002	12/31/2003	12/31/2004	6/30/2005	9/30/2005	12/31/2005	3/31/2006
EV / LTMEBITDA	Average	5.5x	8.1x	6.7x	5.4x	5.4x	5.8x	6.6x
	Median	5.8x	6.1x	6.4x	5.6x	5.5x	5.5x	5.7x
Price / LTMEPS	Average	16.0x	18.8x	17.4x	12.1x	11.9x	13.0x	14.9x
	Median	14.7x	17.6x	16.9x	12.3x	11.6x	12.9x	14.4x
Return on Assets	Average	7.7%	8.7%	11.9%	12.6%	12.9%	13.9%	12.9%
	Median	7.7%	9.1%	11.0%	12.4%	12.8%	14.2%	14.0%
Median Growth Rates	Revenue	-0.9%	8.6%	16.9%	15.0%	13.3%	13.3%	15.0%
	Net Income (1)	60.1%	114.7%	41.3%	39.6%	37.9%	38.2%	36.0%

Dollars in Millions, except per share

	Market Price		52-Week Range		Market Cap.	Total Enterprise Value	Last Twelve Months - 3/31/2006			EV / EBITDA	Price / Earnings	
	7/10/2006	High	Low	Revenue			EBITDA	Net Income				
Arkansas Best Corp.	\$48.08	\$50.67	\$32.09		\$1,214.9	\$1,108.6	\$1,893.5	\$206.9	\$100.3	5.4x	12.1x	
YRC Worldwide Inc.	42.78	51.54	36.07		2,457.9	3,975.5	9,437.8	819.3	283.3	4.9	8.7	
Vitran Corp Inc.	23.80	25.14	16.84		302.8	298.0	449.4	34.7	18.8	8.6	16.1	
Con-Way Inc.	57.51	61.87	45.86		2,975.2	2,884.2	4,280.1	503.1	237.1	5.7	12.5	
Old Dominion Freight Line Inc.	36.31	39.50	18.89		1,353.8	1,503.8	1,116.3	161.4	58.0	9.3	23.4	
SCS Transportation Inc.	27.06	31.53	14.70		395.6	513.3	1,132.1	91.8	25.9	5.6	15.3	
										Mean	6.6x	14.7x
										Median	5.7x	13.9x
										Overall Segment Index	5.7x	14.0x

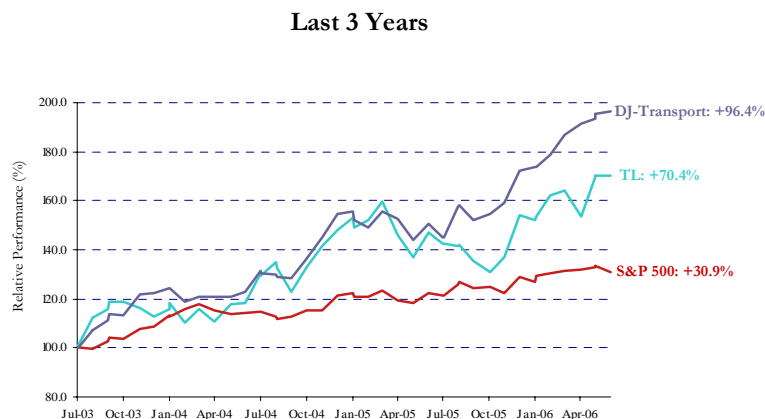
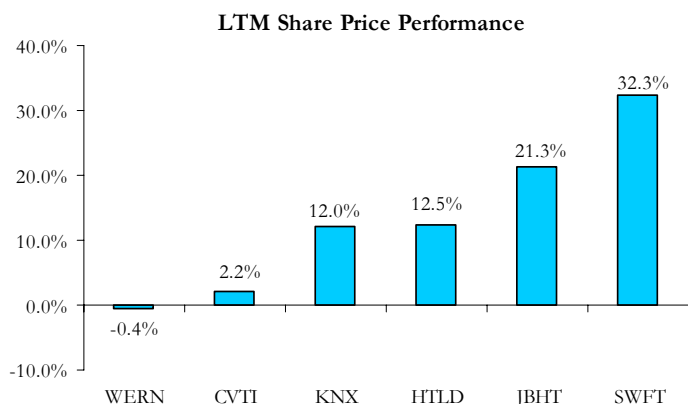
(1) These growth rates exclude M&A activity that included a loss in discontinued operations from YRC Worldwide's divestiture of ATS and the loss in discontinued operations from Con-Way's divestiture of Menlo Worldwide, which dramatically lowered their net income for 2002 and 2004, respectively.

