

STIFEL NICOLAUS



4Q10 Freight Transportation & Logistics Earnings

Preview – January 6, 2011

November Election Results Seem to Have Buoyed Up the Economic Outlook; Freight Volumes Held Steady Through Year-End; Rising Fuel Prices a Concern; Safety Regulations Likely to Soon Crimp Capacity; Pricing Outlook Remains Bright

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All relevant disclosures and certifications appear on pages 70-71 of this report.

Freight Transportation and Logistics Industry

4Q10 Earnings Preview – January 6, 2011

For Investors With a Short-term Horizon (1-3 Quarters), We Recommend Overweighting the Truckers;

For Investors With a Longer-term Horizon (1-3 Years), We Recommend Overweighting the Railroads and Express Carriers

Trucking Industry; Short-term Overweight Rationale:

- 1) Economic growth forecasts have been rising.
- 2) Safety regulations are effectively reducing capacity.
- 3) YRC Worldwide continues to teeter on the brink, in our view.
- 4) Many shippers have built significant price increases into their 2011 budgets.

Favorite Trucking Stocks:

- Celadon Group (CGI; Buy)
- Heartland Express (HTLD; Buy)
- Landstar System (LSTR; Buy)
- Roadrunner Transport (RRTS; Buy)
- Saia, Inc. (SAIA; Buy)
- Universal Truckload Services (UACL; Buy)
- Vitran Corp. (VTNC; Buy)
- Werner Enterprises (WERN; Buy)

Railroad Industry; Longer-term Overweight Rationale:

- 1) Further economic regulation unlikely in light of the composition of the new Congress.
- 2) Intermodal volumes remain strong. Carload traffic has partially rebounded.
- 3) Pricing remains strong.
- 4) Cost efficiencies and productivity enhancement offsetting much of the industry's cost inflation.
- 5) Network economies of scale will be exceptionally powerful over the next 10%-15% of volume growth.
- 6) Many cost reductions implemented during the downturn remain in place.

Favorite Railroad Stocks:

- Norfolk Southern Corp. (NSC; Buy)
- Union Pacific Corp. (UNP; Buy)

Express Industry; Longer-term Overweight Rationale:

- 1) Asian economy has recovered more quickly than then domestic economy.
- 2) Pricing remains strong as one would expect in a duopoly. Accessorials and DIM weight pricing could boost effective pricing in 2011.
- 3) The e-commerce phenomenon remains powerful.
- 4) Some cost efficiencies layered into cost structures over the past few years are semi-permanent.
- 5) Re-classification of companies and employees, with respect to labor regulations, are much less likely given the current composition of Congress.

Favorite Express Stocks:

- FedEx Corp. (FDX; Buy)

4Q10 Earnings Preview – SN Research Coverage

| Company (Ticker) | SN Rating | EPS | | | | | | Revenue (\$ millions) | | | | |
|---|-----------|--------------------------|--------------------------|-----------------|----------------------|---------------------|---------------------------|-----------------------|--------------------------|--------------------------|-----------------|--------------|
| | | Stifel Nicolaus 4Q10E | Stifel Nicolaus 4Q09A | % change y/y | Street High 4Q10E | Street Low 4Q10E | Street Consensus 4Q10E | # of Analysts | Stifel Nicolaus 4Q10E | Stifel Nicolaus 4Q09A | % change y/y | |
| Arkansas Best Corp. (ABFS) | Buy | (\$0.10) | (\$0.87) | NM | \$0.03 | (\$0.27) | (\$0.08) | 15 | \$416.5 | \$371.6 | 12.1% | |
| Canadian National Railway (CNI) ⁽¹⁾ | Hold | \$1.10 | \$0.85 | 30.4% | \$1.20 | \$0.98 | \$1.08 | 17 | \$2,133.3 | \$1,882.0 | 13.4% | |
| Canadian Pacific Railway (CP) ⁽¹⁾ | Hold | \$1.10 | \$0.71 | 53.9% | \$1.26 | \$1.05 | \$1.12 | 14 | \$1,297.7 | \$1,143.2 | 13.5% | |
| Celadon Group, Inc. (CGI) ⁽²⁾ | Buy | \$0.19 | \$0.05 | 319.4% | \$0.21 | \$0.13 | \$0.18 | 9 | \$141.1 | \$127.2 | 10.9% | |
| C.H. Robinson Worldwide, Inc. (CHRW) | Sell | \$0.60 | \$0.52 | 13.8% | \$0.65 | \$0.58 | \$0.62 | 21 | \$365.9 | \$339.1 | 7.9% | |
| CSX Corp. (CSX) | Buy | \$1.07 | \$0.73 | 46.2% | \$1.18 | \$0.97 | \$1.08 | 27 | \$2,656.9 | \$2,320.0 | 14.5% | |
| Con-way, Inc. (CNW) | Hold | \$0.13 | (\$0.17) | NM | \$0.38 | \$0.10 | \$0.25 | 23 | \$1,246.6 | \$1,116.5 | 11.7% | |
| Expeditors Int'l of Washington, Inc. (EXPD) | Hold | \$0.47 | \$0.32 | 46.9% | \$0.49 | \$0.41 | \$0.45 | 15 | \$478.9 | \$369.7 | 29.5% | |
| FedEx Corp. (FDX) ⁽³⁾ | Buy | \$1.16 | \$1.10 | 5.6% | \$1.16 | \$1.16 | \$1.16 | 19 | \$9,632.0 | \$8,596.0 | 12.1% | |
| Forward Air Corp. (FWRD) | Hold | \$0.38 | \$0.22 | 77.2% | \$0.39 | \$0.35 | \$0.37 | 12 | \$133.4 | \$118.0 | 13.0% | |
| Genesee & Wyoming Inc. (GWR) | Hold | \$0.48 | \$0.40 | 19.1% | \$0.46 | \$0.45 | \$0.45 | 14 | \$164.9 | \$139.9 | 17.8% | |
| Heartland Express, Inc. (HTLD) | Buy | \$0.18 | \$0.12 | 49.0% | \$0.19 | \$0.15 | \$0.17 | 17 | \$127.9 | \$114.2 | 12.0% | |
| Hub Group, Inc. (HUBG) | Hold | \$0.33 | \$0.26 | 25.6% | \$0.35 | \$0.32 | \$0.34 | 15 | \$475.7 | \$407.9 | 16.6% | |
| J.B. Hunt Transport Svcs, Inc. (JBHT) | Hold | \$0.43 | \$0.32 | 33.6% | \$0.47 | \$0.40 | \$0.45 | 25 | \$1,015.3 | \$877.0 | 15.8% | |
| Kirby Corp. (KEX) | Hold | \$0.54 | \$0.59 | -8.9% | \$0.56 | \$0.52 | \$0.54 | 11 | \$268.8 | \$259.6 | 3.5% | |
| Knight Transportation, Inc. (KNX) | Hold | \$0.20 | \$0.16 | 30.2% | \$0.22 | \$0.19 | \$0.20 | 22 | \$190.2 | \$167.8 | 13.4% | |
| Landstar System, Inc. (LSTR) | Buy | \$0.46 | \$0.37 | 25.3% | \$0.49 | \$0.45 | \$0.47 | 20 | \$604.6 | \$548.0 | 10.3% | |
| Marten Transport, Ltd. (MRTN) | Hold | \$0.25 | \$0.19 | 31.4% | \$0.27 | \$0.25 | \$0.26 | 5 | \$126.7 | \$128.7 | -1.6% | |
| Norfolk Southern Corp. (NSC) | Buy | \$1.03 | \$0.82 | 25.5% | \$1.15 | \$0.98 | \$1.05 | 27 | \$2,433.1 | \$2,106.0 | 15.5% | |
| Old Dominion Freight Line, Inc. (ODFL) | Buy | \$0.39 | \$0.17 | 124.4% | \$0.41 | \$0.35 | \$0.38 | 17 | \$384.0 | \$310.9 | 23.5% | |
| Pacer International, Inc. (PACR) | Hold | \$0.09 | \$0.03 | 158.6% | \$0.11 | \$0.06 | \$0.09 | 9 | \$381.5 | \$420.2 | -9.2% | |
| Quality Distribution, Inc. (QLTY) | Buy | \$0.09 | \$0.01 | NM | \$0.11 | \$0.05 | \$0.08 | 5 | \$173.8 | \$151.3 | 14.9% | |
| RailAmerica, Inc. (RA) | Hold | \$0.10 | \$0.01 | NM | \$0.11 | \$0.08 | \$0.10 | 9 | \$121.9 | \$105.4 | 15.6% | |
| Roadrunner Transportation Services (RRTS) | Buy | \$0.12 | (\$0.07) | NM | \$0.14 | \$0.12 | \$0.13 | 3 | \$33.9 | \$27.5 | 22.9% | |
| Ryder System, Inc. (R) | Hold | \$0.63 | \$0.41 | 53.5% | \$0.64 | \$0.58 | \$0.63 | 10 | \$1,303.7 | \$1,247.0 | 4.5% | |
| Saia, Inc. (SAIA) | Buy | \$0.11 | (\$0.47) | NM | \$0.11 | (\$0.02) | \$0.08 | 7 | \$222.6 | \$202.4 | 10.0% | |
| TrailerBridge, Inc. (TRBR) | Buy | \$0.07 | \$0.14 | -50.5% | \$0.10 | \$0.07 | \$0.07 | 2 | \$31.3 | \$30.7 | 2.0% | |
| Union Pacific Corp. (UNP) | Buy | \$1.46 | \$1.09 | 34.4% | \$1.53 | \$1.34 | \$1.46 | 27 | \$4,315.4 | \$3,754.0 | 15.0% | |
| United Parcel Service, Inc. (UPS) | Buy | \$1.04 | \$0.75 | 38.2% | \$1.08 | \$1.01 | \$1.05 | 24 | \$13,359.5 | \$12,377.0 | 7.9% | |
| Universal Truckload Services, Inc. (UACL) | Buy | \$0.18 | \$0.11 | 65.4% | \$0.20 | \$0.18 | \$0.19 | 5 | \$161.8 | \$139.8 | 15.7% | |
| UTi Worldwide, Inc. (UTIW) ⁽⁴⁾ | Hold | \$0.19 | \$0.11 | 79.9% | \$0.24 | \$0.14 | \$0.18 | 13 | \$386.4 | \$350.6 | 10.2% | |
| Vitrin Corp. (VTNC) | Buy | \$0.10 | (\$0.14) | NM | \$0.10 | \$0.03 | \$0.09 | 8 | \$170.9 | \$165.0 | 3.5% | |
| Werner Enterprises, Inc. (WERN) | Buy | \$0.31 | \$0.25 | 23.4% | \$0.35 | \$0.29 | \$0.31 | 22 | \$471.5 | \$439.6 | 7.3% | |
| YRC Worldwide, Inc. (YRCW) | Sell | (\$1.47) | (\$39.12) | NM | (\$0.67) | (\$1.85) | (\$1.36) | 13 | \$1,037.1 | \$1,145.6 | -9.5% | |
| Stifel Transportation & Logistics Coverage Average | | | | | | | | 52.0% | | | | 11.1% |

Highlighted rows represent companies that have already reported earnings

* Stifel Nicolaus Ratings: Buy, Hold, Sell

All EPS and revenue numbers exclude non-recurring items.

Some calculations may vary due to rounding.

Source: Company data, First Call and Stifel Nicolaus estimates

(1) CNI and CP Revenues are in \$CAN

(2) CGI estimates are for F2Q11

(3) FDX numbers are F2Q11 actuals

(4) UTIW on January 31 FY; numbers are F4Q11 estimates

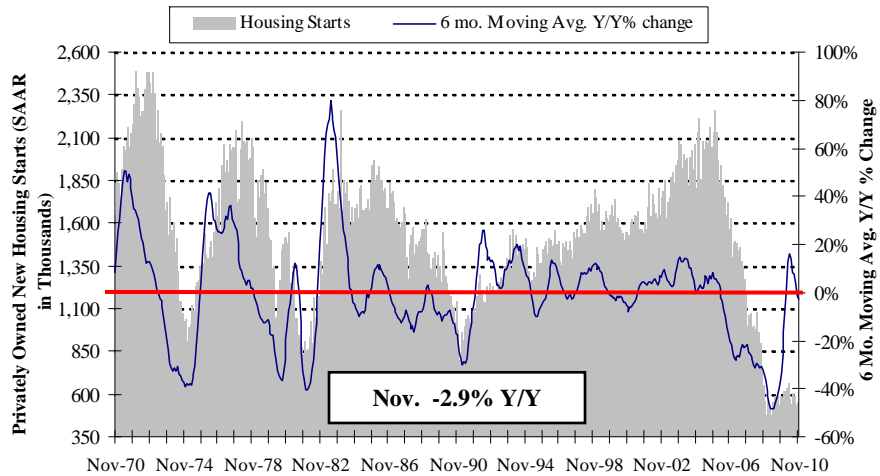
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Transportation Research

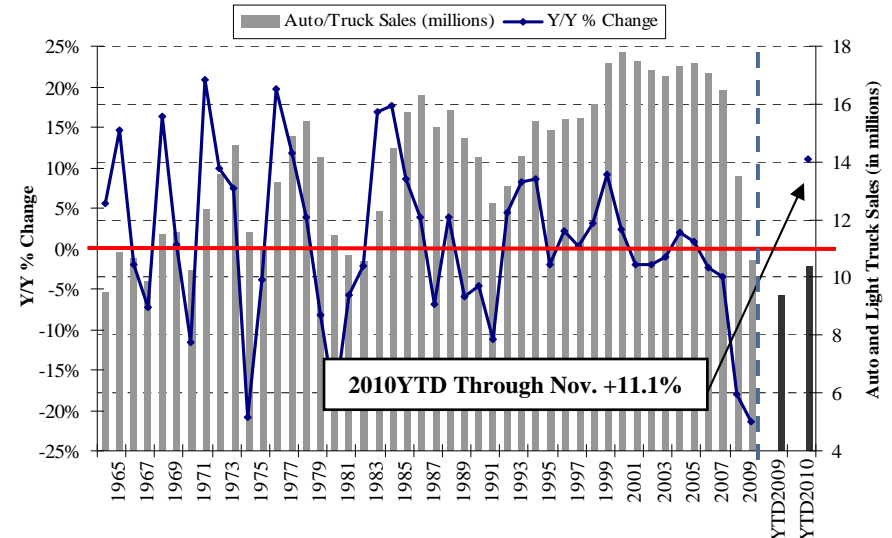
Current Economic Snapshot

Economic Outlook More Positive After Resolution of Uncertainty in Washington

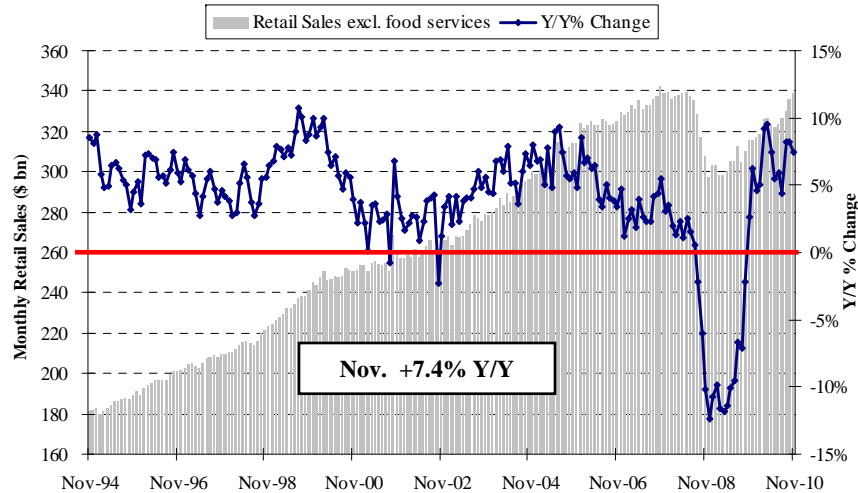
Monthly Privately Owned Housing Starts Decreased 2.9% Y/Y in November



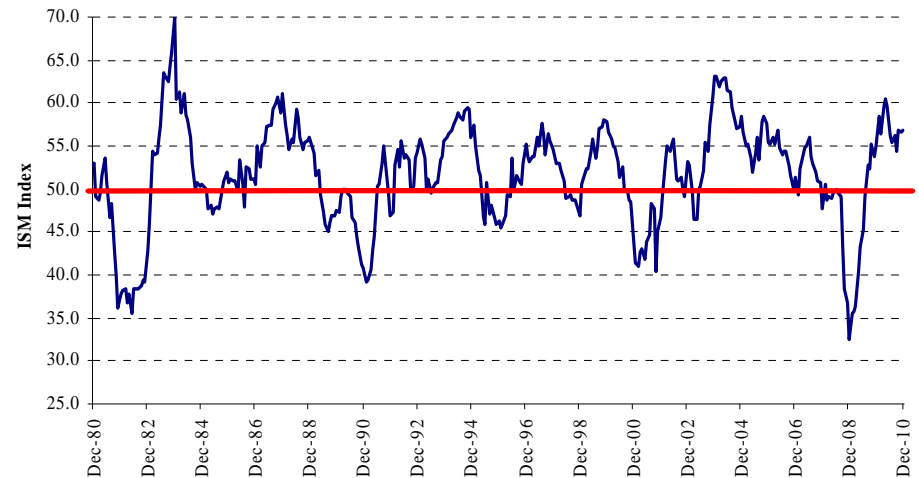
Auto Sales Have Shown Recent Improvement Against Easy Comparisons



Real Retail Sales Increased 7.4% Y/Y in November; The Modest Recovery in the Retail Space Continued in November



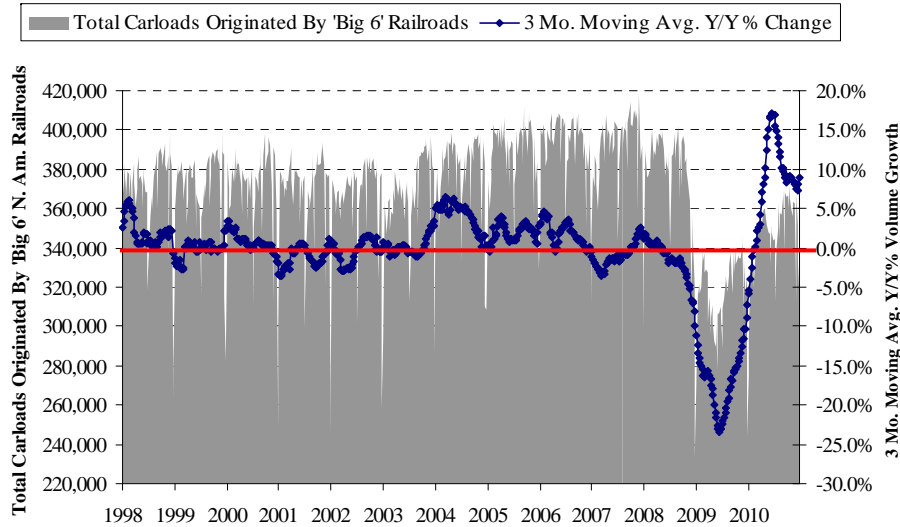
Recent ISM Data Suggests Manufacturing Economy is Still Growing; Albeit at a Slower Pace



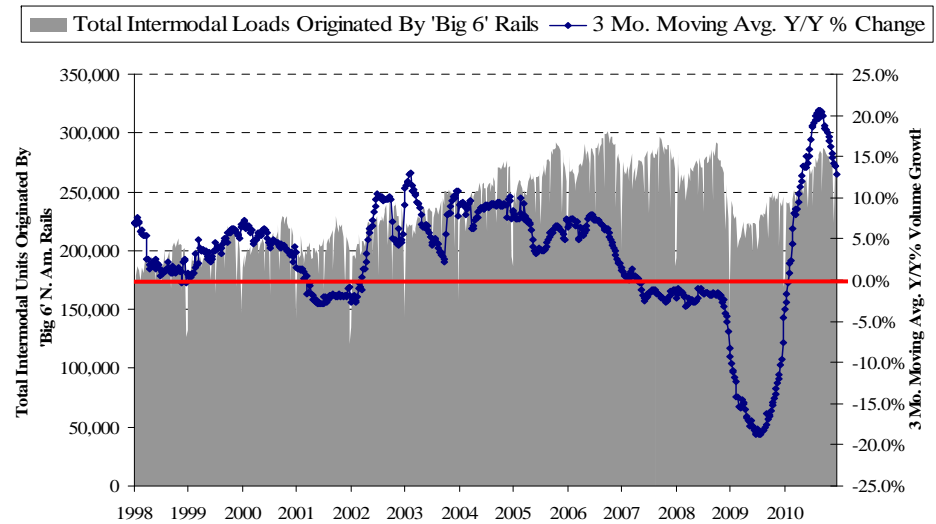
Current Industry Dynamics

Freight Volumes Held Steady Through Year-End

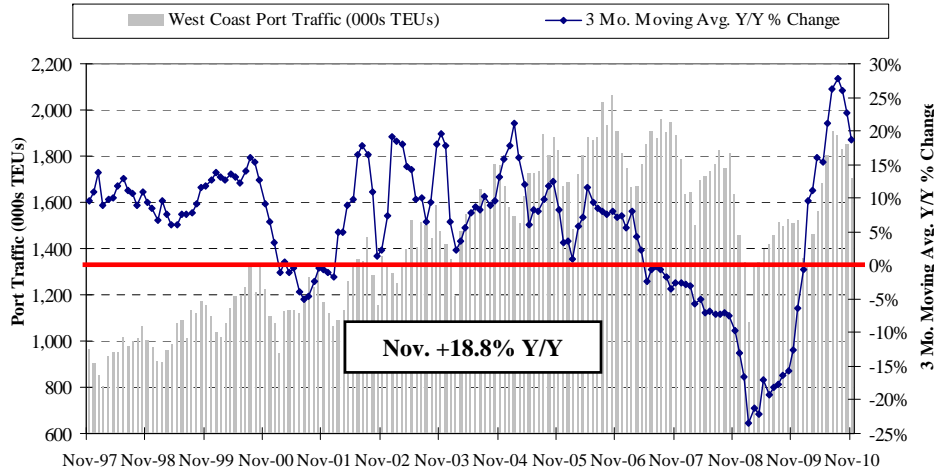
4QTD¹ Rail Carload Traffic Up 8.5%, Year-Over-Year



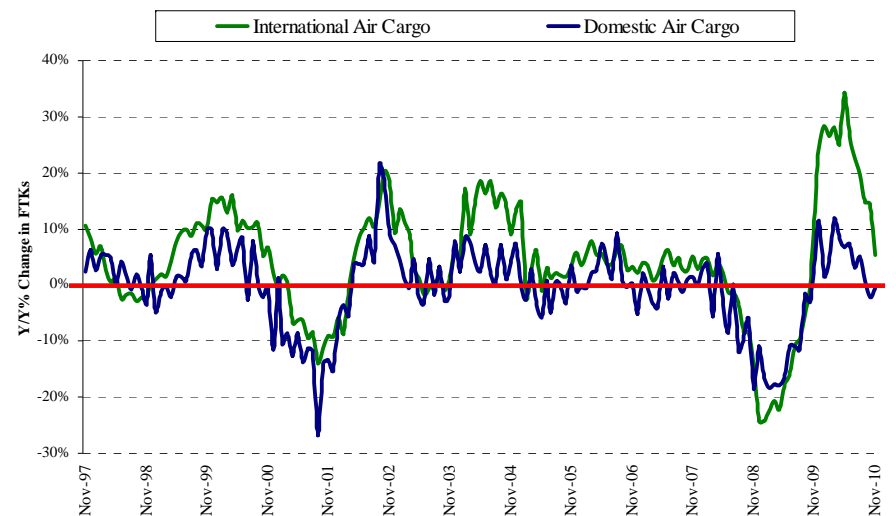
Intermodal Volumes Have Strongly Rebounded; Will Slower Consumer Spending and Replenished Inventories Soon Cap the Intermodal Recovery?