Logistics and Truck Transportation – July 2006



Truck Load

Truckload – Market Indicators



		Twelve Months Ending:						
		12/31/2002	12/31/2003	12/31/2004	6/30/2005	9/30/2005	12/31/2005	3/31/2006
EV / LTM EBITDA	Average	7.8x	7.3x	8.2x	7.0x	6.7x	7.0x	7.3x
	Median	6.9x	7.0x	7.1x	6.1x	6.1x	6.0x	7.0x
Price / LTMEPS	Average	27.1x	23.2x	35.3x	19.8x	18.9x	22.3x	22.9x
	Median	27.7x	22.7x	26.3x	18.8x	19.4x	19.4x	19.6x
Return on Assets	Average	11.4%	13.4%	14.6%	14.8%	16.8%	15.2%	15.0%
	Median	8.8%	11.9%	15.3%	15.6%	17.9%	15.4%	15.1%
Median Growth Rates	Revenue	6.3%	11.4%	14.8%	16.7%	15.8%	13.9%	13.1%
	Net Income	57.3%	38.4%	14.4%	14.2%	9.7%	13.8%	13.5%

Dollars in Millions, except per share

	Market Price	52-Week Range		Market Cap.	Total Enterprise Value	Last Twelve Months - 3/31/2006			EV / EBITDA	Price / Earnings	
	7/10/2006	High	Low			Revenue	EBITDA	Net Income			
Heartland Express Inc.	\$17.72	\$19.59	\$14.06	\$1,743.6	\$1,421.9	\$540.1	\$148.3	\$76.6	9.6x	22.8x	
JB Hunt Transport Services Inc.	25.03	25.90	17.38	3,864.8	3,903.4	3,198.6	534.5	208.8	7.3	18.5	
Knight Transportation Inc.	19.60	22.51	14.67	1,682.1	1,651.4	593.7	157.4	64.8	10.5	26.0	
Swift Transportation Co. Inc.	32.17	33.66	16.25	2,402.5	2,873.6	3,217.8	427.9	119.2	6.7	20.2	
Werner Enterprises Inc.	19.91	21.84	15.78	1,562.1	1,507.0	2,008.5	321.5	100.6	4.7	15.5	
Covenant Transportation	15.09	16.43	9.81	210.7	289.8	656.7	57.6	5.4	5.0	38.8	
									Mean	7.3x	23.6x
									Median	7.0x	21.5x
									Overall Segment Index	7.1x	19.3x

Logistics and Truck Transportation – July 2006



Integrated

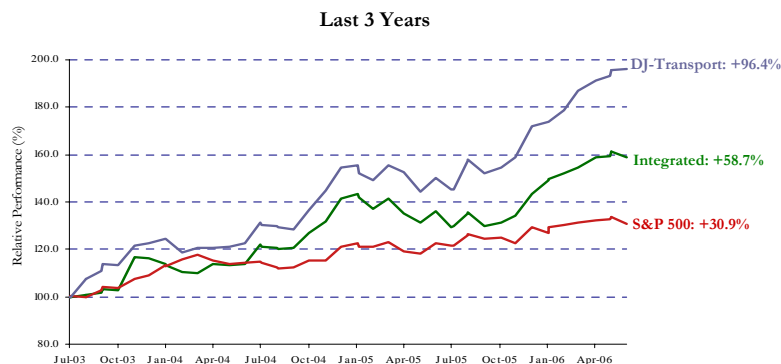
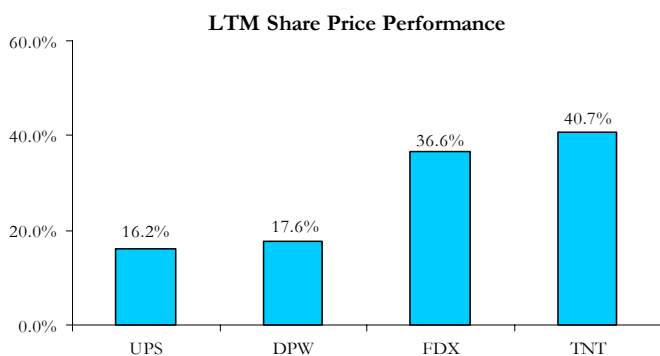
Integrated – Market Indicators

• Market Watch

- Share prices and enterprise multiples continue to increase for the giant integrated providers. Trade with Asia continues to generate record volumes and helps support rate increases. The EB&Co. Integrated Index has risen +18.1% in the last 12 months.
- Current median EV/EBITDA and trailing P/E multiples are 8.8x and 20.2x, respectively.

• Recent Deals

- TNT opened a \$1.2 million medical logistics facility in Shanghai, China in an effort to capitalize on the fast-growing healthcare market.
- FedEx purchased Watkins in further efforts to broaden its service offering.