West Coast Container Traffic Showing Year-Over-Year Growth Against Easy Year-Ago Comparisons



Air Cargo Volumes Posted Y/Y Increases in 4Q10

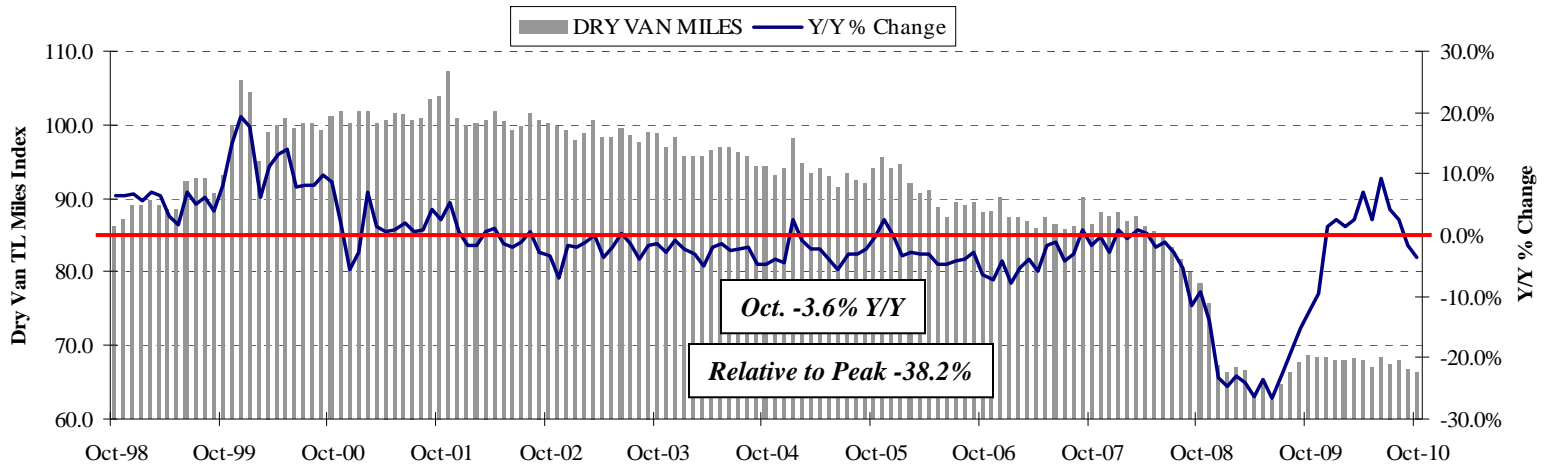
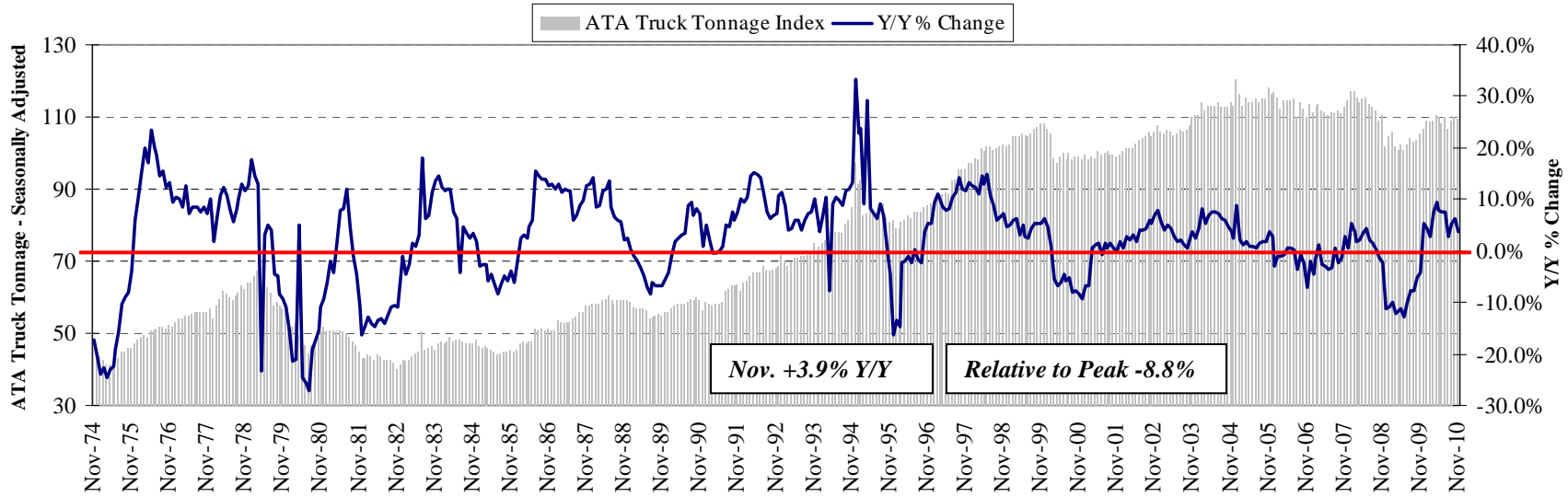


¹4Q10 QTD through week 51, or December 25, 2010

Source for charts (clockwise from top left): American Association of Railroads, American Association of Railroads, Air Transport Association, and Pacific Maritime Association. Top Graphs Current Through December 25, 2010, West Coast Port Traffic through November 2010 and Air Cargo updated through October 2010

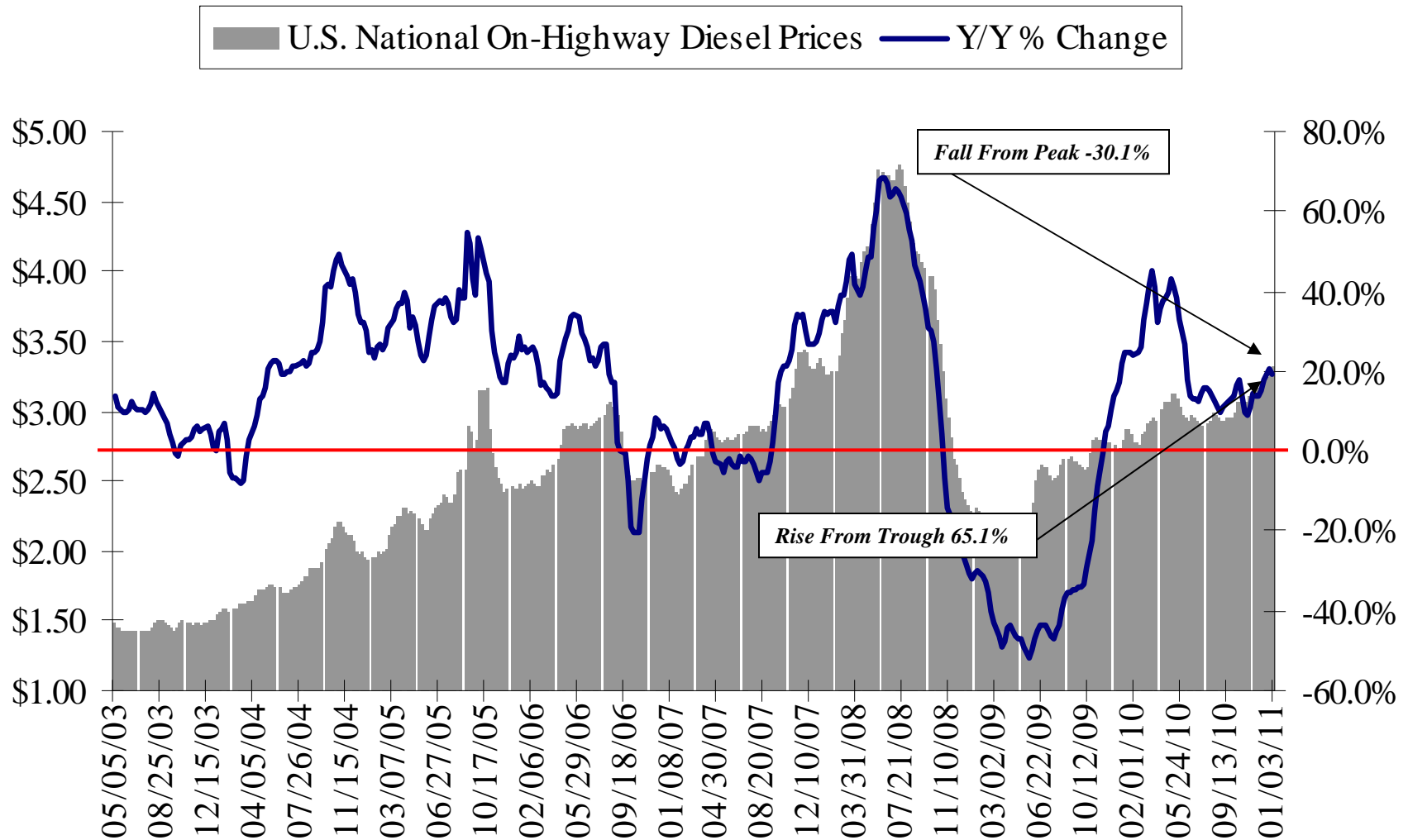
Current Industry Dynamics

Volumes Remained Relatively Flat, Sequentially, in 4Q10



4Q10 Diesel Prices, On Average, Were 16% Above 4Q09 Levels

Weekly On-Highway Diesel Prices Peaked in Mid-July 2008 at \$4.764/gal. Average diesel prices in October, November, and December 2010 fell 36.0%, 34.1% and 32.0% from July 2008 peak, respectively.



Increasing EPS Estimates For Eight Companies

- We are slightly increasing our EPS estimates for eight companies under coverage due, mostly, to better-than-expected volumes in the 4Q10. We also believe that we had previously not given these companies as much credit as we now believe they deserve for efficiency improvements in the 4Q10.
- See pages 62-69 for more estimate detail on the eight companies below.

Increasing EPS Estimates:

| Company (Ticker) | Rating* | 4Q10 | | | CY2010 | | |
|---------------------------------------|---------|------------------|----------|------------------|------------------|----------|------------------|
| | | Stifel Estimates | | Street Consensus | Stifel Estimates | | Street Consensus |
| | | New | Old | Estimate | New | Old | Estimate |
| Arkansas Best Corporation (ABFS) | Buy | (\$0.10) | (\$0.13) | (\$0.08) | (\$1.28) | (\$1.31) | (\$1.26) |
| Canadian National Railway (CNI) | Hold | \$1.10 | \$1.07 | \$1.08 | \$4.11 | \$4.08 | \$4.16 |
| Canadian Pacific Railway (CP) | Hold | \$1.10 | \$1.08 | \$1.12 | \$3.75 | \$3.73 | \$3.80 |
| CSX Corp. (CSX) | Buy | \$1.07 | \$1.04 | \$1.08 | \$3.99 | \$3.97 | \$4.00 |
| Genesee & Wyoming Inc. (GWR) | Hold | \$0.48 | \$0.45 | \$0.47 | \$1.90 | \$1.87 | \$1.87 |
| J.B. Hunt Transport Svcs, Inc. (JBHT) | Hold | \$0.43 | \$0.40 | \$0.45 | \$1.55 | \$1.52 | \$1.56 |
| Norfolk Southern Corp. (NSC) | Buy | \$1.03 | \$1.00 | \$1.05 | \$4.03 | \$4.00 | \$4.04 |
| Union Pacific Corp. (UNP) | Buy | \$1.46 | \$1.43 | \$1.47 | \$5.43 | \$5.40 | \$5.43 |

* Stifel Nicolaus Investment Ratings: Buy, Hold, Sell

Source: First Call and Stifel Estimates

Likely To Beat The Street In 4Q10

- *Likely to **Beat** the Street Consensus Estimate This Quarter...*

| Company (Ticker) | Rating* | EPS | | | | | | # of Analysts |
|---------------------------------|---------|--------------------------|--------------------------|-----------------|----------------------|---------------------|---------------------------|---------------|
| | | Stifel Nicolaus 4Q10E | Stifel Nicolaus 4Q09A | % change y/y | Street High 4Q10E | Street Low 4Q10E | Street Consensus 4Q10E | |
| Canadian National Railway (CNI) | Hold | \$1.10 | \$0.85 | 30.4% | \$1.20 | \$0.98 | \$1.08 | 17 |
| Genesee & Wyoming Inc. (GWR) | Hold | \$0.48 | \$0.40 | 19.1% | \$0.46 | \$0.45 | \$0.45 | 14 |

Likely To Miss The Street In 4Q10

- *Likely To **Miss** the Street Consensus Estimate This Quarter...*

| Company (Ticker) | Rating* | EPS | | | | | | # of Analysts |
|---------------------|---------|--------------------------|--------------------------|-----------------|----------------------|---------------------|---------------------------|---------------|
| | | Stifel Nicolaus 4Q10E | Stifel Nicolaus 4Q09A | % change y/y | Street High 4Q10E | Street Low 4Q10E | Street Consensus 4Q10E | |
| Con-way, Inc. (CNW) | Hold | \$0.13 | (\$0.17) | NM | \$0.38 | \$0.10 | \$0.25 | 23 |

* Stifel Nicolaus Investment Ratings: Buy, Hold, Sell

Source: First Call and Stifel Nicolaus estimates

Quarterly Themes For Truckload Sector

4Q10 finished stronger than expected as retail sector gained momentum

- Capacity remained flat in 4Q10 as few carriers are adding new equipment given rising life cycle costs and new driver regulations that will further trim the driver supply.
- Many shippers built sizeable rate increases into their budgets for 2011.
- Carriers remain focused on retaining most of the operational efficiencies implemented during the depths of the freight recession.
- Rising fuel prices are a concern but most fuel surcharges offset the bulk of the adverse impact.
- Domestic intermodal capacity was sold out for much of 2010 and, as a result, provides less of a competitive threat to trucking (than is often believed).

Truckload Company Capsule Summaries

- **Celadon Group (CGI; Buy)** – Celadon is one of the few remaining truckload carriers focusing on the long-haul markets. Since many light-medium density and north-south-oriented long-haul markets are not well served by rail-based Intermodal options, Celadon should end up in a strong, relatively unique position as the freight markets further recover. The shortening of global supply chains may also benefit the company as it is a leader in cross-border trade in North America. The company has used pricing more than some others, during the past couple of years, to gain an entrée into new accounts, so further contract rate increases should enable EPS growth to accelerate. Its balance sheet is still relatively heavily levered on a lease-adjusted basis. Nonetheless, we believe the company is better positioned than many truckload carriers for further freight recovery and/or further capacity reductions within the truckload sector.
- **Heartland Express (HTLD; Buy)** – Heartland has historically provided high quality, time-sensitive dry van truckload service in regional markets utilizing a new equipment fleet and a seasoned driver force in exchange for a high price. The company is led by the best CEO (i.e., Russ Gerdin) in the industry, in our view; although his remaining tenure may be limited due to health-related issues. But we view his son, Mike Gerdin, as a very capable successor. The company's balance sheet is debt free with over \$250 million in cash and financial investments. The tractor fleet was close to brand new well ahead of the implementation of expensive new 2010 EPA regulations. We believe the company is a clear survivor and a winner in a world where many other truckload carriers are diversifying into services other than the core, regional truckload markets served by Heartland. An ongoing freight volume recovery, coupled with contractual price increases, should enable the company to post consistent sub-80 operating ratios, provided price increases more than offset costs associated with new rolling stock and rising driver pay.
- **Knight Transportation (KNX; Hold)** – Knight, primarily a truckload carrier with a regional focus, has compiled a very good growth track record until the past two years, during which time the great recession took its toll. The company's recent diversification into non-core businesses, such as the temperature-controlled segment, the brokerage segment, and the port drayage segment, has somewhat elevated the company's risk profile, in our view. CEO Kevin Knight is a clear favorite of many growth stock investors, especially those that haven't noticed the company is no longer the pure growth story it was as a smaller, more nimble company. The company's balance sheet remains debt-free. This company will be a solid performer over the long term, in our view, as supply and demand continues to tighten. Our Hold rating is purely valuation driven.

Truckload Company Capsule Summaries, Cont'd

- **Marten Transport (MRTN; Hold)** – Marten operates in the temperature-controlled segment of the truckload sector, and therefore, its volumes are less susceptible to economic downturns when compared to dry van or flatbed carriers. Having said that, pricing and volume both softened in the temperature-controlled sector as the economy contracted. The company hauls food (frozen and fresh), beverages, pharmaceuticals, and cosmetics and is successfully diversifying into asset-light markets such as intermodal and brokerage. Regional distribution markets have also been an area of recent focus and growth. Its balance sheet is strong, in our view, and is almost net debt free. We expect Marten to continue taking market share in the temperature-controlled sector over the coming years given its scale, cost advantages, and the sensitive nature of cargo moving in the temperature-controlled sector. We believe that contractual price increases, when fully realized, should drive the company's operating ratio to around 90%, if not lower.
- **Werner Enterprises (WERN; Buy)** – Werner has diversified away from its formerly core long-haul dry van truckload markets into regional and dedicated markets (which tend to be less seasonal and cyclical). Its focus on “dollar stores” has somewhat insulated the company from the economic downturn as many customers have “traded down” to the “dollar store” format. The company has a debt-free balance sheet, is diversifying into asset-light businesses (e.g. truckload brokerage), and has a beachhead office in China. We believe Derek Leathers is a strong COO, the company's systems are outstanding, and it will be successful over the long term. In general, we expect the company to outperform most of its comparables in a challenging environment, and underperform its comparables in a robust environment. The company's exposure to dedicated contracts has effectively reduced its operating leverage.

Quarterly Themes For LTL Sector

LTL pricing improving; YRC still seeking financial white knight

- Y/Y tonnage growth rates are slowing, as we expect difficult comps are ahead the next couple of quarters. Old Dominion should show the best growth over the next year or so, as it has the least need for rate increases and should benefit most at this point from market share gains.
- Pricing comps are getting easier, as the price war peaked in 4Q09, and most carriers are gaining traction with rate increases, as active capacity is being held somewhat in check while volumes improve.
- Diesel fuel prices rising through 4Q09 likely held down realized base rate increases some, and those carriers with the fewest fuel surcharge caps will be best insulated from a 4Q09 margin squeeze.
- We do not expect much hiring in the industry until pricing significantly improves, as carriers would rather turn away volume than haul at unsustainable rates.
- YRC Worldwide is attempting another out-of-court restructuring, but can it be done? We are unsure where the company gets the necessary \$300mm in new equity investment by February 28th (after the deadline was extended from 12/31/10), given its multi-billion dollar pension liability, lack of competitive advantage in the LTL business, union workforce, aging equipment, and an asset base that belongs to the banks and pension funds. New CEO search also likely challenged until a restructuring is completed.

Less-Than-Truckload Company Capsule Summaries

- **Arkansas Best Corp. (ABFS; Buy)** – Teamsters continue to injure ABF, giving more life to YRC at the expense of ABF’s health. Unable to reduce unit labor costs in this downturn like its competition due to union contract and strong financial position (net debt free balance sheet), resulting in significant margin squeeze. The long-haul LTL market is in secular decline, so the company is building a regional network within its national network (not easy to do and still small). We don’t believe much else can go against them, though, so we think there’s more potential upside than downside from here in the stock.
- **Con-way (CNW; Hold)** – Con-way Freight is the third largest LTL carrier with regional and interregional capabilities - bought a lot of market share in 2009 but is now refocused under CEO Doug Stotlar to improve margins and yields - improvement is underway, but it will take time to get back near historical LTL margins, in our view. Con-way Truckload is a high-quality truckload operation, in our view, with a focus on trans-border traffic to/from Mexico that should benefit from tight supply/demand environment we see as a result of CSA and HOS rule changes, and Menlo is a leading 3PL company that is a good business without the same leverage to an improving pricing environment as the LTL and TL units.
- **Forward Air Corp. (FWRD; Hold)** – Forward Air has very good asset-light business model (solid free cash flow and low CapEx requirements) hauling airfreight by truck between domestic airports. The economies of network density embedded in this business model are intriguing in an upturn, and has benefited in 2010 from strengthening in air cargo. Diversification into pool distribution has reduced margins and added seasonality to a cyclical business. Good operating management should improve margins at pool distribution by diversifying customer base and reducing seasonality over the long run.
- **Old Dominion Freight Line (ODFL; Buy)** – Best-in-class LTL carrier and a core transportation stock holding, in our opinion. Very good tactical and strategic planning and the best systems (and more importantly best use of systems) we have seen in trucking. Company still has a family feel to it with third generation member of the Congdon family presently running the company. Customers attracted to value proposition (quality service at competitive price). Old Dominion should increase market share over the next couple of years after holding back tonnage growth to preserve yields through the pricing war in late 2009-early 2010.

Less-Than-Truckload Company Capsule Summaries, Cont'd

- **Roadrunner Transportation Systems (RRTS; Buy)** – Mainly a non-asset-based, long haul, less-than-truckload carrier, but with a truck brokerage operation and third-party logistics business as well. Its LTL segment is the only national asset-light LTL network in the U.S. and should continue to take market share. Its differentiated low-cost business model allows the company to compete effectively in the long-haul markets with lower rates than the asset-based carriers, while offering comparable or even better service. The main issue it currently needs to address is the difference between customer LTL rates and purchased transportation TL rates to avoid further margin squeezes, as seen in 3Q10. The truck brokerage division is a combination of an agent/owner-operator-based model and an office dispatcher model, and its logistics segment, Transportation Management Solutions (TMS), is the company's newest, providing outsourced logistics solutions to small and mid-sized shippers.
- **Saia (SAIA; Buy)** – Pure-play non-union asset-based LTL carrier with most-of-U.S. coverage – biggest hole in the Northeast. Still, the company has used the great freight recession to refine processes, improving productivity and systems. Should be well positioned to take advantage of significant operating leverage (to pricing/volume) coming out of the downturn.
- **Vitran Corp. (VTNC; Buy)** – Largest LTL carrier in Canada with significant U.S./Canada cross-border presence. Long-term goal is still to grow its U.S. LTL footprint (like Saia) to achieve full national coverage (biggest hole right now in Southeast). After integrating U.S. LTL systems following PJAX deal, future acquisitions should be easier to integrate. Also like Saia, completed equity deal in 2H09 to improve financial position and has significant operating leverage to improving pricing/volumes. Vitran also has a small 3PL business (Supply Chain Operation) that is growing and doing very well. Non-core truckload business recently sold, lowering consolidated insurance expense going forward.
- **YRC Worldwide (YRCW; Sell)** – Mainly a mash-up of Teamster companies that has relied on all sorts of unprecedented concessions from lenders, pension funds, and its unions to avoid bankruptcy on several occasions over the last two years. Company recently announced it needs a second out-of-court restructuring after achieving a third round of Teamster concessions to survive. Market share losses and talent losses continue, as volumes and pricing have not fully recovered, operating cash flow is a struggle, and deferred liabilities are still mounting (but still being deferred) at an alarming rate.

Quarterly Themes For Logistics Sector

Truck broker margins squeezed, relative to the year-ago quarter, as asset-based carriers raising rates with tightening in supply-demand

- Truck broker margins likely experienced pressure in 4Q10, relative to one year ago, as capacity was relatively scarce; however, we believe brokers' gross margins remain above the low points experienced in 2Q10.
- Air cargo market has remained fairly tight, although some of the price pinch felt by forwarders has been offset by strong volumes. These rate increases should ultimately be passed onto customers. Ocean carriers brought back capacity in 2H10 after strong 1Q10 only to find volumes disappoint, so overcapacity in ocean should help international ocean forwarder yields.
- Truck brokerage operations continue to grow (and grow in numbers) as asset-based carriers and privately-held brokers endeavor to replicate C.H. Robinson's success. Intermodal and intermodal brokerage operations seem to be further consolidating around few even larger players as railroads prefer to deal with large, well-capitalized, sophisticated players that have access to large container fleets.
- 4Q09 small package volumes were strong due to significant increase in B2C/e-commerce business over the holidays. With a leaner industry structure, the U.S. parcel market (both Air and Ground) should see significant rate increases in 2011 to the benefit FedEx and UPS.
- Near-shoring trend should continue to play out with longer-term prospects of higher energy prices, focus on sustainability, and supply chain redesign.
- Outsourced logistics management gaining traction, as managers look to cut costs and reduce overhead. Private fleet outsourcing should also continue.

Logistics Company Capsule Summaries

- **C.H. Robinson Worldwide (CHRW; Sell)** – C.H. Robinson is the largest truckload broker in the world. Most of the company’s operations are still in the U.S., however. The company enjoys good systems and geographic penetration, but barriers to entry are relatively low and many imitators have entered the business. We believe the management team has transitioned from entrepreneurs who created value to former auditors who strive to preserve value. The central question remains whether the company will be able to sufficiently diversify away from truckload brokerage into LTL brokerage, intermodal brokerage, airfreight, ocean freight, and international truckload to avoid the competitive pressures that will likely be brought on by the proliferation of many relatively large scale truckload brokers and the downsizing and/or outright loss of financially strapped small truckload carriers that historically have required the help of brokers to fill otherwise empty backhaul lanes.
- **Expeditors International of Washington (EXPD; Hold)** – Gold standard for international airfreight and ocean freight forwarders with very good non-asset-based business model, in our view. Well-trained and financially motivated people, great IT systems, and strong relationships with carriers and shippers. Customs brokerage operation makes them “sticky” with customers and is a big competitive advantage. The company navigated through the downturn better than its competition and is gaining market share again. Capacity loosening on ocean should be good for yields going forward.
- **FedEx Corp. (FDX; Buy)** – Non-union (except for pilots) global parcel giant with solid balance sheet and solid growth outlook, in our opinion. FedEx is well positioned for economic growth between Asia and the U.S., Asia and Europe, within Asia, and within big international domestic markets, like India and China. The additions of 777s should make its air fleet more fuel efficient and productive as well as provide a transit time advantage in long-haul markets. Duopoly/oligopoly in parcel market makes pricing less competitive than other modes. E-commerce a big growth driver of package volumes, and continued U.S. ground package market share gains are potentially powerful. A turnaround in FedEx Freight (restructuring taking place in F3Q11) has potential to be a significant contributor to earnings growth. Fuel price spikes are biggest risk to near-term earnings.

Logistics Company Capsule Summaries, Cont'd

- **Landstar System (LSTR; Buy)** – Landstar is an asset-light, variable cost business model using agents, owner-operators, and other business capacity owners. The company continues to serve its core truckload base (dry van, flatbed, and heavy haul) but also has branched out into a wide range of additional services, including LTL, intermodal, airfreight, ocean freight, warehousing, expedited transportation, etc. The company's free cash flow remains strong and has allowed for the most impressive long-term share repurchase program in the transportation industry, in our view. The management team is excellent, in our opinion, and the company's proprietary systems make it easier for brokers and business capacity owners to prosper in the Landstar System. We believe that Landstar is a better company than C.H. Robinson over the long term, as we believe the Landstar model is much more difficult to replicate. Recent acquisitions, NLM and A3i, have the potential to allow Landstar to further differentiate itself from other asset-light logistics companies by offering systems that, in conjunction with Landstar's superior ability to source capacity, would allow the company to continuously optimize shippers' supply chains.
- **Ryder System (R; Hold)** – A very good management team, in our opinion, with leading market position in full-service truck rental and leasing business (Penske is biggest competitor; no public comps). Free cash flow is countercyclical, and most of Ryder's business typically recovers later in the economic cycle (than traditional transportation businesses). Balance sheet remains under-levered for a leasing company. Efforts to diversify away from the auto industry and some international markets should provide more stable (and potentially improved) margins, in our view. Used truck prices and tractor prices have recovered significantly from 4Q09 bottom, which should help margins in FMS. FMS margins should not return to prior peak, however, until the full-service leasing market begins to recover (likely to bottom in mid-2011). Commercial rental utilization is already at peak levels.

Logistics Company Capsule Summaries, Cont'd

- **United Parcel Service (UPS; Buy)** – The largest global freight transportation/logistics company. The company's huge size makes it difficult to sustain double-digit growth rates (i.e., the law of big numbers), but coming out of this downturn and record-low margins, we should see significant positive operating leverage and a couple years of well above-average earnings growth. UPS is as lean as it has been as a public company and more operations-oriented than FedEx (marketing-oriented). Its better margins are due to better efficiencies and greater density in the U.S. Bulk of business still in the U.S. ground package market but Supply Chain and International are growth segments. European ground network key differentiator in international competition with FedEx. Free cash flow should improve significantly in 2011 with lower capex requirements.
- **Universal Truckload Services (UACL; Buy)** – Universal's business model is similar to that of Landstar's (see LSTR comments on previous page), however, Universal offers a somewhat narrower set of service offerings. The company focuses on industrial America, hauling much of its freight on flatbed trailers. Two-thirds of common shares are owned by a legendary trucker from Detroit named Matty Maroun. The company's balance sheet is net debt free, which positions the company to complete accretive tuck-in acquisitions. Operating management is not flashy but is very experienced and tends to take few risks. We like the company's business model and believe that the company is well-positioned to benefit from the continued strength of the domestic manufacturing sector.
- **UTi Worldwide (UTIW; Hold)** – Should not be confused with Expeditors; the lack of common systems and culture made it difficult for the company to adapt to big changes in the forwarding market. Initially a roll-up of international ocean and airfreight forwarders, then it diversified via acquisition into contract logistics and U.S. domestic transportation. Asset-light business model generates solid free cash flow, and balance sheet is in good shape, in our view. Integration just now underway and new managers are starting to be introduced. While it should deliver significant benefits when complete (a few years away), there will likely be hiccups along the way, in our view, as with most large-scale integrations. Streamlining the organization (reductions in staff) could be biggest (and significant) cost savings, but the timing and magnitude of cuts are unclear.

Quarterly Themes For Intermodal Sector

Intermodal volumes remained strong in 4Q10; intermodal rates continue to rise

- Intermodal volumes, as reported by the AAR, improved 13.4% y/y (through week 51) for the Class I North American rails; sequential intermodal volume decline of 3% (from 3Q10 to 4Q10) was less severe than many had feared.
- Most domestic intermodal companies and Class I railroads plan to expand container fleets in 2011; container fleet growth in the industry, net of disposals, may be as high as 10%; volume growth may be constrained above that level due to lack of container availability.
- U.S. rails Norfolk Southern and Union Pacific implemented intermodal rate increases which began on May 1 and June 1, respectively; in 3Q10, intermodal providers were seemingly able to pass price increases on to customers; will that phenomenon also be evident in the 4Q10 results?
- Intermodal companies have generally been pleased with the rail service they have received this year, with improvement evident in container utilization statistics (i.e., number of monthly container turns).
- During 2H09, Pacer announced it was effectively exiting the wholesale business and would stake its fortunes on providing door-to-door retail services.
- During 2H09, 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.
- We believe shippers' modal preference between intermodal and truckload does not appear to shift quickly with small fluctuations in fuel prices.
- Push into shorter-haul, typically Eastern U.S. markets, has been successful for a few big intermodal players; Local East volume is now 32% of Hub Group's intermodal volume.
- Many drayage companies currently experiencing high levels of economic pain; sufficient capacity may be unavailable should volumes rapidly recover and as additional ports adopt the LA/Long Beach mentality with respect to drayage truck emissions; look for intermodal companies to continue to expand their in-house drayage capacity.

Intermodal Company Capsule Summaries

- **Hub Group (HUBG; Hold)** – Hub is primarily a domestic intermodal provider packaging rail-based intermodal moves on behalf of its customers. The company also offers truck brokerage and logistics management services to complement its core intermodal service offerings. The company continues to gain considerable traction with its retail, durable goods and electronics customers as its volume growth the past two quarters has led the industry. Hub’s business model is a little more asset-intensive than it used to be with the company now owning or leasing a portion of its own containers and drayage trucks; the company will take delivery of 3,000 new containers in 2011 to bring total to 20,000. Hub should remain a strong number two to J.B. Hunt in the domestic intermodal space and should benefit from market share gains (from small intermodal marketing companies and PACR - see PACR comments below).
- **J.B. Hunt Transport Services (JBHT; Hold)** – Management has engineered an impressive transition from dry van truckload carrier to multi-modal company over the past 20 years. Kirk Thompson, the primary architect of the company’s strategic re-positioning, has moved “upstairs” to assume the Chairman’s role. The company is now in the capable hands of John Roberts who has successfully run the company’s dedicated fleet operation for many years. The company’s Intermodal operation is the industry leader. Special, never-to-be-replicated deals with Burlington Northern in the West and Norfolk Southern in the East give the company a clear, sustainable advantage in intermodal cost and service. We expect the deal with Norfolk Southern to also favorably impact Intermodal volume over the coming years as the company continues to penetrate shorter-haul eastern U.S. lanes while Norfolk Southern continues to build out its intermodal corridors, investing hundreds of millions of dollars in the process. The company’s large and expanding Dedicated Contract Services operation is moving into the last-mile delivery market segment having secured Whirlpool as an initial customer with national scope. The Integrated Capacity Solutions business is rapidly growing and helping the company reduce its reliance on asset ownership. Furthermore, the company’s truckload operation is shifting its power sourcing strategy in the direction of owner-operators. The company’s prudent level of financial leverage helps it minimize its cost of capital; the company recently announced a \$500 million share repurchase program that we expect it to complete within the next few years. If we had to own one company in the intermodal space for the next ten years, it would be this one.
- **Pacer International (PACR; Hold)** – The company recently refinanced its debt and appears to have given itself some runway to effectuate the transition tied to its redrawn agreement with Union Pacific. The new agreement effectively repositions Pacer from a wholesaler/retailer of intermodal services to strictly a retailer of Intermodal services. It is unclear whether the company will be able to survive and prosper during the transition because the company has never been solidly profitable as a retailer of intermodal services. Dan Avramovich is now the CEO and we view this as a plus; he has overhauled the management team with several changes in executive personnel. Few have had Mr. Avramovich’s wide range of professional experiences in the freight transportation and logistics sector. This wide-ranging experience should serve him well in managing this challenging transition at the company. If the company can successfully navigate the transition, the potential upside could be dramatic, in our view.

Domestic Marine Company Capsule Summaries

- **Kirby Corp. (KEX; Hold)** – Kirby is the best barge operator in the U.S., in our view. The company focuses on the liquid bulk segment for large customers like Exxon, Dow, and others. We believe management is very good although the CEO is expected to name his replacement shortly. The lagging impact of one-year contract pricing has negatively influenced 2010 results; this has been partially offset by effective cost management and volume improvement. The engine repair business is relatively small and is currently underperforming as customers delay performing maintenance.
- **Trailer Bridge (TRBR; Buy)** – Trailer Bridge is an ocean carrier (tug-pulled barges) primarily hauling containers between the U.S. and Puerto Rico. The company is the low cost producer in its market. In addition, the company provides the service with the lowest emissions in the marketplace and that advantage may become more meaningful following increasingly strict emissions regulations. The new CEO appears to have several ideas to improve the company's profitability (such as right-sizing the number of managers in the company's organizational structure). In addition, the company's profitability should improve with the winding down of legal expenses related to the Department of Justice price fixing investigation (Trailer Bridge was found not to be involved). We believe the company may be an acquisition candidate because the deceased founder's family has indicated they want out. We consider the recent correction in the company's share price to have been overdone.

Quarterly Themes For Railroad Sector

Pricing remains generally favorable; volume comps have decelerated as comps are tougher; regulatory threat has receded; rising fuel prices could be an issue in the 4Q10

- Volumes for the publicly traded North American Class I rails are up between 7% and 14% y/y in 4Q10 (industry is up 10.5% y/y, on average). 4Q10 carloads and intermodal units are up 8.5% y/y and 13.4% y/y, respectively.
- Companies are focused on digesting returning volumes while adding back costs less quickly than revenues have recovered. Service levels have been generally maintained as volumes have returned. Margin expansion continues, as a result.
- Rail networks remained generally fluid in 4Q10 based on the operating performance metrics (i.e., velocity and terminal dwell); operating performance metrics suggest that degradation in operating performance with increased volume levels has been fairly minimal. Managements suggest that companies could absorb 10%-15% more volume without suffering service quality disruptions and without requiring a ramp in capital spending.
- Carload pricing remains robust. Intermodal pricing appears to be increasing as well. Incremental economic regulation, the primary impediment to continued strong pricing, looks less likely given the new composition of Congress.
- The STB, which is now led by Chairman Daniel Elliott, may reexamine current established practices such as freight class exemptions and the Uniform Rail Costing System which is used to try rate cases; therefore, minor regulatory risk also exists due to potential changes in STB practices, in our view.
- The President's high speed passenger rail initiative appears to be losing momentum as Congress and the states face fiscal reality. This is good news for the railroads as high speed passenger service is generally incompatible with efficient freight operations.
- Unfortunately, the railroads appear stuck with the costs associated with the unfunded federal mandate called Positive Train Control. This requirement will divert several hundreds of millions of dollar a year, per Class I railroad, away from dividend programs, share repurchases, capacity expansion projects, and operational efficiency programs.

Railroad Company Capsule Summaries

- **Canadian National Railway (CNI; Hold)** – Canadian National is the best run railroad in the world, in our view. We believe the company's operating margins, free cash flow generation, and acquisition strategy are the best by far. The company appears to be on its way to exceeding management's guidance of 25% y/y EPS growth in 2010; 4Q10 revenue ton-miles have increased 12.7% y/y, ahead of its overall volume growth of 11.4% y/y. At its recent investor workshop, the company presented what we considered a compelling case that its pipeline of efficiency improvement initiatives is full. The new CEO took over at the beginning of 2010 after his tenure as CFO; he is replacing the best railroad operator of the last 50 years, in our view.
- **Canadian Pacific Railway (CP; Hold)** – With less comprehensive geographic coverage in North America than Canadian National, the company is a big exporter of coal, fertilizer, and grain to the Pacific Rim (over the port of Vancouver) and can be thought of as a way to play U.S.-to-Asia trade. The company did an effective job of cutting cost in 2009 as volumes have cratered and we believe Ed Harris (new COO) may usher in a new era of operational excellence and improvement in asset utilization. Met coal and potash volumes are often volatile in response to global market conditions, but those segments are driving y/y volume improvement in 4Q10; 4Q10 carload and intermodal volume improvement of 8.4% and 11.2%, respectively, are roughly in line with the industry averages.
- **CSX Corporation (CSX; Buy)** – CSX is one of two major eastern U.S. railroads. Long the laggard of the two eastern U.S. railroads, the company has improved its operations and increased prices faster than most observers believed possible. The company's National Gateway initiative could change the way freight is distributed in the Midwest. CFO Oscar Munoz has developed an excellent rapport with Wall Street.
- **Genesee & Wyoming (GWR; Hold)** – GWR is a short-line and regional rail holding company that also provides non-freight rail services in North America, Australia and the Netherlands. Portfolio railroads are managed at the individual railroad and regional levels. The company recently announced a solidly accretive acquisition in Australia (i.e., FreightLink) which we believe will represent one of several significant investments in that area. Non-freight services and expansion of Australian/international operations appear to be attractive avenues for growth. We view the company's management team as savvy managers of capital that are able to take advantage of current market conditions; valuation remains our only hesitation to recommending the company's shares. Carload volume up 15.5% y/y and 14.8% y/y in October and November, respectively.

Railroad Company Capsule Summaries, Cont'd

- **Norfolk Southern Corp. (NSC; Buy)** – Norfolk Southern has the best operations of the two big U.S. eastern railroads, in our view. Having said that, its operating advantage vis-à-vis its eastern counterpart (CSX) has diminished greatly in recent years. The company is in the process of implementing very good long-term oriented technology-driven cost reduction initiatives and an impressive series of corridor-specific strategic marketing initiatives. The corridor-specific initiatives should prove to be successful, in part due to the unique relationships the company has forged with intermodal sector leader J.B. Hunt. We consider the company's management team to be top-notch. Wick Moorman (Chairman and CEO) has been very active in Washington D.C. doing more than his part to promote the importance of the rails' ability to earn adequate returns on capital. The company should respond well to a gradual economic recovery.
- **RailAmerica, Inc. (RA; Hold)** – The company is a recently minted IPO that owns and operates many regional and short line railroads across the United States and Canada. It hopes to grow by adding non-rail revenue and by completing accretive acquisitions. The management team is broad, deep, and are experienced operators. The bulk of the company's shares are owned by Fortress, which provides somewhat of an overhang on the company's common stock. The stock currently trades below the IPO price which could leave a bad taste in the mouth of investors perhaps until the company is able to demonstrate its ability to grow earnings per share consistently, and meet analysts' earnings expectations consistently. 4Q10 volume comps (+4.5% y/y through November) have been less robust than the Class I average while recent carload pricing has tracked roughly in-line with the mid single digit increases posted by the large Class I railroads.
- **Union Pacific Corp. (UNP; Buy)** – Union Pacific is now the only publicly traded Western U.S. railroad. The company has significant exposure to an economic recovery as it hauls more chemicals, automobiles, and industrial products than BNSF (now owned by Berkshire Hathaway). The company's operations have been improving dramatically over the past several years after nearly falling apart subsequent to the UNP/SP merger. The combination of operational improvements, pricing power, and economies of network density should be powerful drivers of EPS growth over the coming few years provided BNSF's new ownership doesn't cause the BNSF to be a more aggressive competitor on price, and that is unlikely, in our view. We like the management team and the company's prospects for 2011 and beyond. The company's shares remain our "best idea."

Valuation

(Formally covered company names in bold)

| <u>TRUCKLOAD</u> | <u>Market Cap. (\$mm)</u> | <u>AIRFREIGHT/LOGISTICS</u> | <u>Market Cap. (\$mm)</u> |
|--|---------------------------|--|---------------------------|
| J.B. Hunt Transport Svcs. (JBHT) | 5,217.6 | United Parcel Service (UPS) | 72,471.5 |
| Landstar System (LSTR) | 2,011.2 | FedEx Corp. (FDX) | 30,116.5 |
| Werner Enterprises (WERN) | 1,717.2 | C.H. Robinson Worldwide (CHRW) | 13,373.9 |
| Knight Transportation (KNX) | 1,647.1 | Expeditors International (EXPD) | 12,274.0 |
| Heartland Express (HTLD) | 1,479.1 | Ryder System (R) | 2,741.6 |
| Marten Transport (MRTN) | 468.9 | UTi Worldwide (UTIW) | 2,163.6 |
| Celadon Group (CGI) | 365.2 | Landstar System (LSTR) | 2,011.2 |
| Universal Truckload Svcs (UACL) | 259.9 | Con-way Inc. (CNW) | 1,898.9 |
| Quality Distribution, Inc. (QLTY) | 223.2 | Hub Group (HUBG) | 1,365.8 |
| USA Truck (USAK) | 141.0 | Forward Air Corp. (FWRD) | 835.0 |
| Covenant Transport (CVTI) | 140.9 | Roadrunner Transportation Svcs. (RRTS) | 439.3 |
| P.A.M. Transportation Svcs. (PTSI) | 109.0 | Universal Truckload Svcs (UACL) | 259.9 |
| Frozen Food Express (FFEX) | 86.1 | Pacer International (PACR) | 247.9 |
| | | Quality Distribution, Inc. (QLTY) | 223.2 |
| | | | |
| <u>LESS-THAN-TRUCKLOAD (LTL)</u> | <u>Market Cap. (\$mm)</u> | <u>RAILROADS</u> | <u>Market Cap. (\$mm)</u> |
| Con-way Inc. (CNW) | 1,898.9 | Union Pacific Corp. (UNP) | 46,878.1 |
| Old Dominion Freight Line (ODFL) | 1,813.7 | Canadian National (CNI) | 31,413.0 |
| Forward Air Corp. (FWRD) | 835.0 | CSX Corp. (CSX) | 24,981.4 |
| Arkansas Best Corp. (ABFS) | 676.7 | Norfolk Southern Corp. (NSC) | 23,560.2 |
| Roadrunner Transportation Svcs. (RRTS) | 439.3 | Canadian Pacific (CP) | 11,011.5 |
| Saia, Inc. (SAIA) | 259.6 | Kansas City Southern (KSU) | 5,178.1 |
| Vitran Corp. (VTNC) | 233.8 | Genesee & Wyoming, Inc. (GWR) | 2,250.4 |
| YRC Worldwide (YRCW) | 145.9 | RailAmerica (RA) | 710.0 |
| | | | |
| <u>DOMESTIC MARINE</u> | <u>Market Cap. (\$mm)</u> | | |
| Kirby Corp. (KEX) | 2,397.4 | | |
| Horizon Lines, Inc. (HRZ) | 141.1 | | |
| Rand Logistics Inc. (RLOG) | 64.2 | | |
| Trailer Bridge Inc. (TRBR) | 34.5 | | |

Source: Company data and Stifel Nicolaus estimates

Pricing for all above stocks is as of market close, January 5, 2011

Valuation

Stifel Nicolaus 12-Month Target Price/Fair Value Estimate Matrix

| Company | Ticker | Rating | Closing Price 1/5/2011 | CY12E EPS | Target Price/Fair Value Estimate P/E multiple | 12-Month Target Price/Fair Value Estimate | Potential % upside over coming 12-months |
|------------------------------------|--------|--------|---------------------------|--------------|--|---|---|
| Trailer Bridge, Inc. | TRBR | Buy | \$2.85 | \$0.45 | 11.0x | \$5 | 75.4% |
| Roadrunner Transportation Svcs. | RRTS | Buy | \$14.08 | \$0.98 | 18.0x | \$18 | 27.8% |
| Arkansas Best Corp. ⁽⁶⁾ | ABFS | Buy | \$26.84 | \$1.00 | NM | \$34 | 26.7% |
| Vitran Corp. | VTNC | Buy | \$14.23 | \$1.46 | 12.0x | \$18 | 26.5% |
| Landstar System | LSTR | Buy | \$40.88 | \$2.70 | 19.0x | \$51 | 24.8% |
| Saia, Inc. | SAIA | Buy | \$16.10 | \$1.70 | 12.0x | \$20 | 24.2% |
| Union Pacific Corp. | UNP | Buy | \$92.96 | \$8.20 | 14.0x | \$115 | 23.7% |
| Universal Truckload Svcs | UACL | Buy | \$16.47 | \$1.25 | 16.0x | \$20 | 21.4% |
| Norfolk Southern Corp. | NSC | Buy | \$63.72 | \$5.50 | 14.0x | \$77 | 20.8% |
| Heartland Express ⁽⁴⁾ | HTLD | Buy | \$16.31 | \$0.98 | 16.0x | \$19 | 16.5% |
| FedEx Corp. ⁽²⁾ | FDX | Buy | \$93.87 | \$6.80 | 16.0x | \$109 | 16.1% |
| Werner Enterprises | WERN | Buy | \$23.53 | \$1.70 | 16.0x | \$27 | 14.7% |
| Celadon Group ⁽¹⁾ | CGI | Buy | \$15.82 | \$1.20 | 15.0x | \$18 | 13.8% |
| CSX Corp. | CSX | Buy | \$65.89 | \$5.50 | 13.5x | \$74 | 12.3% |
| Canadian National Railway | CNI | Hold | \$66.30 | \$5.30 | 14.0x | \$74 | 11.6% |
| Marten Transport | MRTN | Hold | \$21.18 | \$1.50 | 15.5x | \$23 | 8.6% |
| Canadian Pacific Railway | CP | Hold | \$64.75 | \$5.20 | 13.5x | \$70 | 8.1% |
| Old Dominion Freight Line | ODFL | Buy | \$32.43 | \$2.17 | 16.0x | \$35 | 7.9% |
| Knight Transportation | KNX | Hold | \$19.49 | \$1.13 | 18.5x | \$21 | 7.7% |
| United Parcel Service | UPS | Buy | \$72.90 | \$4.90 | 16.0x | \$78 | 7.0% |
| Forward Air Corp. | FWRD | Hold | \$28.46 | \$1.65 | 18.0x | \$30 | 5.4% |
| J.B. Hunt Transport Svcs. | JBHT | Hold | \$41.31 | \$2.40 | 18.0x | \$43 | 4.1% |
| Con-way Inc | CNW | Hold | \$34.95 | \$2.65 | 13.5x | \$36 | 3.0% |
| Hub Group, Inc. | HUBG | Hold | \$36.47 | \$1.90 | 18.0x | \$37 | 1.5% |
| Pacer International, Inc. | PACR | Hold | \$7.10 | \$0.60 | 12.0x | \$7 | -1.4% |
| Expeditors International | EXPD | Hold | \$54.51 | \$2.18 | 24.0x | \$52 | -4.6% |
| UTi Worldwide ⁽³⁾ | UTIW | Hold | \$21.31 | \$1.12 | 18.0x | \$20 | -6.1% |
| RailAmerica | RA | Hold | \$12.94 | \$0.87 | 14.0x | \$12 | -7.3% |
| Genesee & Wyoming, Inc. | GWR | Hold | \$52.97 | \$3.05 | 16.0x | \$49 | -7.5% |
| Ryder System | R | Hold | \$51.98 | \$3.43 | 14.0x | \$48 | -7.7% |
| Kirby Corp. | KEX | Hold | \$44.69 | \$2.75 | 15.0x | \$41 | -8.3% |
| Quality Distribution | QLTY | Buy | \$9.90 | \$0.70 | 12.5x | \$9 | -9.1% |
| C.H. Robinson Worldwide | CHRW | Sell | \$79.88 | \$3.00 | 19.0x | \$57 | -28.6% |
| YRC Worldwide | YRCW | Sell | \$3.46 | NE | NM | \$0 | -100.0% |

- (1) CGI is on June 30 fiscal year
- (2) FedEx is on May 31 fiscal year
- (3) UTIW is on a January 31 fiscal year
- (4) Heartland fair value estimate is \$19.00 or 16x \$0.98 plus ~\$3 cash per share
- (5) Hug Group fair value estimate is \$37.00 or 18x \$1.90 plus ~\$3.00 cash per share
- (6) Target price/ fair value estimates based on 5.0x 2011E EBITDA (assuming 40% chance of 10% wage reductions and 50% chance of pension reform)

Source: Stifel Nicolaus estimates

Valuation - By Risk and Market Cap

Stifel Nicolaus 12-Month Target Price/Fair Value Estimate Matrix

| Company | Ticker | Rating | Closing Price 1/5/2011 | Mkt. Cap (\$MM) | CY12E EPS | Target Price/Fair Value Estimate P/E multiple | 12-Month Target Price/Fair Value Estimate | Potential% upside over coming 12- months |
|--|--------|--------|---------------------------|--------------------|--------------|--|---|---|
| Micro-cap (\$300 million or below): | | | | | | | | |
| Trailer Bridge, Inc. | TRBR | Buy | \$2.85 | 34.5 | \$0.45 | 11.0x | \$5 | 75.4% |
| Vitran Corp. | VTNC | Buy | \$14.23 | 233.8 | \$1.46 | 12.0x | \$18 | 26.5% |
| Saia, Inc. | SAIA | Buy | \$16.10 | 259.6 | \$1.70 | 12.0x | \$20 | 24.2% |
| Universal Truckload Svcs | UACL | Buy | \$16.47 | 259.9 | \$1.25 | 16.0x | \$20 | 21.4% |
| Pacer International, Inc. | PACR | Hold | \$7.10 | 247.9 | \$0.60 | 12.0x | \$7 | -1.4% |
| Quality Distribution | QLTY | Buy | \$9.90 | 223.2 | \$0.70 | 12.5x | \$9 | -9.1% |
| YRC Worldwide | YRCW | Sell | \$3.46 | 145.9 | NE | NM | \$0 | -100.0% |