		Twelve Months Ending:						
		12/31/2002	12/31/2003	12/31/2004	6/30/2005	9/30/2005	12/31/2005	3/31/2006
EV / LTM EBITDA	Average	13.2x	9.5x	9.2x	7.4x	7.2x	7.6x	8.6x
	Median	9.6x	9.1x	8.2x	6.5x	6.5x	7.6x	8.8x
Price / LTM EPS	Average	15.2x	25.4x	19.3x	16.2x	16.0x	17.3x	18.9x
	Median	15.9x	27.9x	18.1x	15.6x	16.1x	18.7x	20.4x
Return on Assets	Average	13.3%	10.3%	11.4%	11.5%	11.4%	11.9%	12.2%
	Median	13.7%	11.8%	14.0%	13.7%	13.5%	13.7%	14.5%
Median Growth Rates	Revenue	15.4%	14.1%	15.3%	9.6%	10.5%	3.7%	5.0%
	Net Income	-23.7%	52.0%	50.7%	44.4%	45.6%	21.7%	23.9%

Dollars in Millions, except per share

	Market Price		52-Week Range		Market Cap.	Total Enterprise Value	Last Twelve Months - 3/31/2006			EV / EBITDA	Price / Earnings	
	7/10/2006	High	Low	Revenue			EBITDA	Net Income				
United Parcel Service Inc.	\$81.09	\$83.99	\$66.10		\$87,955.0	\$88,563.0	\$44,216.0	\$7,998.0	\$3,963.0	11.1x	22.2x	
TNT NV	35.90	40.33	24.56		16,037.9	17,491.9	12,449.6	1,889.2	813.5	9.3	19.7	
FedEx Corporation	114.40	120.01	76.81		34,905.2	36,234.2	31,515.0	4,295.0	1,686.0	8.4	20.7	
Deutsche Post	26.99	30.58	22.70		32,647.5	37,707.5	57,133.7	6,757.0	2,636.2	5.6	12.4	
										Mean	8.6x	18.7x
										Median	8.8x	20.2x
										Overall Segment Index	8.6x	19.7x

All figures in \$US

Logistics and Truck Transportation – July 2006



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

Fortune 1,000 (Transportation & Logistics, Trucking & Truck Leasing)

	Fortune 1,000 Revenue Rank	REVENUES		PROFITS		PROFITS/ Stock- holders'			EARNINGS/ SHARE	TOTAL RETURN TO INVESTORS		EMPLOYEES		
		\$ mil.	Change from 2004	\$ mil.	Change from 2004	Rev.	Assets	Equity	1995-2005 ANNUAL GROWTH	1995-2005 ANNUAL RATE	2005	No.	Change from 2004	
TRANSPORTATION AND LOGISTICS														
1	C.H. ROBINSON WORLDWIDE	379	\$5,689	31%	\$203	48%	4%	15%	26%	-	-	35%	5,776	20%
2	CNF	481	4,170	-29%	223	-	5%	9%	24%	13%	11%	12%	21,800	8%
3	EXPEDITORS INTL. OF WASH.	506	3,902	18%	219	40%	6%	14%	24%	28%	36%	21%	10,600	13%
4	LAIDLAW INTERNATIONAL	523	3,673	-21%	212	244%	6%	7%	0%	-	-	10%	26,537	-59%
5	EGL	599	3,097	13%	58	14%	2%	5%	18%	-	16%	26%	10,500	3%
6	PACER INTERNATIONAL	848	1,860	3%	51	8%	3%	9%	17%	-	-	23%	1,675	-4%
7	ALEXANDER & BALDWIN	910	1,663	11%	126	25%	8%	6%	12%	9%	13%	30%	2,177	6%
8	HUB GROUP	954	1,531	7%	33	91%	2%	7%	14%	-	-	35%	1,184	1%
TOTAL			\$25,584		\$1,125								80,249	
MEDIAN			\$3,385	9%	\$165	40%	4%	8%	17%	-	14%	24%	8,138	4%
TRUCKING, TRUCK LEASING														
1	YRC WORLDWIDE	263	\$8,742	29%	\$288	56%	3%	5%	15%	-	15%	-20%	68,000	36%
2	RYDER SYSTEM	375	5,741	11%	227	5%	4%	4%	15%	7%	8%	-13%	27,800	6%
3	SWIFT TRANSPORTATION	582	3,197	13%	101	-2%	3%	5%	12%	13%	12%	-5%	21,900	-5%
4	J.B. HUNT TRANSPORT SVCS.	595	3,128	12%	207	42%	7%	13%	25%	-	19%	2%	16,370	3%
5	LANDSTAR SYSTEM	686	2,518	25%	120	67%	5%	16%	47%	23%	29%	14%	1,285	3%
6	AMERCO	805	2,008	-7%	89	-	4%	3%	16%	12%	13%	57%	18,300	6%
7	WERNER ENTERPRISES	816	1,972	18%	99	13%	5%	7%	11%	10%	12%	-12%	13,722	2%
8	ARKANSAS BEST	847	1,860	8%	105	39%	6%	11%	19%	-	19%	-1%	12,327	1%
TOTAL			\$29,166		\$1,236								179,704	
MEDIAN			\$2,823	13%	\$112	39%	5%	6%	15%	12%	14%	-3%	17,335	3%

Contact Information

Please Help Us Keep Track of You!

Name: _____ **Title:** _____

Company: _____

Address: _____

City: _____ **State:** _____ **Zip:** _____

Phone: _____ **Fax:** _____

Email: _____ **Website:** _____

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