Small cap (\$300 million to \$2 billion):

| | | | | | | | | |
|---------------------------------|------|------|---------|---------|--------|-------|------|-------|
| Roadrunner Transportation Svcs. | RRTS | Buy | \$14.08 | 439.3 | \$0.98 | 18.0x | \$18 | 27.8% |
| Arkansas Best Corp. (6) | ABFS | Buy | \$26.84 | 676.7 | \$1.00 | NM | \$34 | 26.7% |
| Werner Enterprises | WERN | Buy | \$23.53 | 1,717.2 | \$1.70 | 16.0x | \$27 | 14.7% |
| Celadon Group (4) | CGI | Buy | \$15.82 | 365.2 | \$1.20 | 15.0x | \$18 | 13.8% |
| Heartland Express (4) | HTLD | Buy | \$16.31 | 1,479.1 | \$0.98 | 16.0x | \$18 | 10.4% |
| Marten Transport | MRTN | Hold | \$21.18 | 468.9 | \$1.50 | 15.5x | \$23 | 8.6% |
| Old Dominion Freight Line | ODFL | Buy | \$32.43 | 1,813.7 | \$2.17 | 16.0x | \$35 | 7.9% |
| Knight Transportation | KNX | Hold | \$19.49 | 1,647.1 | \$1.13 | 18.5x | \$21 | 7.7% |
| Forward Air Corp. | FWRD | Hold | \$28.46 | 835.0 | \$1.65 | 18.0x | \$30 | 4.4% |
| Con-way Inc | CNW | Hold | \$34.95 | 1,898.9 | \$2.65 | 13.5x | \$36 | 3.0% |
| Hub Group, Inc. | HUBG | Hold | \$36.47 | 1,365.8 | \$1.90 | 18.0x | \$37 | 1.5% |
| RailAmerica | RA | Hold | \$12.94 | 710.0 | \$0.87 | 14.0x | \$12 | -7.3% |

Mid-cap (\$2 billion to \$10 billion):

| | | | | | | | | |
|---------------------------|------|------|---------|---------|--------|-------|------|-------|
| Landstar System | LSTR | Buy | \$40.88 | 2,011.2 | \$2.70 | 19.0x | \$51 | 24.8% |
| J.B. Hunt Transport Svcs. | JBHT | Hold | \$41.31 | 5,217.6 | \$2.40 | 18.0x | \$43 | 4.1% |
| UTi Worldwide (3) | UTIW | Hold | \$21.31 | 2,163.6 | \$1.12 | 18.0x | \$20 | -6.1% |
| Genesee & Wyoming, Inc. | GWR | Hold | \$52.97 | 2,250.4 | \$3.05 | 16.0x | \$49 | -7.5% |
| Ryder System | R | Hold | \$51.98 | 2,741.6 | \$3.43 | 14.0x | \$48 | -7.7% |
| Kirby Corp. | KEX | Hold | \$44.69 | 2,397.4 | \$2.75 | 15.0x | \$41 | -8.3% |

Large cap (\$10 billion and above):

| | | | | | | | | |
|---------------------------|------|------|---------|----------|--------|-------|-------|--------|
| Union Pacific Corp. | UNP | Buy | \$92.96 | 46,878.1 | \$8.20 | 14.0x | \$115 | 23.7% |
| Norfolk Southern Corp. | NSC | Buy | \$63.72 | 23,560.2 | \$5.50 | 14.0x | \$77 | 20.8% |
| FedEx Corp. (2) | FDX | Buy | \$93.87 | 30,116.5 | \$6.80 | 16.0x | \$109 | 16.1% |
| CSX Corp. | CSX | Buy | \$65.89 | 24,981.4 | \$5.50 | 13.5x | \$74 | 12.7% |
| Canadian National Railway | CNI | Hold | \$66.30 | 31,413.0 | \$5.30 | 14.0x | \$74 | 11.6% |
| Canadian Pacific Railway | CP | Hold | \$64.75 | 11,011.5 | \$5.20 | 13.5x | \$70 | 8.1% |
| United Parcel Service | UPS | Buy | \$72.90 | 72,471.5 | \$4.90 | 16.0x | \$78 | 7.0% |
| Expeditors International | EXPD | Hold | \$54.51 | 12,274.0 | \$2.18 | 24.0x | \$52 | -4.6% |
| C.H. Robinson Worldwide | CHRW | Sell | \$79.88 | 13,373.9 | \$3.00 | 19.0x | \$57 | -28.6% |

Stifel Nicolaus 12-Month Target Price/Fair Value Estimate Matrix

| Company | Ticker | Stock Rec. | Closing Price 1/5/2011 | Risk Rating | CY12E EPS | Target Price/Fair Value Estimate P/E multiple | 12-Month Target Price/Fair Value Estimate | Potential% upside over coming 12- months |
|---------------------------|--------|------------|---------------------------|----------------|--------------|--|---|---|
| Low Risk: | | | | | | | | |
| Norfolk Southern Corp. | NSC | Buy | \$63.72 | Low | \$5.50 | 14.0x | \$77 | 20.8% |
| Canadian National Railway | CNI | Hold | \$66.30 | Low | \$5.30 | 14.0x | \$74 | 11.6% |
| Heartland Express (4) | HTLD | Buy | \$16.31 | Low | \$0.98 | 16.0x | \$18 | 10.4% |
| Expeditors International | EXPD | Hold | \$54.51 | Low | \$2.18 | 24.0x | \$52 | -4.6% |

Low-Medium Risk:

| | | | | | | | | |
|---------------------------|------|------|---------|---------|--------|-------|-------|--------|
| Landstar System | LSTR | Buy | \$40.88 | Low-Med | \$2.70 | 19.0x | \$51 | 24.8% |
| Union Pacific Corp. | UNP | Buy | \$92.96 | Low-Med | \$8.20 | 14.0x | \$115 | 23.7% |
| CSX Corp. | CSX | Buy | \$65.89 | Low-Med | \$5.50 | 13.5x | \$74 | 12.7% |
| Old Dominion Freight Line | ODFL | Buy | \$32.43 | Low-Med | \$2.17 | 16.0x | \$35 | 7.9% |
| Knight Transportation | KNX | Hold | \$19.49 | Low-Med | \$1.13 | 18.5x | \$21 | 7.7% |
| United Parcel Service | UPS | Buy | \$72.90 | Low-Med | \$4.90 | 16.0x | \$78 | 7.0% |
| J.B. Hunt Transport Svcs. | JBHT | Hold | \$41.31 | Low-Med | \$2.40 | 18.0x | \$43 | 4.1% |
| Kirby Corp. | KEX | Hold | \$44.69 | Low-Med | \$2.75 | 15.0x | \$41 | -8.3% |
| C.H. Robinson Worldwide | CHRW | Sell | \$79.88 | Low-Med | \$3.00 | 19.0x | \$57 | -28.6% |

Medium Risk:

| | | | | | | | | |
|---------------------------------|------|------|---------|--------|--------|-------|-------|-------|
| Roadrunner Transportation Svcs. | RRTS | Buy | \$14.08 | Medium | \$0.98 | 18.0x | \$18 | 27.8% |
| Universal Truckload Svcs | UACL | Buy | \$16.47 | Medium | \$1.25 | 16.0x | \$20 | 21.4% |
| FedEx Corp. (2) | FDX | Buy | \$93.87 | Medium | \$6.80 | 16.0x | \$109 | 16.1% |
| Werner Enterprises | WERN | Buy | \$23.53 | Medium | \$1.70 | 16.0x | \$27 | 14.7% |
| Marten Transport | MRTN | Hold | \$21.18 | Medium | \$1.50 | 15.5x | \$23 | 8.6% |
| Canadian Pacific Railway | CP | Hold | \$64.75 | Medium | \$5.20 | 13.5x | \$70 | 8.1% |
| Forward Air Corp. | FWRD | Hold | \$28.46 | Medium | \$1.65 | 18.0x | \$30 | 4.4% |
| Con-way Inc | CNW | Hold | \$34.95 | Medium | \$2.65 | 13.5x | \$36 | 3.0% |
| Hub Group, Inc. | HUBG | Hold | \$36.47 | Medium | \$1.90 | 18.0x | \$37 | 1.5% |
| RailAmerica | RA | Hold | \$12.94 | Medium | \$0.87 | 14.0x | \$12 | -7.3% |
| Genesee & Wyoming, Inc. | GWR | Hold | \$52.97 | Medium | \$3.05 | 16.0x | \$49 | -7.5% |
| Ryder System | R | Hold | \$51.98 | Medium | \$3.43 | 14.0x | \$48 | -7.7% |

High Risk:

| | | | | | | | | |
|---------------------------|------|------|---------|------|--------|-------|------|---------|
| Trailer Bridge, Inc. | TRBR | Buy | \$2.85 | High | \$0.45 | 11.0x | \$5 | 75.4% |
| Arkansas Best Corp. (6) | ABFS | Buy | \$26.84 | High | \$1.00 | NM | \$34 | 26.7% |
| Vitran Corp. | VTNC | Buy | \$14.23 | High | \$1.46 | 12.0x | \$18 | 26.5% |
| Saia, Inc. | SAIA | Buy | \$16.10 | High | \$1.70 | 12.0x | \$20 | 24.2% |
| Celadon Group (4) | CGI | Buy | \$15.82 | High | \$1.20 | 15.0x | \$18 | 13.8% |
| Pacer International, Inc. | PACR | Hold | \$7.10 | High | \$0.60 | 12.0x | \$7 | -1.4% |
| UTi Worldwide (3) | UTIW | Hold | \$21.31 | High | \$1.12 | 18.0x | \$20 | -6.1% |
| Quality Distribution | QLTY | Buy | \$9.90 | High | \$0.70 | 12.5x | \$9 | -9.1% |
| YRC Worldwide | YRCW | Sell | \$3.46 | High | NE | NM | \$0 | -100.0% |

(1) CGI is on June 30 fiscal year (2) FedEx is on May 31 fiscal year (3) UTIW is on a January 31 fiscal year (4) Heartland fair value estimate is \$19.00 or 16x \$0.98 plus ~\$3 cash per share (5) Hug Group fair value estimate is \$37.00 or 18x \$1.90 plus ~\$3.00 cash per share (6) Target price/ fair value estimates based on 5.0x 2011E EBITDA (assuming 40% chance of 10% wage reductions and 50% chance of pension reform)

Source: Stifel Nicolaus estimates

Operating Leverage Comparison

Many of Our Buy-Rated Stocks Under Coverage Contain Significant Operating Leverage

Current Stifel Nicolaus Projections

| Ticker | Price 1/5/2011 | Modeled 2012 O.R. | Modeled 2012 EPS | Target P/E Multiple | Target Price | Modeled Upside Potential |
|--------|-------------------|----------------------|---------------------|------------------------|-----------------|-----------------------------|
| TRBR | \$2.85 | 88.5% | \$0.45 | 11.0x | \$6 | 111% |
| RRTS | \$14.08 | 93.4% | \$0.98 | 18.0x | \$18 | 28% |
| ABFS | \$26.84 | 97.7% | \$1.00 | NM | \$34 | 27% |
| LSTR* | \$40.88 | 70.5% | \$2.70 | 19.0x | \$51 | 25% |
| SAIA | \$16.10 | 94.9% | \$1.69 | 12.0x | \$20 | 24% |
| UNP | \$92.96 | 66.8% | \$8.20 | 14.0x | \$115 | 24% |
| UAACL* | \$16.47 | 95.8% | \$1.25 | 16.0x | \$20 | 21% |
| NSC | \$63.72 | 68.8% | \$5.50 | 14.0x | \$77 | 21% |
| VTNC | \$14.23 | 95.2% | \$1.46 | 12.0x | \$17 | 19% |
| HTLD | \$16.31 | 78.2% | \$0.98 | 16.0x | \$19 | 16% |
| FDX | \$93.87 | 92.8% | \$6.80 | 16.0x | \$109 | 16% |
| WERN | \$23.53 | 90.8% | \$1.70 | 16.0x | \$27 | 15% |
| CGI | \$15.82 | 92.7% | \$1.20 | 15.0x | \$18 | 14% |
| CSX | \$65.89 | 70.1% | \$5.50 | 13.5x | \$74 | 12% |
| CNI | \$66.30 | 61.9% | \$5.30 | 14.0x | \$74 | 12% |
| CP | \$64.75 | 74.2% | \$5.20 | 13.5x | \$70 | 8% |
| ODFL | \$32.43 | 87.9% | \$2.17 | 16.0x | \$35 | 8% |
| UPS | \$72.90 | 86.7% | \$4.90 | 16.0x | \$78 | 7% |
| CNW | \$34.95 | 94.9% | \$2.65 | 13.5x | \$36 | 3% |
| QLTY* | \$9.90 | 93.1% | \$0.70 | 12.5x | \$9 | -9% |

Modified for 100bp potential upside to forecast 2012 O.R.

| Ticker | Price 1/5/2011 | Hypothetical 2012 O.R. | Hypothetical 2012 EPS | Target P/E Multiple | Hypothetical Target Price | Hypothetical Upside Potential |
|--------|-------------------|---------------------------|--------------------------|------------------------|------------------------------|----------------------------------|
| TRBR | \$2.85 | 87.5% | \$0.56 | 11.0x | \$6 | 111% |
| SAIA | \$16.10 | 93.9% | \$2.08 | 12.0x | \$25 | 55% |
| VTNC | \$14.23 | 94.2% | \$1.80 | 12.0x | \$22 | 55% |
| UAACL* | \$16.47 | 94.8% | \$1.54 | 16.0x | \$25 | 52% |
| LSTR* | \$40.88 | 69.5% | \$3.10 | 19.0x | \$59 | 44% |
| RRTS | \$14.08 | 92.4% | \$1.13 | 18.0x | \$20 | 42% |
| CGI | \$15.82 | 91.7% | \$1.38 | 15.0x | \$21 | 33% |
| UNP | \$92.96 | 65.8% | \$8.73 | 14.0x | \$122 | 31% |
| FDX | \$93.87 | 91.8% | \$7.55 | 16.0x | \$121 | 29% |
| WERN | \$23.53 | 89.8% | \$1.88 | 16.0x | \$30 | 27% |
| ABFS | \$26.84 | 96.7% | \$1.45 | NM | \$34 | 27% |
| NSC | \$63.72 | 67.8% | \$5.70 | 14.0x | \$80 | 26% |
| ODFL | \$32.43 | 86.9% | \$2.36 | 16.0x | \$38 | 17% |
| CSX | \$65.89 | 69.1% | \$5.72 | 13.5x | \$77 | 17% |
| HTLD | \$16.31 | 77.2% | \$1.00 | 16.0x | \$19 | 16% |
| CNI | \$66.30 | 60.9% | \$5.46 | 14.0x | \$76 | 15% |
| CP | \$64.75 | 73.2% | \$5.45 | 13.5x | \$74 | 14% |
| UPS | \$72.90 | 85.7% | \$5.12 | 16.0x | \$82 | 12% |
| CNW | \$34.95 | 93.9% | \$2.87 | 13.5x | \$39 | 12% |
| QLTY* | \$9.90 | 92.1% | \$0.92 | 12.5x | \$11 | 11% |

| Ticker | Increase in 2012 EPS per 100 bp improvement in O.R. | EPS % change |
|--------|--|-----------------|
| ABFS | \$0.45 | 44.9% |
| QLTY* | \$0.22 | 31.7% |
| TRBR | \$0.11 | 24.2% |
| VTNC | \$0.35 | 23.8% |
| UAACL* | \$0.29 | 23.2% |
| SAIA | \$0.38 | 22.7% |
| RRTS | \$0.15 | 15.4% |
| LSTR* | \$0.40 | 14.8% |
| CGI | \$0.18 | 14.7% |
| FDX | \$0.75 | 11.0% |
| WERN | \$0.18 | 10.5% |
| ODFL | \$0.19 | 8.8% |
| CNW | \$0.21 | 8.0% |
| UNP | \$0.53 | 6.5% |
| CP | \$0.25 | 4.7% |
| UPS | \$0.22 | 4.4% |
| CSX | \$0.22 | 3.9% |
| NSC | \$0.20 | 3.6% |
| CNI | \$0.16 | 2.9% |
| HTLD | \$0.03 | 2.7% |

Source: Stifel Nicolaus estimates

Some calculations may vary due to rounding

*Asset-light companies that have a more difficult time realizing 100bp margin expansion

Operating Leverage Comparison

Some of Our Hold-Rated Stocks Also Contain Operating Leverage

Current Stifel Nicolaus Projections

| Ticker | Price 1/5/2011 | Modeled 2012 O.R. | Modeled 2012 EPS | Target P/E Multiple | Target Price | Modeled Upside Potential |
|--------|-------------------|----------------------|---------------------|------------------------|-----------------|-----------------------------|
| MRTN | \$21.18 | 90.9% | \$1.50 | 15.5x | \$23 | 9% |
| KNX | \$19.49 | 79.7% | \$1.13 | 18.5x | \$21 | 8% |
| FWRD* | \$28.46 | 85.3% | \$1.65 | 18.0x | \$30 | 5% |
| JBHT | \$41.31 | 89.3% | \$2.40 | 18.0x | \$43 | 4% |
| PACR* | \$7.10 | 88.1% | \$0.60 | 12.0x | \$7 | -1% |
| UTIW | \$21.31 | 89.3% | \$1.19 | 18.0x | \$21 | -1% |
| EXPD* | \$54.51 | 66.2% | \$2.18 | 24.0x | \$52 | -5% |
| HUBG* | \$36.47 | 61.9% | \$1.90 | 18.0x | \$34 | -7% |
| RA | \$12.94 | 76.4% | \$0.87 | 14.0x | \$12 | -7% |
| GWR | \$52.97 | 74.4% | \$3.05 | 16.0x | \$49 | -7% |
| R | \$51.98 | 95.2% | \$3.43 | 14.0x | \$48 | -8% |
| KEX | \$44.69 | 80.7% | \$2.75 | 15.0x | \$41 | -8% |

Modified for 100bp potential upside to forecast 2012 O.R.

| Ticker | Price 1/5/2011 | Hypothetical 2012 O.R. | Hypothetical 2012 EPS | Target P/E Multiple | Hypothetical Target Price | Hypothetical Upside Potential |
|--------|-------------------|---------------------------|--------------------------|------------------------|------------------------------|----------------------------------|
| MRTN | \$21.18 | 89.9% | \$1.66 | 15.5x | \$26 | 23% |
| JBHT | \$41.31 | 88.3% | \$2.64 | 18.0x | \$47 | 14% |
| KNX | \$19.49 | 78.7% | \$1.20 | 18.5x | \$22 | 13% |
| PACR* | \$7.10 | 87.1% | \$0.65 | 12.0x | \$8 | 13% |
| UTIW | \$21.31 | 88.3% | \$1.31 | 18.0x | \$24 | 13% |
| FWRD* | \$28.46 | 84.3% | \$1.76 | 18.0x | \$32 | 12% |
| R | \$51.98 | 94.2% | \$4.14 | 14.0x | \$58 | 12% |
| RA | \$12.94 | 75.4% | \$0.93 | 14.0x | \$13 | 0% |
| EXPD* | \$54.51 | 65.2% | \$2.24 | 24.0x | \$54 | -1% |
| KEX | \$44.69 | 79.7% | \$2.90 | 15.0x | \$44 | -2% |
| GWR | \$52.97 | 73.4% | \$3.19 | 16.0x | \$51 | -4% |
| HUBG* | \$36.47 | 60.9% | \$1.95 | 18.0x | \$35 | -4% |

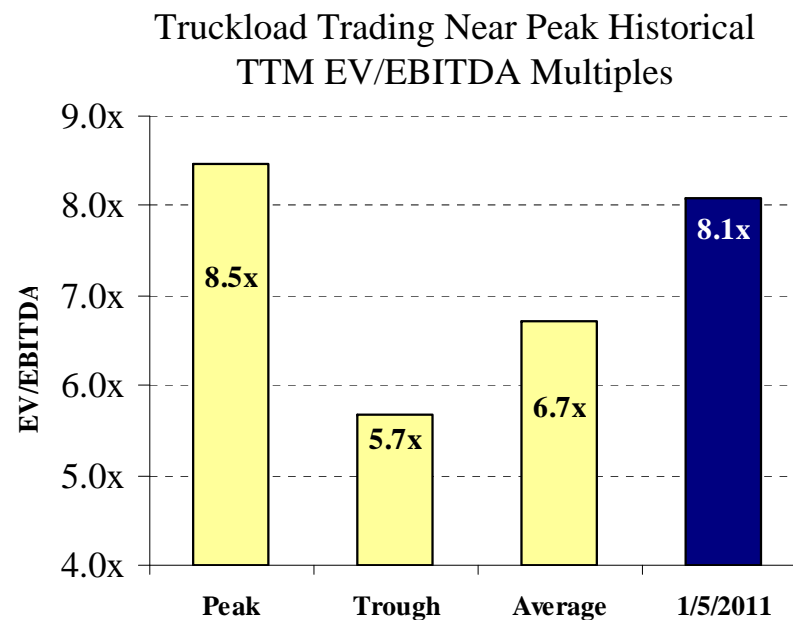
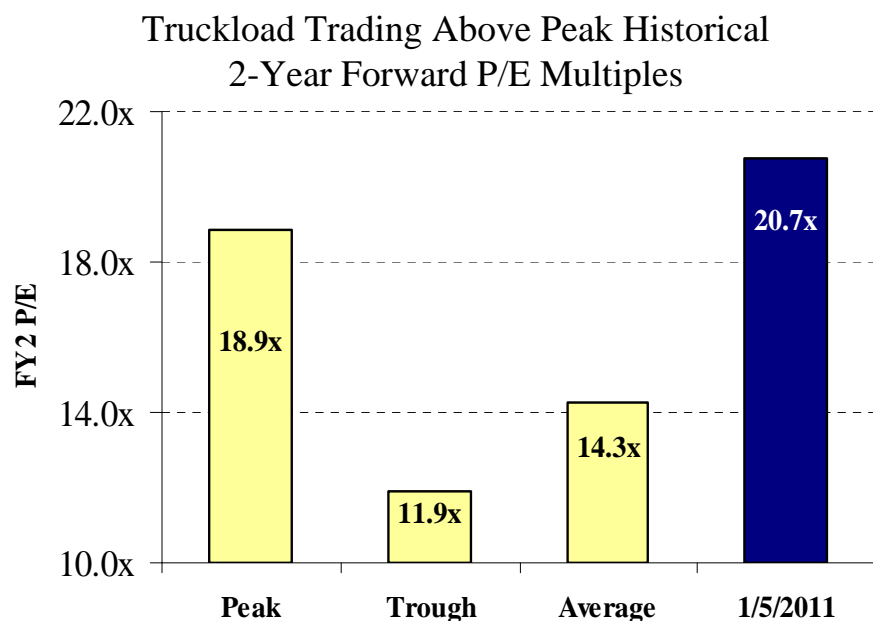
| Ticker | Increase in 2012 EPS per 100 bp improvement in O.R. | EPS % change |
|--------|--|-----------------|
| R | \$0.71 | 20.7% |
| MRTN | \$0.16 | 10.5% |
| UTIW | \$0.12 | 10.1% |
| JBHT | \$0.23 | 9.8% |
| PACR* | \$0.05 | 8.6% |
| RA | \$0.06 | 7.2% |
| FWRD* | \$0.11 | 6.7% |
| KNX | \$0.07 | 5.8% |
| KEX | \$0.15 | 5.4% |
| GWR | \$0.14 | 4.5% |
| EXPD* | \$0.06 | 2.8% |
| HUBG* | \$0.05 | 2.5% |

Source: Stifel Nicolaus estimates

Some calculations may vary due to rounding

*Asset-light companies that have a more difficult time realizing 100bp margin expansion

Truckload FY2 P/E Valuation Multiple Trading Above Peak Levels



Note: Valuation peaks and troughs displayed above represent the average peak and trough valuation levels experienced for each group during the historical periods cited below, making it possible for current valuations to fall below the historical “trough” level.

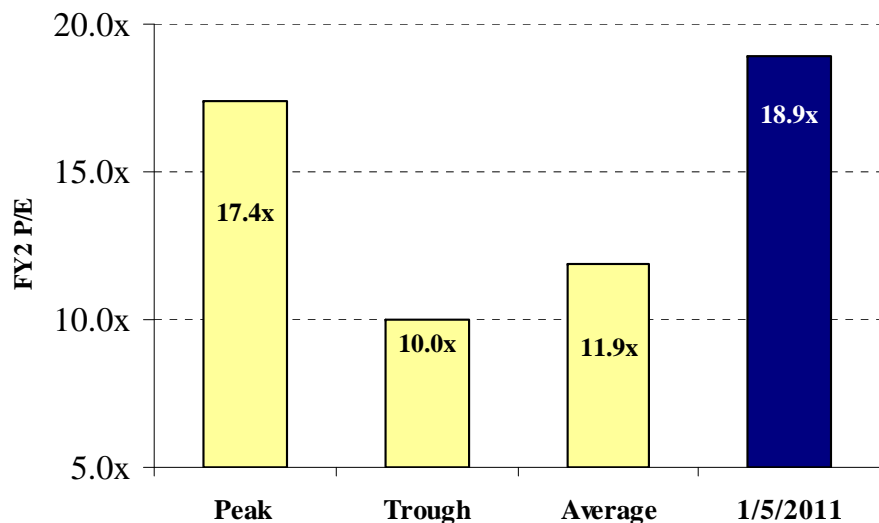
Source: FactSet Research Systems Inc.

Historical P/E data from January 1990 through December 2010; historical EV/EBITDA data from January 1999 through December 2010

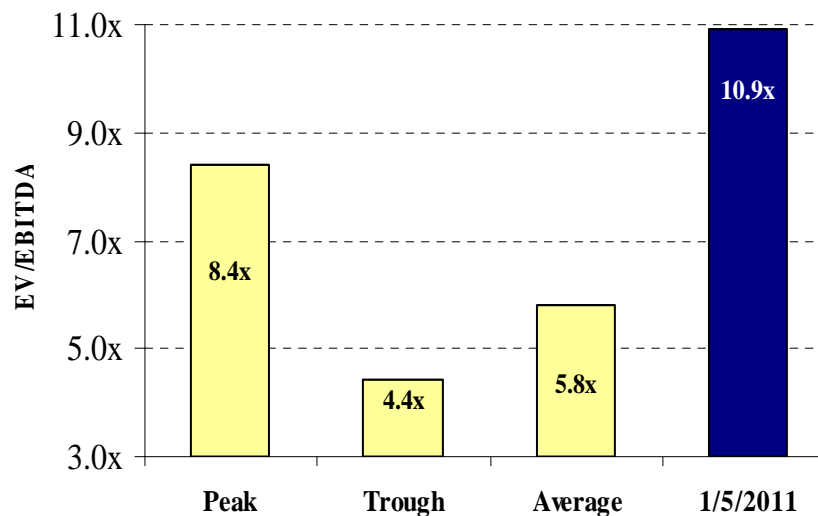
TL Index (market cap-weighted) – CGI, CVTI, HTLD, JBHT, KNX, LAND, LSTR, MRTN, MSCA, PTSI, SWFT, TCAM, USAK, WERN, XPRSA

Current FY2 P/E Multiples Above Peak Levels; However, We See Value In The Non-Union LTL Carriers

LTL Trading Above Peak Historical
2-Year Forward P/E Multiples



LTL Trading Above Peak Historical
TTM EV/EBITDA Multiples



Note: Valuation peaks and troughs displayed above represent the average peak and trough valuation levels experienced for each group during the historical periods cited below, making it possible for current valuations to fall below the historical “trough” level.

Source: FactSet Research Systems Inc.

P/E data from May 1997 through December 2010; EV/EBITDA data from May 1997 through December 2010

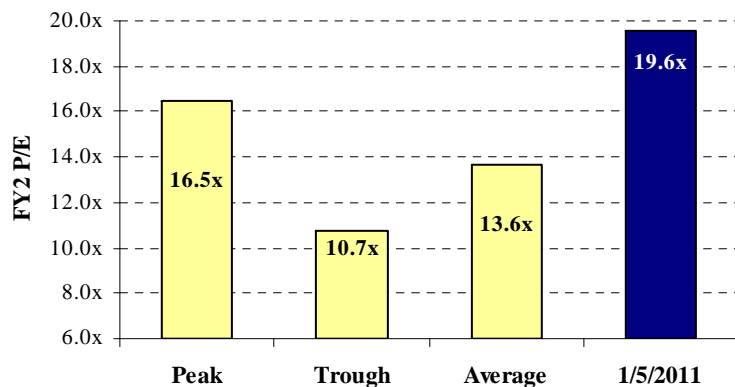
National LTL Index (market cap-weighted) – ABFS, CFWY, ROAD, RRTS, YRCW

Regional LTL Index (market cap-weighted) – AFWY, AIND, CNW, CRGO, JEVC, ODFL, SCST, USFC, VIKG, VTNC.

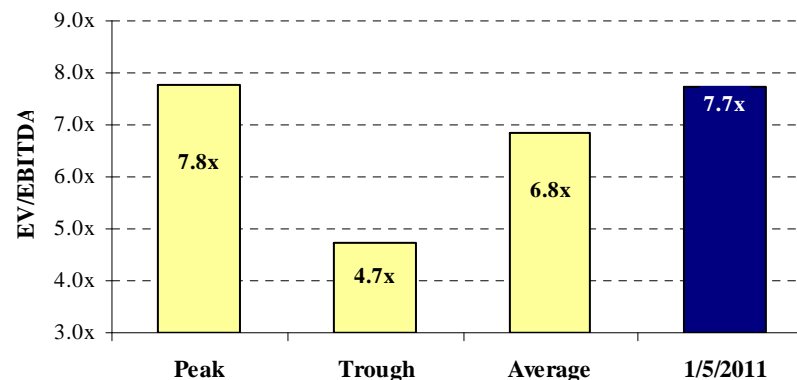
Both Asset-Based and Non-Asset-Based Logistics Trading Near Peak Valuation

Levels on a FY2 P/E Basis

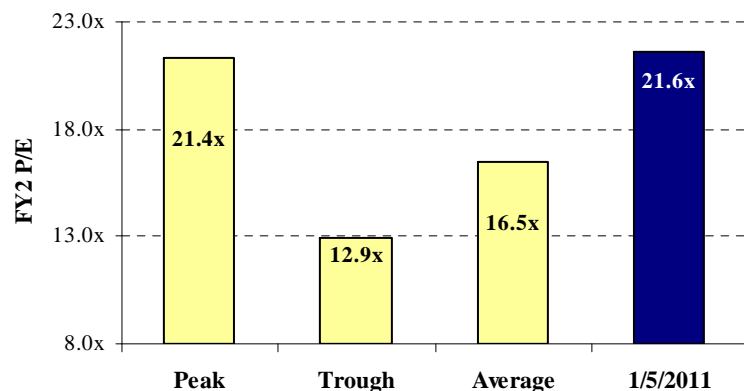
Asset-Based Logistics Trading Above Peak
Historical 2-Year Forward P/E Multiples



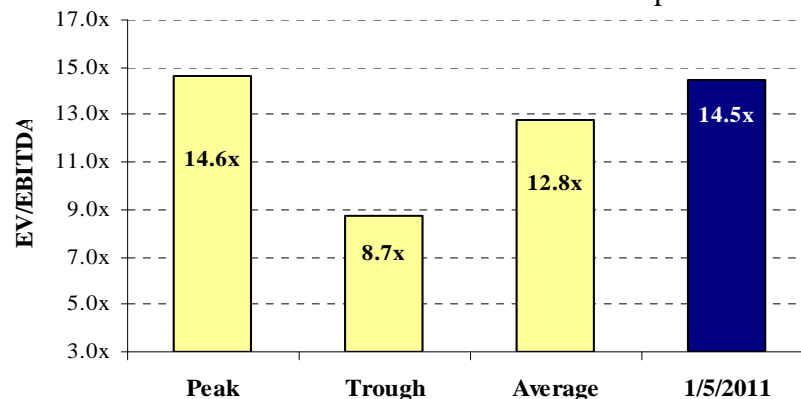
Asset-Based Logistics Trading Near Peak Historical
TTM EV/EBITDA Multiples



Non-Asset-Based Logistics Trading Above Peak
Historical 2-Year Forward P/E Multiple



Non-Asset-Based Logistics Trading Near Peak
Historical TTM EV/EBITDA Multiple



Note: Valuation peaks and troughs displayed above represent the average peak and trough valuation levels experienced for each group during the historical periods cited below, making it possible for current valuations to fall below the historical “trough” level.

Source: FactSet Research Systems Inc.

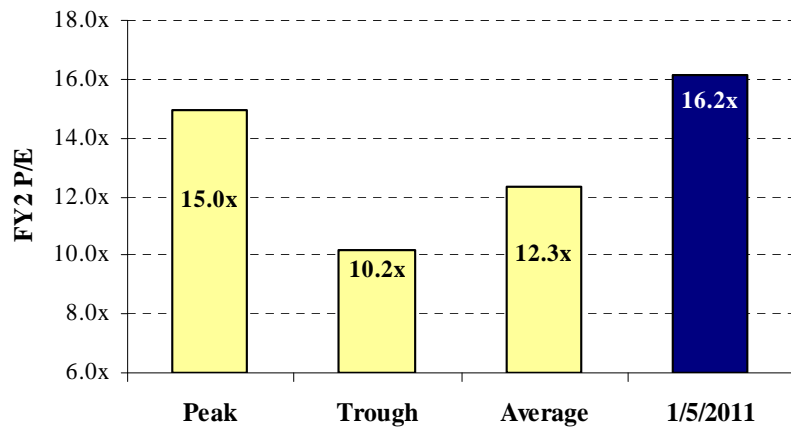
P/E data from January 1990 through December 2010; EV/EBITDA data from January 1999 through December 2010

Asset-Based Logistics Index (market cap-weighted) – CNW, FDX, R, UPS

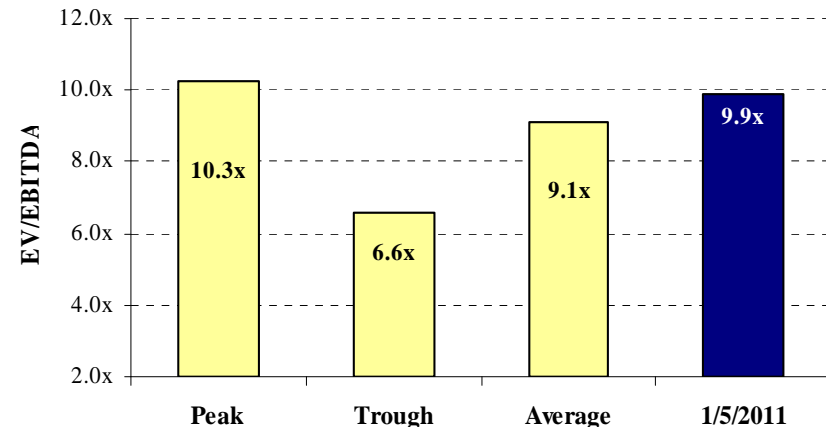
Non-Asset Based Logistics Index (market cap-weighted) – CHRW, EAGL, EXPD, FWRD, HUBG, LSTR, PACR, QLTQ, RRTS, UAAL, UTIV

Rails Currently Trading Near Peak Historical Valuations On A P/E Basis And On A Cash Flow Basis

Rails Trading Above Peak Historical
2-Year Forward P/E Multiples



Rails Trading Near Peak Historical
TTM EV/EBITDA Multiples



Note: Valuation peaks and troughs displayed above represent the average peak and trough valuation levels experienced for each group during the historical periods cited below, making it possible for current valuations to fall below the historical “trough” level.

Source: FactSet Research Systems Inc.

P/E data from January 1990 through December 2010; EV/EBITDA data from April 1993 through December 2010

Rail – BNI, CNI, CP, CSX, GWR, KSU, NSC, RA, UNP

Comparative Statistics By Industry Segment

Truckload

| Operating Ratio ⁽¹⁾ | | ROE | | ROIC ⁽²⁾ | | Dividend Yield | | 2011 P/E ⁽³⁾ | | TEV/EBITDAR ⁽⁴⁾ | | Net debt/EBITDAR ^{(4) (5)} | | Debt/Book Cap ⁽⁴⁾ | |
|--------------------------------|--------|------|--------|---------------------|--------|----------------|------|-------------------------|--------|----------------------------|-------|-------------------------------------|------|------------------------------|--------|
| HTLD | 82.9% | JBHT | 30.9% | LSTR | 21.6% | FFEX | 2.4% | HTLD | NM | LSTR | 12.9x | HTLD | NC | QLTY | 158.0% |
| KNX | 86.9% | LSTR | 30.5% | QLTY | 18.7% | KNX | 1.2% | WERN | 31.3x | JBHT | 11.2x | KNX | NC | CVTI | 70.7% |
| JBHT | 91.0% | HTLD | 16.9% | HTLD | 16.9% | JBHT | 1.2% | QLTY | 30.5x | UACL | 9.5x | UACL | NC | CGI | 53.3% |
| WERN | 93.0% | KNX | 10.9% | JBHT | 16.3% | WERN | 0.8% | JBHT | 21.2x | KNX | 9.5x | WERN | NC | JBHT | 52.7% |
| MRTN | 93.3% | WERN | 9.6% | KNX | 10.9% | HTLD | 0.5% | KNX | 21.2x | HTLD | 8.8x | QLTY | 4.8x | FFEX | 47.0% |
| QLTY | 93.8% | MRTN | 6.7% | WERN | 9.6% | LSTR | 0.5% | UACL | 21.1x | QLTY | 7.7x | CVTI | 2.5x | USAK | 44.3% |
| LSTR | 94.3% | CGI | 5.6% | MRTN | 6.4% | CGI | 0.0% | LSTR | 21.0x | CGI | 6.2x | FFEX | 2.5x | LSTR | 36.8% |
| CGI | 96.5% | UACL | 5.2% | UACL | 5.2% | CVTI | 0.0% | MRTN | 18.6x | WERN | 5.9x | USAK | 2.2x | PTSI | 24.6% |
| CVTI | 97.0% | CVTI | -0.1% | CGI | 5.2% | MRTN | 0.0% | CGI | 18.0x | MRTN | 5.7x | CGI | 2.0x | MRTN | 4.9% |
| UACL | 97.8% | PTSI | -2.3% | CVTI | 3.1% | PTSI | 0.0% | PTSI | 17.7x | FFEX | 5.5x | PTSI | 1.1x | UACL | 1.2% |
| USAK | 100.2% | USAK | -2.9% | USAK | -0.4% | QLTY | 0.0% | USAK | 17.3x | USAK | 5.1x | JBHT | 1.1x | KNX | 0.6% |
| PTSI | 101.3% | QLTY | -3.8% | PTSI | -1.1% | UACL | 0.0% | CVTI | 14.7x | PTSI | 5.0x | LSTR | 0.5x | HTLD | 0.0% |
| FFEX | 105.7% | FFEX | -15.1% | FFEX | -14.8% | USAK | 0.0% | FFEX | -37.8x | CVTI | 3.9x | MRTN | 0.1x | WERN | 0.0% |

Less-Than-Truckload (LTL)

| Operating Ratio | | ROE | | ROIC | | Dividend Yield | | 2011 P/E ⁽³⁾ | | TEV/EBITDAR | | Net debt/EBITDAR | | Debt/Book Cap | |
|-----------------|--------|------|--------|------|--------|----------------|------|-------------------------|--------|-------------|--------|------------------|-------|---------------|--------|
| FWRD | 89.9% | YRCW | 209.6% | FWRD | 9.5% | FFEX | 2.4% | FWRD | NM | ABFS | 101.2x | ABFS | NC | YRCW | 109.9% |
| ODFL | 91.5% | FWRD | 11.5% | ODFL | 7.8% | CNW | 1.1% | YRCW | NM | YRCW | 81.8x | YRCW | 73.1x | CNW | 53.9% |
| RRTS | 95.4% | ODFL | 10.3% | RRTS | 5.3% | FWRD | 1.0% | ABFS | 122.0x | RRTS | 13.4x | VTNC | 3.3x | VTNC | 52.2% |
| CNW | 98.2% | RRTS | 4.7% | CNW | 2.2% | ABFS | 0.4% | CNW | 25.0x | FWRD | 10.0x | FFEX | 2.5x | FFEX | 47.0% |
| VTNC | 99.0% | CNW | 1.4% | SAIA | 0.7% | YRCW | 0.0% | FWRD | 20.6x | ODFL | 9.8x | CNW | 1.8x | SAIA | 38.0% |
| SAIA | 99.2% | VTNC | 0.3% | VTNC | -0.8% | RRTS | 0.0% | RRTS | 18.3x | VTNC | 8.3x | SAIA | 1.7x | ODFL | 35.7% |
| ABFS | 104.8% | SAIA | -2.7% | ABFS | -9.3% | ODFL | 0.0% | ODFL | 18.0x | CNW | 7.2x | ODFL | 1.6x | FWRD | 29.3% |
| FFEX | 105.7% | ABFS | -9.6% | FFEX | -14.8% | SAIA | 0.0% | SAIA | 16.1x | SAIA | 6.2x | RRTS | 1.5x | RRTS | 17.6% |
| YRCW | 106.6% | FFEX | -15.1% | YRCW | -19.0% | VTNC | 0.0% | VTNC | 15.6x | FFEX | 5.5x | FWRD | 0.4x | ABFS | 14.0% |

(1) Operating ratio = Total operating expenses / Total operating revenues

(2) ROIC = (Net income + After-tax interest expense) / (Average debt + Average equity)

(3) Stifel Nicolaus EPS estimates used for those rated and First Call mean estimates for unrated securities

(4) Enterprise value and debt adjusted to include the capitalization of off balance sheet operating leases with lease expense (or rent expense) being added back to EBITDA for the valuation multiple calculation

(5) "NC" indicates a company that currently maintains a net cash position on its balance sheet.

Operating ratio, ROE, ROIC, and EBITDAR metrics are trailing twelve months, and Debt/Cap is as of the most recent quarter end

Excludes non-recurring items

Calculations may vary due to rounding

Source: Company data, First Call, and Stifel Nicolaus estimates

Comparative Statistics By Industry Segment

Asset-Based Logistics

| Operating Ratio ⁽¹⁾ | | ROE | ROIC ⁽²⁾ | Dividend Yield | 2011 P/E ⁽³⁾ | TEV/EBITDAR ⁽⁴⁾ | Net debt/EBITDAR ^{(4) (5)} | Debt/Book Cap ⁽⁴⁾ | | | | | | | |
|--------------------------------|-------|-----|---------------------|----------------|-------------------------|----------------------------|-------------------------------------|------------------------------|-------|-----|-------|-----|------|-----|-------|
| UPS | 89.0% | UPS | 41.6% | UPS | 19.8% | UPS | 2.6% | CNW | 25.0x | UPS | 10.8x | R | 2.0x | R | 66.0% |
| R | 93.7% | FDX | 9.8% | FDX | 9.0% | R | 2.0% | R | 18.4x | CNW | 7.2x | CNW | 1.8x | UPS | 57.2% |
| FDX | 94.1% | R | 8.6% | R | 4.9% | CNW | 1.1% | UPS | 17.5x | FDX | 6.5x | FDX | 1.4x | FDX | 53.9% |
| CNW | 98.2% | CNW | 1.4% | CNW | 2.2% | FDX | 0.5% | FDX | 17.4x | R | 4.1x | UPS | 1.1x | FDX | 40.8% |

Non-Asset-Based Logistics

| Operating Ratio | ROE | ROIC | Dividend Yield | 2011 P/E ⁽³⁾ | TEV/EBITDAR | Net debt/EBITDAR | Debt/Book Cap | | | | | | | | |
|-----------------|-------|------|----------------|-------------------------|-------------|------------------|---------------|------|-------|------|-------|------|------|------|--------|
| CHRW | 57.6% | CHRW | 32.5% | CHRW | 32.5% | CHRW | 1.5% | CHRW | 30.4x | CHRW | 20.1x | CHRW | NC | QLTY | 158.0% |
| HUBG | 67.5% | LSTR | 30.5% | LSTR | 21.6% | FWRD | 1.0% | EXPD | 29.0x | EXPD | 19.3x | EXPD | NC | PACR | 73.8% |
| EXPD | 68.4% | EXPD | 19.6% | EXPD | 19.4% | UTIW | 0.7% | UTIW | 23.2x | HUBG | 14.5x | HUBG | NC | UTIW | 45.7% |
| FWRD | 89.9% | ECHO | 14.9% | QLTY | 18.7% | LSTR | 0.5% | HUBG | 22.8x | RRTS | 13.4x | ECHO | NC | LSTR | 36.8% |
| UTIW | 92.3% | HUBG | 11.6% | ECHO | 11.9% | UTIW | 0.3% | QLTY | 21.1x | LSTR | 12.9x | UACL | NC | FWRD | 29.3% |
| QLTY | 93.8% | FWRD | 11.5% | HUBG | 11.6% | RRTS | 0.0% | FWRD | 20.6x | ECHO | 12.8x | QLTY | 4.8x | RRTS | 17.6% |
| LSTR | 94.3% | UTIW | 7.9% | FWRD | 9.5% | ECHO | 0.0% | LSTR | 18.6x | FWRD | 10.0x | PACR | 2.7x | ECHO | 14.3% |
| RRTS | 95.4% | UACL | 5.2% | UTIW | 6.4% | HUBG | 0.0% | ECHO | 18.5x | UACL | 9.5x | RRTS | 1.5x | HUBG | 10.1% |
| PACR | 95.5% | RRTS | 4.7% | RRTS | 5.3% | PACR | 0.0% | RRTS | 18.3x | UTIW | 9.0x | UTIW | 1.5x | CHRW | 6.3% |
| ECHO | 97.1% | PACR | 4.4% | PACR | 5.3% | QLTY | 0.0% | PACR | 17.8x | QLTY | 7.7x | LSTR | 0.5x | EXPD | 5.7% |
| UACL | 97.8% | QLTY | -3.8% | UACL | 5.2% | UACL | 0.0% | UACL | 17.3x | PACR | 5.2x | FWRD | 0.4x | UACL | 1.2% |

Intermodal

| Operating Ratio | ROE | ROIC | Dividend Yield | 2011 P/E ⁽³⁾ | TEV/EBITDAR | Net debt/EBITDAR | Debt/Book Cap | | | | | | | | |
|-----------------|-------|------|----------------|-------------------------|-------------|------------------|---------------|------|-------|------|-------|------|------|------|-------|
| HUBG | 67.5% | JBHT | 30.9% | JBHT | 16.3% | JBHT | 1.2% | HUBG | 22.8x | HUBG | 14.5x | HUBG | NC | PACR | 73.8% |
| JBHT | 91.0% | HUBG | 11.6% | HUBG | 11.6% | HUBG | 0.0% | JBHT | 21.2x | JBHT | 11.2x | PACR | 2.7x | JBHT | 52.7% |
| PACR | 95.5% | PACR | 4.4% | PACR | 5.3% | PACR | 0.0% | PACR | 17.8x | PACR | 5.2x | JBHT | 1.1x | HUBG | 10.1% |

(1) Operating ratio = Total operating expenses / Total operating revenues

(2) ROIC = (Net income + After-tax interest expense) / (Average debt + Average equity)

(3) Stifel Nicolaus EPS estimates used for those rated and First Call mean estimates for unrated securities

(4) Enterprise value and debt adjusted to include the capitalization of off balance sheet operating leases with lease expense (or rent expense) being added back to EBITDA for the valuation multiple calculation

(5) "NC" indicates a company that currently maintains a net cash position on its balance sheet.

Operating ratio, ROE, ROIC, and EBITDAR metrics are trailing twelve months, and Debt/Cap is as of the most recent quarter end

Excludes non-recurring items

Calculations may vary due to rounding

Source: Company data, First Call, and Stifel Nicolaus estimates

Comparative Statistics By Industry Segment

Domestic Marine

| Operating Ratio | | ROE | | ROIC | | Dividend Yield | | 2011 P/E ⁽³⁾ | | TEV/EBITDAR | | Net debt/EBITDAR | | Debt/Book Cap | |
|-----------------|-------|------|-------|------|-------|----------------|------|-------------------------|-------|-------------|------|------------------|------|---------------|-------|
| KEX | 81.1% | TRBR | NM | HRZ | 11.1% | HRZ | 9.6% | RLOG | NM | KEX | 7.0x | HRZ | 4.6x | TRBR | 98.0% |
| TRBR | 90.3% | HRZ | 46.1% | KEX | 9.9% | KEX | 0.0% | KEX | 18.8x | TRBR | 5.6x | TRBR | 4.2x | HRZ | 90.6% |
| RLOG | 91.3% | KEX | 11.2% | TRBR | 7.8% | RLOG | 0.0% | HRZ | 10.2x | RLOG | 5.4x | RLOG | 2.6x | RLOG | 54.3% |
| HRZ | 96.6% | RLOG | 3.8% | RLOG | 3.1% | TRBR | 0.0% | TRBR | 9.5x | HRZ | 5.3x | KEX | 0.5x | KEX | 22.9% |

Railroads

| Operating Ratio ⁽¹⁾ | | ROE | | ROIC ⁽²⁾ | | Dividend Yield | | 2011 P/E ⁽³⁾ | | TEV/EBITDAR ⁽⁴⁾ | | Net debt/EBITDAR ⁽⁴⁾⁽⁵⁾ | | Debt/Book Cap ⁽⁴⁾ | |
|--------------------------------|-------|-----|-------|---------------------|-------|----------------|------|-------------------------|-------|----------------------------|-------|------------------------------------|------|------------------------------|-------|
| CNI | 64.0% | CNI | 16.5% | CNI | 12.1% | NSC | 2.3% | GWR | 20.0x | GWR | 12.7x | RA | 3.2x | CSX | 49.2% |
| UNP | 71.4% | CSX | 16.4% | UNP | 11.0% | UNP | 1.6% | RA | 19.9x | RA | 10.1x | KSU | 3.0x | CP | 48.4% |
| NSC | 72.0% | UNP | 15.1% | CSX | 10.5% | CP | 1.6% | KSU | 19.2x | KSU | 9.7x | CP | 2.5x | RA | 47.7% |
| CSX | 72.3% | NSC | 13.7% | NSC | 9.9% | CNI | 1.6% | CP | 14.7x | CP | 8.9x | CSX | 2.0x | KSU | 46.9% |
| KSU | 74.5% | CP | 12.5% | CP | 8.8% | CSX | 1.6% | CNI | 14.4x | UNP | 8.6x | NSC | 1.7x | UNP | 41.6% |
| CP | 76.2% | GWR | 10.5% | GWR | 7.7% | GWR | 0.0% | CSX | 13.9x | CSX | 8.5x | CNI | 1.7x | GWR | 40.2% |
| GWR | 77.8% | KSU | 6.1% | KSU | 5.3% | KSU | 0.0% | NSC | 13.7x | NSC | 8.4x | UNP | 1.6x | NSC | 39.9% |
| RA | 80.8% | RA | 2.9% | RA | 4.5% | RA | 0.0% | UNP | 13.5x | RA | 7.8x | GWR | 1.6x | CNI | 36.9% |

(1) Operating ratio = Total operating expenses / Total operating revenues

(2) ROIC - (Net income + After-tax interest expense) / (Average debt + Average equity)

(3) Stifel Nicolaus EPS estimates used for those rated and First Call mean estimates for unrated securities

(4) Enterprise value and debt adjusted to include the capitalization of off balance sheet operating leases with lease expense (or rent expense) being added back to EBITDA for the valuation multiple calculation

(5) "NC" indicates a company that currently maintains a net cash position on its balance sheet.

Operating ratio, ROE, ROIC, and EBITDAR metrics are trailing twelve months, and Debt/Cap is as of the most recent quarter end

Excludes non-recurring items

Calculations may vary due to rounding

Source: Company data, First Call, and Stifel Nicolaus estimates

Appendix - Truckload Comps

Comparative Valuation Matrix (1 of 2)

Figures in U.S. \$ millions, except per share amounts

| Company name (Ticker) | Rating | Share price 1/5/2011 | Diluted S/O | Market cap. | Total Debt | TEV ^(a) | TTM ROE | TTM ROIC | PEG ratio ^(b) | Div. Yield | '10 FCF Yield |
|------------------------------------|--------|-------------------------|----------------|----------------|---------------|--------------------|------------|-------------|-----------------------------|---------------|------------------|
| Truckload | | | | | | | | | | | |
| Celadon Group (CGI) | Buy | 15.82 | 23.1 | 365.2 | 27.7 | 382.0 | 5.6% | 5.2% | 1.38 | 0.0% | 8.1% |
| Covenant Transport (CVTI) | NR | 9.69 | 14.5 | 140.9 | 242.9 | 377.2 | -0.1% | 3.1% | NM | 0.0% | NE |
| Frozen Food Express (FFEX) | NR | 4.92 | 17.5 | 86.1 | 0.0 | 84.0 | -15.1% | -14.8% | NM | 2.4% | NE |
| Heartland Express (HTLD) | Buy | 16.31 | 90.7 | 1,479.1 | 0.0 | 1,291.2 | 16.9% | 16.9% | 1.70 | 0.5% | -4.8% |
| J.B. Hunt Transport Svcs. (JBHT) | Hold | 41.31 | 126.3 | 5,217.6 | 649.2 | 5,898.3 | 30.9% | 16.3% | 1.32 | 1.2% | 3.4% |
| Knight Transportation (KNX) | Hold | 19.49 | 84.5 | 1,647.1 | 0.0 | 1,567.0 | 10.9% | 10.9% | 1.40 | 1.2% | -2.6% |
| Landstar System (LSTR) | Buy | 40.88 | 49.2 | 2,011.2 | 149.6 | 2,108.2 | 30.5% | 21.6% | 1.24 | 0.5% | 4.8% |
| Marten Transport (MRTN) | Hold | 21.18 | 22.1 | 468.9 | 27.7 | 506.8 | 6.7% | 6.4% | 1.47 | 0.0% | -1.4% |
| P.A.M. Transportation Svcs. (PTSI) | NR | 11.58 | 9.4 | 109.0 | 44.0 | 136.6 | -2.3% | -1.1% | NM | 0.0% | NE |
| Quality Distribution (QLTY) | Buy | 9.90 | 22.5 | 223.2 | 316.2 | 535.4 | -3.8% | 18.7% | 1.40 | 0.0% | 9.5% |
| Universal Truckload Svcs. (UACL) | Buy | 16.47 | 15.8 | 259.9 | 0.0 | 242.8 | 5.2% | 5.2% | 1.05 | 0.0% | 4.0% |
| USA Truck (USAK) | NR | 13.44 | 10.5 | 141.0 | 99.3 | 239.0 | -2.9% | -0.4% | NM | 0.0% | NE |
| Werner Enterprises (WERN) | Buy | 23.53 | 73.0 | 1,717.2 | 0.0 | 1,622.3 | 9.6% | 9.6% | 1.27 | 0.8% | -1.5% |
| Min | | | | 86.1 | 0.0 | 84.0 | -15.1% | -14.8% | 1.05 | 0.0% | -4.8% |
| Mean | | | | 1,066.7 | 119.7 | 1,153.1 | 7.1% | 7.5% | 1.36 | 0.5% | 2.2% |
| Mean (Asset-based TL only) | | | | 1,254.0 | 121.2 | 1,335.6 | 8.4% | 7.4% | 1.42 | 0.4% | 0.2% |
| Median | | | | 365.2 | 27.7 | 506.8 | 5.6% | 6.4% | 1.38 | 0.0% | 3.4% |
| Max | | | | 5,217.6 | 649.2 | 5,898.3 | 30.9% | 21.6% | 1.70 | 2.4% | 9.5% |

(a) Total Enterprise Value=Market Capitalization of Equity + Total Debt – Cash + Market Value of Minority Interest

(b) 2010E P/E divided by First Call mean and SN estimated long-term growth rate

Source: Company data, Stifel Nicolaus Estimates, and First Call

Note: In pages 38-61, some calculations may vary slightly due to rounding

Appendix - Truckload Comps

Comparative Valuation Matrix (2 of 2)

| Company name (Ticker) | Rating | Equity value as a multiple of | | | | | Enterprise value as a multiple of | | | | | |
|------------------------------------|--------|-------------------------------|----------------------|----------------------|----------------------|------------|-----------------------------------|--------|---------|-------|--------|-------|
| | | CY EPS | | | | Book value | TTM | TTM | TTM | TTM | 2010E | |
| | | 2009A ^(a) | 2010E ^(a) | 2011E ^(a) | 2012E ^(a) | | Revenues | EBITDA | EBITDAR | EBIT | EBITDA | |
| Truckload | | | | | | | | | | | | |
| Celadon Group (CGI) | Buy | NM | 30.4x | 18.0x | 13.2x | 2.3x | 0.7x | 8.0x | 6.2x | 20.4x | 7.4x | |
| Covenant Transport (CVTI) | NR | NM | 33.4x | 14.7x | NE | 1.4x | 0.6x | 5.3x | 3.9x | NM | NE | |
| Frozen Food Express (FFEX) | NR | NM | NM | NM | NE | 1.1x | 0.2x | NM | NM | NM | NE | |
| Heartland Express (HTLD) | Buy | 26.3x | 23.6x | 20.4x | 16.6x | 4.6x | 2.7x | 8.8x | 8.8x | 15.6x | 8.5x | |
| J.B. Hunt Transport Svcs. (JBHT) | Hold | 37.6x | 26.7x | 21.2x | 17.2x | 8.8x | 1.6x | 11.3x | 11.2x | 18.0x | 10.7x | |
| Knight Transportation (KNX) | Hold | 32.5x | 26.3x | 21.0x | 17.2x | 3.0x | 2.2x | 9.6x | 9.5x | 16.9x | 9.2x | |
| Landstar System (LSTR) | Buy | 29.4x | 23.2x | 18.6x | 15.1x | 7.3x | 0.9x | 13.2x | 12.9x | 15.6x | 12.5x | |
| Marten Transport (MRTN) | Hold | 28.6x | 23.3x | 17.7x | 14.1x | 1.6x | 1.0x | 5.9x | 5.7x | 14.8x | 6.0x | |
| P.A.M. Transportation Svcs. (PTSI) | NR | NM | NM | 30.5x | NE | 0.7x | 0.4x | 4.9x | 5.0x | NM | NE | |
| Quality Distribution (QLTY) | Buy | 141.4x | 30.9x | 21.1x | 14.1x | -1.7x | 0.8x | 9.2x | 7.7x | NM | 9.0x | |
| Universal Truckload Svcs. (UACL) | Buy | 45.8x | 28.4x | 17.3x | 13.2x | 1.6x | 0.4x | 10.1x | 9.5x | 18.4x | 9.6x | |
| USA Truck (USAK) | NR | NM | NM | 31.3x | NE | 1.0x | 0.5x | 4.9x | 5.1x | NM | NE | |
| Werner Enterprises (WERN) | Buy | 30.2x | 21.8x | 17.2x | 13.8x | 2.2x | 0.9x | 5.9x | 5.9x | 13.0x | 5.7x | |
| Min | | | 26.3x | 21.8x | 14.7x | 13.2x | -1.7x | 0.2x | 4.9x | 3.9x | 13.0x | 5.7x |
| Mean | | | 46.5x | 26.8x | 20.7x | 15.0x | 2.6x | 1.0x | 8.1x | 7.6x | 16.6x | 8.7x |
| Mean (Asset-based TL only) | | | 31.0x | 26.5x | 21.3x | 15.4x | 2.9x | 1.2x | 7.2x | 6.8x | 16.5x | 7.9x |
| Median | | | 31.3x | 26.5x | 19.5x | 14.1x | 1.6x | 0.8x | 8.4x | 7.0x | 16.3x | 9.0x |
| Max | | | 141.4x | 33.4x | 31.3x | 17.2x | 8.8x | 2.7x | 13.2x | 12.9x | 20.4x | 12.5x |

TTM – “Trailing Twelve Months”

Excludes nonrecurring items

(a) Stifel Nicolaus estimates for those rated and First Call mean estimates for unrated securities

Source: Company data, Stifel Nicolaus estimates, and First Call

Appendix - Truckload Comps

Summary Financial Statistics (1 of 2)

Figures in U.S. \$ millions

| Company name (Ticker) | Rating | TTM | EBITDA | | EBIT | | Effective tax rate |
|------------------------------------|-----------------------------------|---------|--------|----------|--------|----------|--------------------|
| | | Revenue | TTM | % margin | TTM | % margin | |
| Truckload | | | | | | | |
| Celadon Group (CGI) | Buy | 536.0 | 47.9 | 8.9% | 18.7 | 3.5% | NM |
| Covenant Transport (CVTI) | NR | 643.6 | 71.8 | 11.2% | 19.3 | 3.0% | NM |
| Frozen Food Express (FFEX) | NR | 366.1 | (4.4) | -1.2% | (20.8) | -5.7% | 36.9% |
| Heartland Express (HTLD) | Buy | 484.5 | 147.2 | 30.4% | 82.7 | 17.1% | 31.9% |
| J.B. Hunt Transport Svcs. (JBHT) | Hold | 3,650.4 | 521.7 | 14.3% | 327.3 | 9.0% | 39.0% |
| Knight Transportation (KNX) | Hold | 710.2 | 163.6 | 23.0% | 92.8 | 13.1% | 39.1% |
| Landstar System (LSTR) | Buy | 2,361.8 | 160.0 | 6.8% | 135.5 | 5.7% | 36.3% |
| Marten Transport (MRTN) | Hold | 509.0 | 85.7 | 16.8% | 34.3 | 6.7% | 44.4% |
| P.A.M. Transportation Svcs. (PTSI) | NR | 334.7 | 27.7 | 8.3% | (4.3) | -1.3% | 40.2% |
| Quality Distribution (QLTY) | Buy | 672.1 | 58.4 | 8.7% | 41.7 | 6.2% | 14.3% |
| Universal Truckload Svcs. (UACL) | Buy | 589.6 | 24.1 | 4.1% | 13.2 | 2.2% | 40.5% |
| USA Truck (USAK) | NR | 438.4 | 48.6 | 11.1% | (1.0) | -0.2% | 8.6% |
| Werner Enterprises (WERN) | Buy | 1,791.5 | 275.7 | 15.4% | 124.6 | 7.0% | 41.5% |
| | Min | 334.7 | (4.4) | -1.2% | (20.8) | -5.7% | 8.6% |
| | Mean | 1,006.8 | 125.2 | 12.1% | 66.4 | 5.1% | 33.9% |
| | Mean (Asset-based TL only) | 1,010.9 | 154.4 | 15.5% | 77.1 | 6.4% | 35.0% |
| | Median | 589.6 | 71.8 | 11.1% | 34.3 | 5.7% | 39.0% |
| | Max | 3,650.4 | 521.7 | 30.4% | 327.3 | 17.1% | 44.4% |

TTM= "Trailing Twelve Months"

Excludes nonrecurring items

Source: Company data, Stifel Nicolaus estimates

Appendix - Truckload Comps

Summary Financial Statistics (2 of 2)

Figures in U.S. \$ millions, except per share amounts

| Company name (Ticker) | Rating | CYEPS | | | | Growth Rate ^(b) | Total Equity | Tangible Equity | Total Debt | TTM CapEx ^(c) | TTM FCF ^(d) | Total Assets |
|------------------------------------|--------|----------------------|----------------------|----------------------|----------------------|----------------------------|--------------|-----------------|------------|--------------------------|------------------------|--------------|
| | | 2009A ^(a) | 2010E ^(a) | 2011E ^(a) | 2012E ^(a) | | | | | | | |
| Truckload | | | | | | | | | | | | |
| Celadon Group (CGI) | Buy | (0.02) | 0.52 | 0.88 | 1.20 | 13.0% | 159.6 | 140.5 | 27.7 | 13.8 | 30.6 | 276.6 |
| Covenant Transport (CVTI) | NR | (0.96) | 0.29 | 0.66 | 1.02 | 12.0% | 99.9 | 88.4 | 242.9 | 97.0 | (43.4) | 441.7 |
| Frozen Food Express (FFEX) | NR | (0.96) | (0.60) | (0.13) | 0.11 | 12.5% | 80.4 | 80.4 | 0.0 | 14.7 | (1.5) | 136.8 |
| Heartland Express (HTLD) | Buy | 0.62 | 0.69 | 0.80 | 0.98 | 12.0% | 320.6 | 315.8 | 0.0 | 12.3 | 82.8 | 595.1 |
| J.B. Hunt Transport Svcs. (JBHT) | Hold | 1.10 | 1.55 | 1.95 | 2.40 | 16.0% | 594.5 | 594.5 | 649.2 | 185.9 | 194.0 | 1,956.0 |
| Knight Transportation (KNX) | Hold | 0.60 | 0.74 | 0.93 | 1.13 | 15.0% | 558.1 | 547.8 | 0.0 | 87.1 | 5.9 | 719.7 |
| Landstar System (LSTR) | Buy | 1.39 | 1.76 | 2.20 | 2.70 | 15.0% | 276.5 | 219.1 | 149.6 | 24.8 | 51.0 | 713.6 |
| Marten Transport (MRTN) | Hold | 0.74 | 0.91 | 1.20 | 1.50 | 12.0% | 290.5 | 290.5 | 27.7 | 84.3 | (20.8) | 460.0 |
| P.A.M. Transportation Svcs. (PTSI) | NR | (1.15) | (0.03) | 0.38 | NE | 12.0% | 148.2 | 148.2 | 44.0 | 11.9 | 11.3 | 276.4 |
| Quality Distribution (QLTY) | Buy | 0.07 | 0.32 | 0.47 | 0.70 | 15.0% | (134.8) | (179.1) | 316.2 | 10.0 | (5.6) | 284.3 |
| Universal Truckload Svcs. (UACL) | Buy | 0.36 | 0.58 | 0.95 | 1.25 | 16.5% | 163.6 | 133.2 | 0.0 | 9.0 | 15.7 | 212.2 |
| USA Truck (USAK) | NR | (0.70) | (0.26) | 0.43 | 1.25 | 14.2% | 139.3 | 139.3 | 99.3 | 15.6 | 24.4 | 327.4 |
| Werner Enterprises (WERN) | Buy | 0.78 | 1.08 | 1.37 | 1.70 | 13.5% | 763.3 | 763.3 | 0.0 | 105.2 | (29.2) | 1,248.3 |
| Min | | (1.15) | (0.60) | (0.13) | 0.11 | 12.0% | (134.8) | (179.1) | 0.0 | 9.0 | (43.4) | 136.8 |
| Mean | | 0.14 | 0.58 | 0.93 | 1.33 | 13.7% | 266.1 | 252.4 | 119.7 | 51.7 | 24.2 | 588.3 |
| Mean (Asset-based TL only) | | 0.11 | 0.61 | 0.96 | 1.40 | 0.13 | 341.55 | 336.46 | 121.19 | 68.13 | 28.40 | 700.13 |
| Median | | 0.36 | 0.58 | 0.88 | 1.23 | 13.5% | 163.6 | 148.2 | 27.7 | 15.6 | 11.3 | 441.7 |
| Max | | 1.39 | 1.76 | 2.20 | 2.70 | 16.5% | 763.3 | 763.3 | 649.2 | 185.9 | 194.0 | 1,956.0 |

TTM = "Trailing Twelve Months" Excludes nonrecurring items

(a) Stifel Nicolaus estimates for those rated and First Call mean estimates for unrated securities

(b) First Call mean and SN long-term growth estimates

(c) Capital Expenditures, net of sales

(d) Free Cash Flow = Cash Flow from Operations – Capital Expenditures, net of sales

Source: Company data, Stifel Nicolaus estimates and First Call

Appendix - Truckload Comps

Debt Ratios (1 of 2)

| Company name (Ticker) | Rating | Debt Rating S&P | Balance sheet debt | | | | | |
|------------------------------------|---------------|--------------------|---------------------------|-------------------------|-------------------------------|-------------------------|--------------------------------|----------------------------------|
| | | | Total debt/ TTM EBITDA | Net debt/ TTM EBITDA | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total market cap. |
| Truckload | | | | | | | | |
| Celadon Group (CGI) | Buy | NA | 0.6x | 0.3x | 0.8x | 1.5x | 14.8% | 7.0% |
| Covenant Transport (CVTI) | NR | NA | 3.4x | 3.3x | NM | NM | 70.9% | 63.3% |
| Frozen Food Express (FFEX) | NR | NA | 0.0x | NM | NM | 0.0x | 0.0% | 0.0% |
| Heartland Express (HTLD) | Buy | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% |
| J.B. Hunt Transport Svcs. (JBHT) | Hold | BBB | 1.2x | 1.1x | 1.9x | 2.0x | 52.2% | 11.1% |
| Knight Transportation (KNX) | Hold | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% |
| Landstar System (LSTR) | Buy | NA | 0.9x | 0.4x | 1.1x | 1.1x | 35.1% | 6.9% |
| Marten Transport (MRTN) | Hold | NA | 0.3x | 0.3x | 19.4x | 0.8x | 8.7% | 5.6% |
| P.A.M. Transportation Svcs. (PTSI) | NR | NA | 1.6x | 1.0x | NM | NM | 22.9% | 28.7% |
| Quality Distribution (QLTY) | Buy | B- | 5.4x | 5.3x | 6.5x | 7.6x | 174.3% | 58.6% |
| Universal Truckload Svcs. (UACL) | Buy | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% |
| USA Truck (USAK) | NR | NA | 2.0x | 2.0x | NM | -97.1x | 41.6% | 41.3% |
| Werner Enterprises (WERN) | Buy | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% |
| | Min | | 0.0x | 0.0x | 0.0x | -97.1x | 0.0% | 0.0% |
| | Mean | | 1.1x | 1.5x | 3.0x | -7.0x | 30.0% | 15.9% |
| | Median | | 0.5x | 1.0x | 0.4x | 0.0x | 11.7% | 6.2% |
| | Max | | 5.4x | 5.3x | 19.4x | 7.6x | 174.3% | 63.3% |

Excludes nonrecurring items

TTM – “Trailing Twelve Months”

Source: Bloomberg, Company data, and Stifel Nicolaus estimates

Appendix - Truckload Comps

Debt Ratios (2 of 2)

| Company name (Ticker) | Rating | Total debt (including leases) | | | | | | TTM EBITDA/ TTM Interest | TTM EBIT/ TTM Interest |
|------------------------------------|--------|-------------------------------|--------------------------|-------------------------------|-------------------------|--------------------------------|----------------------------------|-----------------------------|---------------------------|
| | | Total debt/ TTM EBITDAR | Net debt/ TTM EBITDAR | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total market cap. | | |
| Truckload | | | | | | | | | |
| Celadon Group (CGI) | Buy | 2.1x | 2.0x | NM | 9.7x | 53.3% | 33.2% | 21.8x | 8.5x |
| Covenant Transport (CVTI) | NR | 2.5x | 2.5x | NM | NM | 70.7% | 63.1% | 4.3x | 1.1x |
| Frozen Food Express (FFEX) | NR | 2.5x | 2.5x | NM | NM | 47.0% | 45.3% | NM | NM |
| Heartland Express (HTLD) | Buy | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% | NM | NM |
| J.B. Hunt Transport Svcs. (JBHT) | Hold | 1.3x | 1.1x | 2.0x | 2.0x | 52.7% | 11.3% | NM | NM |
| Knight Transportation (KNX) | Hold | 0.0x | NM | 0.0x | 0.0x | 0.6% | 0.2% | NM | NM |
| Landstar System (LSTR) | Buy | 1.0x | 0.5x | 1.2x | 1.2x | 36.8% | 7.4% | 44.4x | 37.6x |
| Marten Transport (MRTN) | Hold | 0.2x | 0.1x | 10.5x | 0.4x | 4.9% | 3.1% | NM | NM |
| P.A.M. Transportation Svcs. (PTSI) | NR | 1.7x | 1.1x | NM | NM | 24.6% | 30.7% | 12.5x | -1.9x |
| Quality Distribution (QLTY) | Buy | 4.8x | 4.8x | 7.6x | NM | 158.0% | 62.2% | 1.7x | 1.2x |
| Universal Truckload Svcs. (UACL) | Buy | 0.1x | NM | 0.1x | 0.2x | 1.2% | 0.8% | NM | NM |
| USA Truck (USAK) | NR | 2.3x | 2.2x | NM | -108.3x | 44.3% | 44.0% | 14.3x | -0.3x |
| Werner Enterprises (WERN) | Buy | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% | NM | NM |
| Min | | 0.0x | 0.0x | 0.0x | -108.3x | 0.0% | 0.0% | 0.0x | -1.9x |
| Mean | | 1.3x | 1.7x | 2.4x | -9.5x | 35.3% | 21.5% | 14.1x | 6.6x |
| Median | | 1.1x | 1.6x | 0.1x | 0.1x | 30.7% | 9.3% | 12.5x | 1.1x |
| Max | | 4.8x | 4.8x | 10.5x | 9.7x | 158.0% | 63.1% | 44.4x | 37.6x |

Excludes nonrecurring items; leases are capitalized using S&P methodology

TTM – “Trailing Twelve Months”

Source: Bloomberg, Company data, and Stifel Nicolaus estimates

Appendix - Less-Than-Truckload Comps

Comparative Valuation Matrix (1 of 2)

Figures in U.S. \$ millions, except per share amounts

| Company name (Ticker) | Rating | Share price 1/5/2011 | Diluted S/O | Market cap. | Total Debt | TEV ^(a) | ROE | ROIC | PEG ratio ^(b) | Div. Yield | '10 FCF Yield |
|--|---------------|-------------------------|----------------|----------------|---------------|--------------------|--------|--------|-----------------------------|---------------|------------------|
| <u>Less-Than-Truckload</u> | | | | | | | | | | | |
| Arkansas Best Corp. (ABFS) | Buy | 26.84 | 25.2 | 676.7 | 56.4 | 537.1 | -9.6% | -9.3% | NM | 0.4% | 2.0% |
| Con-way (CNW) | Hold | 34.95 | 54.3 | 1,898.9 | 815.5 | 2,336.2 | 1.4% | 2.2% | 1.92 | 1.1% | 3.7% |
| Frozen Food Express (FFEX) | NR | 4.92 | 17.5 | 86.1 | 0.0 | 84.0 | -15.1% | -14.8% | NM | 2.4% | NE |
| Forward Air Corp. (FWRD) | Hold | 28.46 | 29.3 | 835.0 | 51.7 | 823.5 | 11.5% | 9.5% | 1.50 | 1.0% | 3.3% |
| Old Dominion Freight Line (ODFL) | Buy | 32.43 | 55.9 | 1,813.7 | 265.3 | 2,074.0 | 10.3% | 7.8% | 1.50 | 0.0% | 2.4% |
| Roadrunner Transportation Svcs. (RRTS) | Buy | 14.08 | 31.2 | 439.3 | 27.8 | 465.9 | 4.7% | 5.3% | 1.71 | 0.0% | 1.9% |
| Saia, Inc. (SAIA) | Buy | 16.10 | 16.1 | 259.6 | 90.0 | 322.4 | -2.7% | 0.7% | NM | 0.0% | 10.9% |
| Vitrans Corp. (VTNC) | Buy | 14.23 | 16.4 | 233.8 | 82.4 | 316.3 | 0.3% | -0.8% | 1.04 | 0.0% | 6.3% |
| YRC Worldwide (YRCW) | Sell | 3.46 | 42.2 | 145.9 | 1,060.3 | 1,091.2 | NM | NM | NM | 0.0% | NM |
| | Min | | | 86.1 | 0.0 | 84.0 | -15.1% | -14.8% | 1.04 | 0.0% | 1.9% |
| | Mean | | | 709.9 | 272.2 | 894.5 | 0.1% | 0.1% | 1.53 | 0.6% | 4.3% |
| | Median | | | 439.3 | 82.4 | 537.1 | 0.9% | 1.4% | 1.50 | 0.0% | 3.3% |
| | Max | | | 1,898.9 | 1,060.3 | 2,336.2 | 11.5% | 9.5% | 1.92 | 2.4% | 10.9% |

(a) Total Enterprise Value=Market Capitalization of Equity + Total Debt – Cash + Market Value of Minority Interest

(b) 2010E P/E divided by First Call mean and Stifel Nicolaus estimated long-term growth rate

Source: Company data, Stifel Nicolaus Estimates, and First Call

Appendix - Less-Than-Truckload Comps

Comparative Valuation Matrix (2 of 2)

| Company name (Ticker) | Rating | Equity value as a multiple of | | | | Book value | Enterprise value as a multiple of | | | | |
|--|---------------|-------------------------------|----------------------|----------------------|----------------------|------------|-----------------------------------|------------|-------------|----------|--------------|
| | | CYEPS | | | | | TTM Revenues | TTM EBITDA | TTM EBITDAR | TTM EBIT | 2010E EBITDA |
| | | 2009A ^(a) | 2010E ^(a) | 2011E ^(a) | 2012E ^(a) | | | | | | |
| Less-Than-Truckload | | | | | | | | | | | |
| Arkansas Best Corp. (ABFS) | Buy | NM | NM | NM | NM | 1.4x | 0.3x | NM | NM | NM | NM |
| Con-way (CNW) | Hold | NM | 116.5x | 25.0x | 13.2x | 2.2x | 0.5x | 8.4x | 7.2x | 26.2x | 0.5x |
| Frozen Food Express (FFEX) | NR | NE | NM | NM | NE | 1.1x | 0.2x | NM | NM | NM | NE |
| Forward Air Corp. (FWRD) | Hold | 58.1x | 26.4x | 20.6x | 17.2x | 3.4x | 1.8x | 12.2x | 10.0x | 17.5x | 11.0x |
| Old Dominion Freight Line (ODFL) | Buy | 52.0x | 24.0x | 18.0x | 14.9x | 2.8x | 1.5x | 10.2x | 9.8x | 17.5x | 9.5x |
| Roadrunner Transportation Svcs. (RRTS) | Buy | NM | 25.6x | 18.3x | 14.4x | 1.7x | 0.8x | 15.3x | 13.4x | 17.0x | 13.4x |
| Saia, Inc. (SAIA) | Buy | NM | NM | 16.1x | 9.5x | 1.3x | 0.4x | 7.4x | 6.2x | NM | 6.2x |
| Vitrans Corp. (VTNC) | Buy | NM | 52.7x | 15.6x | 9.7x | 1.7x | 0.5x | 12.2x | 8.3x | NM | 10.0x |
| YRC Worldwide (YRCW) | Sell | NM | NM | NE | NE | NM | 0.2x | NM | NM | NM | NM |
| | Min | 52.0x | 24.0x | 15.6x | 9.5x | 1.1x | 0.2x | 7.4x | 6.2x | 17.0x | 0.5x |
| | Mean | 55.0x | 49.0x | 18.9x | 13.2x | 1.9x | 0.7x | 10.9x | 9.2x | 19.5x | 8.4x |
| | Median | 55.0x | 26.4x | 18.2x | 13.8x | 1.7x | 0.5x | 11.2x | 9.1x | 17.5x | 9.7x |
| | Max | 58.1x | 116.5x | 25.0x | 17.2x | 3.4x | 1.8x | 15.3x | 13.4x | 26.2x | 13.4x |

TTM – “Trailing Twelve Months”

Excludes nonrecurring items

(a) Stifel Nicolaus estimates for those rated and First Call mean estimates for unrated securities

Source: Company data, Stifel Nicolaus estimates, and First Call

Appendix - Less-Than-Truckload Comps

Summary Financial Statistics (1 of 2)

Figures in U.S. \$ millions, except per share data

| Company name (Ticker) | Rating | TTM | EBITDA | | EBIT | | Effective tax rate |
|--|---------------|---------|--------|----------|---------|----------|--------------------|
| | | Revenue | TTM | % margin | TTM | % margin | |
| Less-Than-Truckload | | | | | | | |
| Arkansas Best Corp. (ABFS) | Buy | 1,653.0 | (6.2) | -0.4% | (80.1) | -4.8% | 35.8% |
| Con-way (CNW) | Hold | 4,854.9 | 278.8 | 5.7% | 89.3 | 1.8% | 57.7% |
| Frozen Food Express (FFEX) | NR | 366.1 | (4.4) | -1.2% | (20.8) | -5.7% | 36.9% |
| Forward Air Corp. (FWRD) | Hold | 468.6 | 67.4 | 14.4% | 47.1 | 10.1% | 42.8% |
| Old Dominion Freight Line (ODFL) | Buy | 1,392.9 | 203.0 | 14.6% | 118.7 | 8.5% | 39.6% |
| Roadrunner Transportation Svcs. (RRTS) | Buy | 594.1 | 30.5 | 5.1% | 27.3 | 4.6% | NM |
| Saia, Inc. (SAIA) | Buy | 880.6 | 43.8 | 5.0% | 6.7 | 0.8% | NM |
| Vitran Corp. (VTNC) | Buy | 692.9 | 26.0 | 3.8% | 6.6 | 1.0% | 130.5% |
| YRC Worldwide (YRCW) | Sell | 4,464.8 | (79.3) | -1.8% | (294.5) | -6.6% | 19.4% |
| | Min | 366.1 | (79.3) | -1.8% | (294.5) | -6.6% | 19.4% |
| | Mean | 1,707.6 | 62.2 | 5.0% | (11.1) | 1.1% | 51.8% |
| | Median | 880.6 | 30.5 | 5.0% | 6.7 | 1.0% | 39.6% |
| | Max | 4,854.9 | 278.8 | 14.6% | 118.7 | 10.1% | 130.5% |

TTM= "Trailing Twelve Months"

Excludes nonrecurring items

Source: Company data, Stifel Nicolaus estimates

Appendix - Less-Than-Truckload Comps

Summary Financial Statistics (2 of 2)

Figures in U.S. \$ millions, except per share amounts

| Company name (Ticker) | Rating | CY EPS | | | | Growth Rate ^(b) | Total Equity | Tangible Equity | Total Debt | TTM CapEx ^(c) | TTM FCF ^(d) | Total Assets |
|--|---------------|----------------------|----------------------|----------------------|----------------------|----------------------------|--------------|-----------------|------------|--------------------------|------------------------|--------------|
| | | 2009A ^(a) | 2010E ^(a) | 2011E ^(a) | 2012E ^(a) | | | | | | | |
| Less-Than-Truckload | | | | | | | | | | | | |
| Arkansas Best Corp. (ABFS) | Buy | (2.46) | (1.28) | 0.22 | 1.00 | 8.0% | 476.2 | 476.2 | 56.4 | 14.1 | (10.6) | 865.0 |
| Con-way (CNW) | Hold | 0.09 | 0.30 | 1.40 | 2.65 | 13.0% | 852.1 | 496.7 | 815.5 | 127.4 | (5.4) | 2,923.2 |
| Frozen Food Express (FFEX) | NR | (0.96) | (0.60) | (0.13) | 0.11 | 12.5% | 80.4 | 80.4 | 0.0 | 14.7 | (1.5) | 136.8 |
| Forward Air Corp. (FWRD) | Hold | 0.49 | 1.08 | 1.38 | 1.65 | 13.8% | 244.1 | 168.4 | 51.7 | 12.5 | 36.8 | 341.8 |
| Old Dominion Freight Line (ODFL) | Buy | 0.62 | 1.35 | 1.80 | 2.17 | 16.0% | 646.6 | 627.1 | 265.3 | 97.5 | 51.2 | 1,219.1 |
| Roadrunner Transportation Svcs. (RRTS) | Buy | (0.13) | 0.55 | 0.77 | 0.98 | 15.0% | 261.4 | 14.5 | 27.8 | 2.1 | (2.2) | 348.0 |
| Saia, Inc. (SAIA) | Buy | (1.22) | 0.18 | 1.00 | 1.70 | 15.0% | 205.5 | 205.5 | 90.0 | 2.5 | 11.1 | 465.1 |
| Vitran Corp. (VTNC) | Buy | (0.28) | 0.27 | 0.91 | 1.46 | 15.0% | 140.2 | 112.4 | 82.4 | 4.0 | 15.2 | 300.6 |
| YRC Worldwide (YRCW) | Sell | (295.16) | (8.88) | NE | NE | 5.0% | (121.7) | (265.5) | 1,060.3 | (108.2) | 36.3 | 2,673.1 |
| | Min | (295.16) | (8.88) | (0.13) | 0.11 | 5.0% | (121.7) | (265.5) | 0.0 | (108.2) | (10.6) | 136.8 |
| | Mean | (33.22) | (0.78) | 0.92 | 1.47 | 12.6% | 309.4 | 212.9 | 272.2 | 18.5 | 14.5 | 1,030.3 |
| | Median | (0.28) | 0.27 | 0.96 | 1.56 | 13.8% | 244.1 | 168.4 | 82.4 | 12.5 | 11.1 | 465.1 |
| | Max | 0.62 | 1.35 | 1.80 | 2.65 | 16.0% | 852.1 | 627.1 | 1,060.3 | 127.4 | 51.2 | 2,923.2 |

TTM = "Trailing Twelve Months" Excludes nonrecurring items

NE = No EPS estimate available

(a) Stifel Nicolaus estimates for those rated and First Call mean estimates for unrated securities

(b) First Call mean and Stifel Nicolaus long-term growth estimates

(c) Capital Expenditures, net of sales

(d) Free Cash Flow = Cash Flow from Operations – Capital Expenditures, net of sales

Source: Company data, Stifel Nicolaus estimates and First Call

Appendix - Less-Than-Truckload Comps

Debt Ratios (1 of 2)

| Company name (Ticker) | Rating | S&P | Balance sheet debt | | | | | |
|--|---------------|------|--------------------|---------------------------|-------------------------|-------------------------------|-------------------------|--------------------------------|
| | | | Debt Rating | Total debt/ TTM EBITDA | Net debt/ TTM EBITDA | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. |
| Less-Than-Truckload | | | | | | | | |
| Arkansas Best Corp. (ABFS) | Buy | NR | -9.1x | NM | -2.8x | -0.7x | 10.6% | 7.7% |
| Con-way (CNW) | Hold | BBB- | 2.9x | 1.6x | 5.4x | 9.1x | 48.9% | 30.0% |
| Frozen Food Express (FFEX) | NR | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% |
| Forward Air Corp. (FWRD) | Hold | NA | 0.8x | NM | 0.9x | 1.1x | 17.5% | 5.8% |
| Old Dominion Freight Line (ODFL) | Buy | NA | 1.3x | 1.3x | 2.5x | 2.2x | 29.1% | 12.8% |
| Roadrunner Transportation Svcs. (RRTS) | Buy | NA | 0.9x | 0.9x | 1.0x | 1.0x | 9.6% | 6.0% |
| Saia, Inc. (SAIA) | Buy | NA | 2.1x | 1.4x | NM | 13.4x | 30.5% | 25.7% |
| Vitrans Corp. (VTNC) | Buy | NA | 3.2x | 3.2x | 3.7x | NM | 37.0% | 26.1% |
| YRC Worldwide (YRCW) | Sell | CCC- | -13.4x | -11.9x | 36.8x | NM | 113.0% | 87.9% |
| | Min | | -13.4x | -11.9x | -2.8x | -0.7x | 0.0% | 0.0% |
| | Mean | | -1.3x | -0.6x | 5.9x | 3.7x | 32.9% | 22.4% |
| | Median | | 0.9x | 1.4x | 1.7x | 1.1x | 29.1% | 12.8% |
| | Max | | 3.2x | 3.2x | 36.8x | 13.4x | 113.0% | 87.9% |

Excludes nonrecurring items

TTM – “Trailing Twelve Months”

Source: Bloomberg, Company data, and Stifel Nicolaus estimates

Appendix - Less-Than-Truckload Comps

Debt Ratios (2 of 2)

| Company name (Ticker) | Rating | Total debt (including leases) | | | | | | TTM EBITDA/ TTM Interest | TTM EBIT/ TTM Interest |
|--|---------------|-------------------------------|--------------------------|-------------------------------|-------------------------|--------------------------------|----------------------------------|-----------------------------|---------------------------|
| | | Total debt/ TTM EBITDAR | Net debt/ TTM EBITDAR | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total market cap. | | |
| Less-Than-Truckload | | | | | | | | | |
| Arkansas Best Corp. (ABFS) | Buy | 14.1x | NM | -3.8x | -1.0x | 14.0% | 10.3% | NM | NM |
| Con-way (CNW) | Hold | 2.8x | 1.8x | 6.6x | 11.1x | 53.9% | 34.4% | 4.6x | 1.5x |
| Frozen Food Express (FFEX) | NR | 2.5x | 2.5x | NM | -3.4x | 47.0% | 45.3% | NM | NM |
| Forward Air Corp. (FWRD) | Hold | 1.2x | 0.4x | 1.8x | 2.1x | 29.3% | 10.8% | NM | NM |
| Old Dominion Freight Line (ODFL) | Buy | 1.6x | 1.6x | 3.4x | 3.0x | 35.7% | 16.5% | 15.9x | 9.3x |
| Roadrunner Transportation Svcs. (RRTS) | Buy | 1.5x | 1.5x | 2.0x | 2.0x | 17.6% | 11.3% | 5.9x | 5.3x |
| Saia, Inc. (SAIA) | Buy | 2.2x | 1.7x | NM | 18.8x | 38.0% | 32.6% | 3.7x | 0.6x |
| Vitran Corp. (VTNC) | Buy | 3.3x | 3.3x | 7.0x | 23.3x | 52.2% | 39.6% | 3.4x | 0.9x |
| YRC Worldwide (YRCW) | Sell | 80.0x | 73.1x | 46.6x | NM | 109.9% | 90.2% | -0.5x | -1.7x |
| | Min | 1.2x | 0.4x | -3.8x | -3.4x | 14.0% | 10.3% | -0.5x | -1.7x |
| | Mean | 12.1x | 10.7x | 9.1x | 7.0x | 44.2% | 32.3% | 5.5x | 2.6x |
| | Median | 2.5x | 1.7x | 3.4x | 2.6x | 38.0% | 32.6% | 4.1x | 1.2x |
| | Max | 80.0x | 73.1x | 46.6x | 23.3x | 109.9% | 90.2% | 15.9x | 9.3x |

Excludes nonrecurring items; leases are capitalized using S&P methodology

TTM – “Trailing Twelve Months”

Source: Bloomberg, Company data, and Stifel Nicolaus estimates

Appendix – Airfreight/Logistics Comps

Comparative Valuation Matrix (1 of 2)

Figures in U.S. \$ millions, except per share amounts

| Company name (Ticker) | Rating | Closing | | Market cap. | Total Debt | TEV ^(a) | ROE | ROIC | PEG ratio ^(b) | Div. Yield | '10 FCF Yield |
|---|---------------|----------------------|-------------|-------------|------------|--------------------|-------|-------|--------------------------|------------|---------------|
| | | Share price 1/5/2011 | Diluted S/O | | | | | | | | |
| <u>Asset-Based Logistics</u> | | | | | | | | | | | |
| Con-way (CNW) | Hold | 34.95 | 54.3 | 1,898.9 | 815.5 | 2,336.2 | 1.4% | 2.2% | 1.92 | 1.1% | 3.7% |
| FedEx Corp. (FDX) | Buy | 93.87 | 320.8 | 30,116.5 | 1,918.0 | 30,157.5 | 9.8% | 9.0% | 1.10 | 0.5% | 0.7% |
| Ryder System (R) | Hold | 51.98 | 52.7 | 2,741.6 | 2,529.8 | 5,136.7 | 8.6% | 4.9% | 1.67 | 2.0% | 4.7% |
| United Parcel Service (UPS) | Buy | 72.90 | 994.1 | 72,471.5 | 9,642.0 | 79,093.5 | 41.6% | 19.8% | 1.46 | 2.6% | 4.2% |
| | Min | | | 1,898.9 | 815.5 | 2,336.2 | 1.4% | 2.2% | 1.10 | 0.5% | 0.7% |
| | Mean | | | 26,807.1 | 3,726.3 | 29,180.9 | 15.4% | 9.0% | 1.54 | 1.5% | 3.3% |
| | Median | | | 16,429.0 | 2,223.9 | 17,647.1 | 9.2% | 6.9% | 1.57 | 1.6% | 4.0% |
| | Max | | | 72,471.5 | 9,642.0 | 79,093.5 | 41.6% | 19.8% | 1.92 | 2.6% | 4.7% |
| <u>Non-Asset-Based Logistics</u> | | | | | | | | | | | |
| C.H. Robinson Worldwide (CHRW) | Sell | 79.88 | 167.4 | 13,373.9 | 0.0 | 13,090.3 | 32.5% | 32.5% | 2.02 | 1.5% | 1.6% |
| Echo Global Logistics (ECHO) | NR | 12.03 | 22.7 | 272.8 | 7.0 | 236.5 | 14.9% | 11.9% | 1.85 | 0.0% | NE |
| Expeditors International (EXPD) | Hold | 54.51 | 225.2 | 12,274.0 | 0.0 | 11,195.2 | 19.6% | 19.4% | 1.67 | 0.7% | 2.3% |
| Forward Air Corp. (FWRD) | Hold | 28.46 | 29.3 | 835.0 | 51.7 | 823.5 | 11.5% | 9.5% | 1.50 | 1.0% | 3.3% |
| Hub Group (HUBG) | Hold | 36.47 | 37.4 | 1,365.8 | 0.0 | 1,247.7 | 11.6% | 11.6% | 1.52 | 0.0% | 1.8% |
| Landstar System (LSTR) | Buy | 40.88 | 49.2 | 2,011.2 | 149.6 | 2,108.2 | 30.5% | 21.6% | 1.24 | 0.5% | 4.8% |
| Pacer International (PACR) | Hold | 7.10 | 34.9 | 247.9 | 24.5 | 267.2 | 4.4% | 5.3% | 1.48 | 0.0% | 4.2% |
| Quality Distribution (QLTY) | Buy | 9.90 | 22.5 | 223.2 | 316.2 | 535.4 | -3.8% | 18.7% | 1.40 | 0.0% | 9.5% |
| Roadrunner Transportation Svcs. (RRTS) | Buy | 14.08 | 31.2 | 439.3 | 27.8 | 465.9 | 4.7% | 5.3% | 1.22 | 0.0% | 1.9% |
| Universal Truckload Svcs. (UACL) | Buy | 16.47 | 15.8 | 259.9 | 0.0 | 242.8 | 5.2% | 5.2% | 1.05 | 0.0% | 4.0% |
| UTi Worldwide (UTIW) | Hold | 21.31 | 101.5 | 2,163.6 | 365.6 | 2,048.4 | 7.9% | 6.4% | 1.40 | 0.3% | 1.2% |
| | Min | | | 223.2 | 0.0 | 236.5 | -3.8% | 5.2% | 1.05 | 0.0% | 1.2% |
| | Mean | | | 3,042.4 | 85.7 | 2,932.8 | 12.6% | 13.4% | 1.49 | 0.4% | 3.5% |
| | Median | | | 835.0 | 24.5 | 823.5 | 11.5% | 11.6% | 1.48 | 0.0% | 2.8% |
| | Max | | | 13,373.9 | 365.6 | 13,090.3 | 32.5% | 32.5% | 2.02 | 1.5% | 9.5% |

(a) Total Enterprise Value = Market Capitalization of Equity + Total Debt – Cash + Market Value of Minority Interest

(b) 2010E P/E divided by First Call mean and SN estimated long-term growth rate

Source: Company data, Stifel Nicolaus estimates

Appendix – Airfreight/Logistics Comps

Comparative Valuation Matrix (2 of 2)

| Company name (Ticker) | Rating | Equity value as a multiple of | | | | Book value | Enterprise value as a multiple of | | | | |
|--|---------------|-------------------------------|----------------------|----------------------|----------------------|------------|-----------------------------------|------------|-------------|----------|--------------|
| | | CYEPS | | | | | Revenues | TTM EBITDA | TTM EBITDAR | TTM EBIT | 2010E EBITDA |
| | | 2009A ^(a) | 2010E ^(a) | 2011E ^(a) | 2012E ^(a) | | | | | | |
| Asset-Based Logistics | | | | | | | | | | | |
| Con-way (CNW) | Hold | 388.3x | 116.5x | 25.0x | 13.2x | 2.2x | 0.5x | 8.4x | 7.2x | 26.2x | 0.5x |
| FedEx Corp. (FDX) | Buy | 33.8x | 20.6x | 16.4x | 13.8x | 2.1x | 0.8x | 7.2x | 6.5x | 13.7x | 6.8x |
| Ryder System (R) | Hold | 33.3x | 23.3x | 18.4x | 15.2x | 1.9x | 1.0x | 4.2x | 4.1x | 15.7x | 4.3x |
| United Parcel Service (UPS) | Buy | 31.6x | 20.7x | 17.5x | 14.9x | 8.5x | 1.6x | 11.1x | 10.8x | 14.8x | 10.4x |
| | Min | 31.6x | 20.6x | 16.4x | 13.2x | 1.9x | 0.5x | 4.2x | 4.1x | 13.7x | 0.5x |
| | Mean | 121.7x | 45.3x | 19.3x | 14.3x | 3.7x | 1.0x | 7.7x | 7.1x | 17.6x | 5.5x |
| | Median | 33.5x | 22.0x | 17.9x | 14.3x | 2.1x | 0.9x | 7.8x | 6.8x | 15.3x | 5.6x |
| | Max | 388.3x | 116.5x | 25.0x | 15.2x | 8.5x | 1.6x | 11.1x | 10.8x | 26.2x | 10.4x |
| Non-Asset-Based Logistics | | | | | | | | | | | |
| C.H. Robinson Worldwide (CHRW) | Sell | 37.5x | 34.6x | 30.4x | 26.6x | 11.4x | 9.2x | 20.7x | 20.1x | 21.8x | 20.2x |
| Echo Global Logistics (ECHO) | NR | 10.8x | 30.8x | 18.5x | 14.3x | 2.7x | 0.6x | 13.0x | 12.8x | 20.6x | NE |
| Expeditors International (EXPD) | Hold | 49.1x | 33.9x | 29.0x | 25.0x | 7.1x | 7.0x | 20.5x | 19.3x | 22.0x | 18.5x |
| Forward Air Corp. (FWRD) | Hold | 58.1x | 26.4x | 20.6x | 17.2x | 3.4x | 1.8x | 12.2x | 10.0x | 17.5x | 11.0x |
| Hub Group (HUBG) | Hold | 40.1x | 31.4x | 22.8x | 19.2x | 3.8x | 6.1x | 17.8x | 14.5x | 18.9x | 16.7x |
| Landstar System (LSTR) | Buy | 29.4x | 23.2x | 18.6x | 15.1x | 7.3x | 0.9x | 13.2x | 12.9x | 15.6x | 12.5x |
| Pacer International (PACR) | Hold | NM | 41.8x | 17.8x | 11.8x | 2.5x | 1.0x | NM | 5.2x | NM | 12.9x |
| Quality Distribution (QLTY) | Buy | 141.4x | 30.9x | 21.1x | 14.1x | -1.7x | 0.8x | 9.2x | 7.7x | NM | 9.0x |
| Roadrunner Transportation Svcs. (RRTS) | Buy | 0.0x | 25.6x | 18.3x | 14.4x | 1.7x | 0.8x | 15.3x | 13.4x | 17.0x | 13.4x |
| Universal Truckload Svcs. (UACL) | Buy | 45.8x | 28.4x | 17.3x | 13.2x | 1.6x | 0.4x | 10.1x | 9.5x | 18.4x | 9.6x |
| UTi Worldwide (UTIW) | Hold | 41.8x | 31.8x | 23.2x | 19.0x | 2.5x | 1.4x | 12.6x | 9.0x | 17.8x | 11.0x |
| | Min | 0.0x | 23.2x | 17.3x | 11.8x | -1.7x | 0.4x | 9.2x | 5.2x | 15.6x | 9.0x |
| | Mean | 45.4x | 30.8x | 21.6x | 17.3x | 3.8x | 2.7x | 14.5x | 12.2x | 18.8x | 13.5x |
| | Median | 40.9x | 30.9x | 20.6x | 15.1x | 2.7x | 1.0x | 13.1x | 12.8x | 18.4x | 12.7x |
| | Max | 141.4x | 41.8x | 30.4x | 26.6x | 11.4x | 9.2x | 20.7x | 20.1x | 22.0x | 20.2x |

TTM – “Trailing Twelve Months”; Excludes nonrecurring items

(a) Stifel Nicolaus estimates for those rated and First Call mean estimates for unrated securities

Source: Company data, Stifel Nicolaus estimates, and First Call

Appendix – Airfreight/Logistics Comps

Summary Financial Statistics (1 of 2)

Figures in U.S. \$ millions

| Company name (Ticker) | Rating | TTM | EBITDA | | EBIT | | Effective tax rate |
|---|---------------|----------|---------|----------|---------|----------|--------------------|
| | | Revenue | TTM | % margin | TTM | % margin | |
| <u>Asset-Based Logistics</u> | | | | | | | |
| Con-way (CNW) | Hold | 4,854.9 | 278.8 | 5.7% | 89.3 | 1.8% | 57.7% |
| FedEx Corp. (FDX) | Buy | 37,218.0 | 4,166.0 | 11.2% | 2,209.0 | 5.9% | 32.8% |
| Ryder System (R) | Hold | 5,172.2 | 1,213.6 | 23.5% | 326.9 | 6.3% | 40.8% |
| United Parcel Service (UPS) | Buy | 48,501.0 | 7,144.0 | 14.7% | 5,346.0 | 11.0% | 35.2% |
| | Min | 4,854.9 | 278.8 | 5.7% | 89.3 | 1.8% | 32.8% |
| | Mean | 23,936.5 | 3,200.6 | 13.8% | 1,992.8 | 6.3% | 41.6% |
| | Median | 21,195.1 | 2,689.8 | 13.0% | 1,267.9 | 6.1% | 38.0% |
| | Max | 48,501.0 | 7,144.0 | 23.5% | 5,346.0 | 11.0% | 57.7% |
| <u>Non-Asset-Based Logistics</u> | | | | | | | |
| C.H. Robinson Worldwide (CHRW) | Sell | 1,418.9 | 631.9 | 44.5% | 601.5 | 42.4% | 38.4% |
| Echo Global Logistics (ECHO) | NR | 392.6 | 18.1 | 4.6% | 11.5 | 2.9% | 17.7% |
| Expeditors International (EXPD) | Hold | 1,609.1 | 546.6 | 34.0% | 509.1 | 31.6% | 39.7% |
| Forward Air Corp. (FWRD) | Hold | 468.6 | 67.4 | 14.4% | 47.1 | 10.1% | 42.8% |
| Hub Group (HUBG) | Hold | 203.4 | 70.0 | 34.4% | 66.2 | 32.5% | 38.4% |
| Landstar System (LSTR) | Buy | 2,361.8 | 160.0 | 6.8% | 135.5 | 5.7% | 36.3% |
| Pacer International (PACR) | Hold | 274.9 | 18.6 | 6.8% | 12.3 | 4.5% | 41.4% |
| Quality Distribution (QLTY) | Buy | 672.1 | 58.4 | 8.7% | 41.7 | 6.2% | NM |
| Roadrunner Transportation Svcs. (RRTS) | Buy | 594.1 | 30.5 | 5.1% | 27.3 | 4.6% | NM |
| Universal Truckload Svcs. (UACL) | Buy | 589.6 | 24.1 | 4.1% | 13.2 | 2.2% | 40.5% |
| UTi Worldwide (UTIW) | Hold | 1,501.6 | 162.7 | 10.8% | 115.4 | 7.7% | 34.7% |
| | Min | 203.4 | 18.1 | 4.1% | 11.5 | 2.2% | 17.7% |
| | Mean | 917.0 | 162.6 | 15.8% | 143.7 | 13.7% | 36.7% |
| | Median | 594.1 | 67.4 | 8.7% | 47.1 | 6.2% | 38.4% |
| | Max | 2,361.8 | 631.9 | 44.5% | 601.5 | 42.4% | 42.8% |

TTM= "Trailing Twelve Months"

Excludes nonrecurring items

Source: Company data, Stifel Nicolaus estimates

Appendix - Airfreight/Logistics Comps

Summary Financial Statistics (2 of 2)

Figures in U.S. \$ millions, except per share amounts

| Company name (Ticker) | Rating | CY EPS | | | | Growth Rate ^(b) | Total Equity | Tangible Equity | Total Debt | TTM CapEx ^(c) | TTM FCF ^(d) | Total Assets |
|--|---------------|----------------------|----------------------|----------------------|----------------------|----------------------------|--------------|-----------------|------------|--------------------------|------------------------|--------------|
| | | 2009A ^(a) | 2010E ^(a) | 2011E ^(a) | 2012E ^(a) | | | | | | | |
| Asset-Based Logistics | | | | | | | | | | | | |
| Con-way (CNW) | Hold | 0.09 | 0.30 | 1.40 | 2.65 | 13.0% | 852.1 | 496.7 | 815.5 | 127.4 | (5.4) | 2,923.2 |
| FedEx Corp. (FDX) | Buy | 2.78 | 4.55 | 5.71 | 6.80 | 15.0% | 14,561.0 | 12,337.0 | 1,918.0 | 3,284.0 | 363.0 | 26,093.0 |
| Ryder System (R) | Hold | 1.56 | 2.23 | 2.83 | 3.43 | 11.0% | 1,408.3 | 1,153.7 | 2,529.8 | 994.0 | (17.7) | 6,409.8 |
| United Parcel Service (UPS) | Buy | 2.31 | 3.52 | 4.16 | 4.90 | 12.0% | 8,526.0 | 5,832.0 | 9,642.0 | 1,174.0 | 2,011.0 | 32,907.0 |
| | Min | 0.09 | 0.30 | 1.40 | 2.65 | 11.0% | 852.1 | 496.7 | 815.5 | 127.4 | (17.7) | 2,923.2 |
| | Mean | 1.69 | 2.65 | 3.53 | 4.45 | 12.8% | 6,336.9 | 4,954.9 | 3,726.3 | 1,394.8 | 587.7 | 17,083.3 |
| | Median | 1.94 | 2.88 | 3.50 | 4.17 | 12.5% | 4,967.1 | 3,492.9 | 2,223.9 | 1,084.0 | 178.8 | 16,251.4 |
| | Max | 2.78 | 4.55 | 5.71 | 6.80 | 15.0% | 14,561.0 | 12,337.0 | 9,642.0 | 3,284.0 | 2,011.0 | 32,907.0 |
| Non-Asset-Based Logistics | | | | | | | | | | | | |
| C.H. Robinson Worldwide (CHRW) | Sell | 2.13 | 2.31 | 2.63 | 3.00 | 15.0% | 1,170.6 | 771.7 | 0.0 | 22.3 | 77.4 | 1,982.1 |
| Echo Global Logistics (ECHO) | NR | 0.29 | 0.39 | 0.65 | 0.84 | 10.0% | 101.8 | 70.7 | 7.0 | 4.0 | (3.4) | 151.7 |
| Expeditors International (EXPD) | Hold | 1.11 | 1.61 | 1.88 | 2.18 | 17.4% | 1,728.6 | 1,716.5 | 0.0 | 35.6 | 258.2 | 2,716.2 |
| Forward Air Corp. (FWRD) | Hold | 0.49 | 1.08 | 1.38 | 1.65 | 13.8% | 244.1 | 168.4 | 51.7 | 12.5 | 36.8 | 341.8 |
| Hub Group (HUBG) | Hold | 0.91 | 1.16 | 1.60 | 1.90 | 15.0% | 363.9 | 125.4 | 0.0 | 14.2 | 18.5 | 645.0 |
| Landstar System (LSTR) | Buy | 1.39 | 1.76 | 2.20 | 2.70 | 15.0% | 276.5 | 219.1 | 149.6 | 24.8 | 51.0 | 713.6 |
| Pacer International (PACR) | Hold | (0.55) | 0.17 | 0.40 | 0.60 | 12.0% | 99.9 | 99.9 | 24.5 | 28.8 | 8.3 | 273.1 |
| Quality Distribution (QLTY) | Buy | 0.07 | 0.32 | 0.47 | 0.70 | 15.0% | (134.8) | (179.1) | 316.2 | 10.0 | (5.6) | 284.3 |
| Roadrunner Transportation Svcs. (RRTS) | Buy | (0.13) | 0.55 | 0.77 | 0.98 | 15.0% | 261.4 | 14.5 | 27.8 | 2.1 | (2.2) | 348.0 |
| Universal Truckload Svcs. (UACL) | Buy | 0.36 | 0.58 | 0.95 | 1.25 | 16.5% | 163.6 | 133.2 | 0.0 | 9.0 | 15.7 | 212.2 |
| UTi Worldwide (UTIW) | Hold | 0.51 | 0.67 | 0.92 | 1.12 | 16.5% | 880.7 | 390.2 | 365.6 | 42.5 | 31.5 | 2,220.7 |
| | Min | (0.55) | 0.17 | 0.40 | 0.60 | 10.0% | (134.8) | (179.1) | 0.0 | 2.1 | (5.6) | 151.7 |
| | Mean | 0.60 | 0.96 | 1.26 | 1.54 | 14.7% | 468.8 | 320.9 | 85.7 | 18.7 | 44.2 | 899.0 |
| | Median | 0.49 | 0.67 | 0.95 | 1.25 | 15.0% | 261.4 | 133.2 | 24.5 | 14.2 | 18.5 | 348.0 |
| | Max | 2.13 | 2.31 | 2.63 | 3.00 | 17.4% | 1,728.6 | 1,716.5 | 365.6 | 42.5 | 258.2 | 2,716.2 |

TTM = "Trailing Twelve Months" Excludes nonrecurring items

(a) Stifel Nicolaus estimates for those rated and First Call mean estimates for unrated securities

(b) First Call mean and SN long-term growth estimates

(c) Capital Expenditures, net of sales

(d) Free Cash Flow = Cash Flow from Operations – Capital Expenditures, net of sales

Source: Company data, Stifel Nicolaus estimates and First Call

Appendix - Airfreight/Logistics Comps

Debt Ratios (1 of 2)

| Company name (Ticker) | <u>Debt Rating</u> | | <u>Balance sheet debt</u> | | | | | |
|---|--------------------|------|---------------------------|-------------------------|-------------------------------|-------------------------|--------------------------------|----------------------------------|
| | Rating | S&P | Total debt/ TTM EBITDA | Net debt/ TTM EBITDA | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total market cap. |
| <u>Asset-Based Logistics</u> | | | | | | | | |
| Con-way (CNW) | Hold | BBB- | 2.9x | 1.6x | 5.4x | 9.1x | 48.9% | 30.0% |
| FedEx Corp. (FDX) | Buy | BBB | 0.5x | 0.0x | 2.2x | 0.9x | 11.6% | 6.0% |
| Ryder System (R) | Hold | BBB+ | 2.1x | 2.0x | 11.5x | 7.7x | 64.2% | 48.0% |
| United Parcel Service (UPS) | Buy | AA- | 1.3x | 0.9x | 1.6x | 1.8x | 53.1% | 11.7% |
| | Min | | 0.5x | 0.0x | 1.6x | 0.9x | 11.6% | 6.0% |
| | Mean | | 1.7x | 1.1x | 5.2x | 4.9x | 44.5% | 23.9% |
| | Median | | 1.7x | 1.2x | 3.8x | 4.8x | 51.0% | 20.9% |
| | Max | | 2.9x | 2.0x | 11.5x | 9.1x | 64.2% | 48.0% |
| <u>Non-Asset-Based Logistics</u> | | | | | | | | |
| C.H. Robinson Worldwide (CHRW) | Sell | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% |
| Echo Global Logistics (ECHO) | NR | NA | 0.4x | NM | 0.5x | 0.6x | 6.4% | 2.5% |
| Expeditors International (EXPD) | Hold | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% |
| Forward Air Corp. (FWRD) | Hold | NA | 0.8x | NM | 0.9x | 1.1x | 17.5% | 5.8% |
| Hub Group (HUBG) | Hold | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% |
| Landstar System (LSTR) | Buy | NA | 0.9x | 0.4x | 1.1x | 1.1x | 35.1% | 6.9% |
| Pacer International (PACR) | Hold | NA | 1.3x | 1.0x | -2.4x | 2.0x | 19.7% | 9.0% |
| Quality Distribution (QLTY) | Buy | B- | 5.4x | 5.3x | 6.5x | 7.6x | 174.3% | 58.6% |
| Roadrunner Transportation Svcs. (RRTS) | Buy | NA | 0.9x | 0.9x | 1.0x | 1.0x | 9.6% | 6.0% |
| Universal Truckload Svcs. (UACL) | Buy | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% |
| UTi Worldwide (UTIW) | Hold | NA | 2.2x | 0.1x | 3.0x | 3.2x | 29.3% | 14.5% |
| | Min | | 0.0x | 0.1x | -2.4x | 0.0x | 0.0% | 0.0% |
| | Mean | | 1.1x | 1.6x | 1.0x | 1.5x | 26.5% | 9.4% |
| | Median | | 0.8x | 0.9x | 0.5x | 1.0x | 9.6% | 5.8% |
| | Max | | 5.4x | 5.3x | 6.5x | 7.6x | 174.3% | 58.6% |

Excludes nonrecurring items; leases are capitalized using S&P methodology

TTM – “Trailing Twelve Months”

Source: Bloomberg, Company data, and Stifel Nicolaus estimates

Appendix – Airfreight/Logistics Comps

Debt Ratios (2 of 2)

| | | Total debt (including leases) | | | | | | | |
|--|---------------|-------------------------------|--------------------------|-------------------------------|-------------------------|--------------------------------|----------------------------------|-----------------------------|---------------------------|
| Company name (Ticker) | Rating | Total debt/ TTM EBITDAR | Net debt/ TTM EBITDAR | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total market cap. | TTM EBITDA/ TTM Interest | TTM EBIT/ TTM Interest |
| Asset-Based Logistics | | | | | | | | | |
| Con-way (CNW) | Hold | 2.8x | 1.8x | 6.6x | 11.1x | 53.9% | 34.4% | 4.6x | 1.5x |
| FedEx Corp. (FDX) | Buy | 1.7x | 1.4x | 11.4x | 4.5x | 40.8% | 25.0% | NM | NM |
| Ryder System (R) | Hold | 2.1x | 2.0x | 12.4x | 8.4x | 66.0% | 49.9% | 10.3x | 2.8x |
| United Parcel Service (UPS) | Buy | 1.5x | 1.1x | 1.9x | 2.1x | 57.2% | 13.6% | 17.2x | 12.9x |
| | Min | 1.5x | 1.1x | 1.9x | 2.1x | 40.8% | 13.6% | 4.6x | 1.5x |
| | Mean | 2.0x | 1.6x | 8.1x | 6.5x | 54.5% | 30.7% | 10.7x | 5.7x |
| | Median | 1.9x | 1.6x | 9.0x | 6.5x | 55.5% | 29.7% | 10.3x | 2.8x |
| | Max | 2.8x | 2.0x | 12.4x | 11.1x | 66.0% | 49.9% | 17.2x | 12.9x |
| Non-Asset-Based Logistics | | | | | | | | | |
| C.H. Robinson Worldwide (CHRW) | Sell | 0.1x | NM | 0.1x | 0.1x | 6.3% | 0.6% | NM | NM |
| Echo Global Logistics (ECHO) | NR | 0.9x | NM | 1.2x | 1.5x | 14.3% | 5.9% | 71.8x | 45.4x |
| Expeditors International (EXPD) | Hold | 0.2x | NM | 0.2x | 0.2x | 5.7% | 0.8% | NM | NM |
| Forward Air Corp. (FWRD) | Hold | 1.2x | 0.4x | 1.8x | 2.1x | 29.3% | 10.8% | NM | NM |
| Hub Group (HUBG) | Hold | 0.5x | NM | 0.7x | 0.6x | 10.1% | 2.9% | NM | NM |
| Landstar System (LSTR) | Buy | 1.0x | 0.5x | 1.2x | 1.2x | 36.8% | 7.4% | 44.4x | 37.6x |
| Pacer International (PACR) | Hold | 2.8x | 2.7x | NM | NM | 73.8% | 53.2% | NM | NM |
| Quality Distribution (QLTY) | Buy | 4.8x | 4.8x | 7.6x | 8.8x | 158.0% | 62.2% | 1.7x | 1.2x |
| Roadrunner Transportation Svcs. (RRTS) | Buy | 1.5x | 1.5x | 2.0x | 2.0x | 17.6% | 11.3% | 5.9x | 5.3x |
| Universal Truckload Svcs. (UACL) | Buy | 0.1x | NM | 0.1x | 0.2x | 1.2% | 0.8% | NM | NM |
| UTi Worldwide (UTIW) | Hold | 2.7x | 1.5x | 6.2x | 6.4x | 45.7% | 25.5% | 11.1x | 7.9x |
| | Min | 0.1x | 0.4x | 0.1x | 0.1x | 1.2% | 0.6% | 1.7x | 1.2x |
| | Mean | 1.4x | 1.9x | 2.1x | 2.3x | 36.2% | 16.5% | 27.0x | 19.5x |
| | Median | 1.0x | 1.5x | 1.2x | 1.3x | 17.6% | 7.4% | 11.1x | 7.9x |
| | Max | 4.8x | 4.8x | 7.6x | 8.8x | 158.0% | 62.2% | 71.8x | 45.4x |

Excludes nonrecurring items; leases are capitalized using S&P methodology

TTM – “Trailing Twelve Months”

Source: Bloomberg, Company data, and Stifel Nicolaus estimates

Appendix – Intermodal/Domestic Marine/ Rail Comps

Comparative Valuation Matrix (1 of 2)

Figures in U.S. \$ millions, except per share amounts

| Company name (Ticker) | Rating | Closing Share price 1/5/2011 | Diluted S/O | Market cap. | Total Debt | TEV ^(a) | ROE | ROIC | PEG ratio ^(b) | Div. Yield | '10 FCF Yield |
|----------------------------------|---------------|------------------------------------|----------------|----------------|---------------|--------------------|-------|-------|-----------------------------|---------------|------------------|
| Intermodal | | | | | | | | | | | |
| Hub Group (HUBG) | Hold | 36.47 | 37.4 | 1,365.8 | 0.0 | 1,247.7 | 11.6% | 11.6% | 1.52 | 0.0% | 1.8% |
| J.B. Hunt Transport Svcs. (JBHT) | Hold | 41.31 | 126.3 | 5,217.6 | 649.2 | 5,898.3 | 30.9% | 16.3% | 1.32 | 1.2% | 3.4% |
| Pacer International (PACR) | Hold | 7.10 | 34.9 | 247.9 | 24.5 | 267.2 | 4.4% | 5.3% | 1.48 | 0.0% | 4.2% |
| | Min | | | 247.9 | 0.0 | 267.2 | 4.4% | 5.3% | 1.32 | 0.0% | 1.8% |
| | Mean | | | 2,277.1 | 224.6 | 2,471.1 | 15.6% | 11.1% | 1.44 | 0.4% | 3.1% |
| | Max | | | 5,217.6 | 649.2 | 5,898.3 | 30.9% | 16.3% | 1.52 | 1.2% | 4.2% |
| Domestic Marine | | | | | | | | | | | |
| Horizon Lines, Inc. (HRZ) | NR | 4.59 | 30.7 | 141.1 | 521.1 | 657.8 | 46.1% | 11.1% | 0.93 | 9.6% | NE |
| Kirby Corp. (KEX) | Hold | 44.69 | 53.6 | 2,397.4 | 200.2 | 2,448.3 | 11.2% | 9.9% | 1.56 | 0.0% | 5.0% |
| Rand Logistics Inc. (RLOG) | NR | 4.77 | 13.5 | 64.2 | 73.0 | 135.0 | 3.8% | 3.1% | NM | 0.0% | NE |
| Trailer Bridge Inc. (TRBR) | Buy | 2.85 | 12.1 | 34.5 | 103.6 | 124.9 | NM | 7.8% | 0.86 | 0.0% | NM |
| | Min | | | 34.5 | 73.0 | 124.9 | 3.8% | 3.1% | 0.86 | 0.0% | 5.0% |
| | Mean | | | 659.3 | 224.5 | 841.5 | 20.4% | 8.0% | 1.12 | 2.4% | 5.0% |
| | Max | | | 2,397.4 | 521.1 | 2,448.3 | 46.1% | 11.1% | 1.56 | 9.6% | 5.0% |
| Rail | | | | | | | | | | | |
| Canadian National (CNI) | Hold | 66.30 | 473.8 | 31,413.0 | 6,050.8 | 36,931.2 | 16.5% | 12.1% | 0.90 | 1.6% | 3.7% |
| Canadian Pacific (CP) | Hold | 64.75 | 170.1 | 11,011.5 | 4,305.3 | 15,056.3 | 12.5% | 8.8% | 1.26 | 1.6% | -3.8% |
| CSX Corp. (CSX) | Buy | 65.89 | 379.1 | 24,981.4 | 7,902.0 | 32,247.4 | 16.4% | 10.5% | 0.92 | 1.6% | 3.3% |
| Genesee & Wyoming (GWR) | Hold | 52.97 | 42.5 | 2,250.4 | 429.9 | 2,483.6 | 10.5% | 7.7% | 1.05 | 0.0% | 3.8% |
| Kansas City Southern (KSU) | NR | 49.96 | 103.6 | 5,178.1 | 1,633.2 | 6,778.2 | 6.1% | 5.3% | 1.28 | 0.0% | NE |
| Norfolk Southern Corp. (NSC) | Buy | 63.72 | 369.7 | 23,560.2 | 6,935.0 | 29,366.2 | 13.7% | 9.9% | 1.05 | 2.3% | 4.5% |
| RailAmerica (RA) | Hold | 12.94 | 54.9 | 710.0 | 573.8 | 1,169.9 | 2.9% | 4.5% | 1.17 | 0.0% | 4.9% |
| Union Pacific (UNP) | Buy | 92.96 | 504.3 | 46,878.1 | 9,719.0 | 55,239.1 | 15.1% | 11.0% | 0.90 | 1.6% | 4.9% |
| | Min | | | 710.0 | 429.9 | 1,169.9 | 2.9% | 4.5% | 0.90 | 0.0% | -3.8% |
| | Mean | | | 18,247.9 | 4,693.6 | 22,409.0 | 11.7% | 8.7% | 1.07 | 1.1% | 3.0% |
| | Median | | | 17,285.8 | 5,178.0 | 22,211.3 | 13.1% | 9.3% | 1.05 | 1.6% | 3.8% |
| | Max | | | 46,878.1 | 9,719.0 | 55,239.1 | 16.5% | 12.1% | 1.28 | 2.3% | 4.9% |

(a) Total Enterprise Value=Market Capitalization of Equity + Total Debt – Cash + Market Value of Minority Interest

(b) 2010E P/E divided by First Call mean and SN estimated long-term growth rate

Source: Company data, Stifel Nicolaus estimates

Appendix – Intermodal/Domestic Marine/ Rail Comps

Comparative Valuation Matrix (2 of 2)

| Company name (Ticker) | Rating | Equity value as a multiple of | | | | | Enterprise value as a multiple of | | | | |
|----------------------------------|---------------|-------------------------------|----------------------|----------------------|----------------------|------------|-----------------------------------|------------|-------------|----------|--------------|
| | | CY EPS | | | | Book value | TTM Revenues | TTM EBITDA | TTM EBITDAR | TTM EBIT | 2010E EBITDA |
| | | 2009A ^(a) | 2010E ^(a) | 2011E ^(a) | 2012E ^(a) | | | | | | |
| Intermodal | | | | | | | | | | | |
| Hub Group (HUBG) | Hold | 40.1x | 31.4x | 22.8x | 19.2x | 3.8x | 6.1x | 17.8x | 14.5x | 18.9x | 16.7x |
| J.B. Hunt Transport Svcs. (JBHT) | Hold | 37.6x | 26.7x | 21.2x | 17.2x | 8.8x | 1.6x | 11.3x | 11.2x | 18.0x | 10.7x |
| Pacer International (PACR) | Hold | NM | 41.8x | 17.8x | 11.8x | 2.5x | 1.0x | NM | 5.2x | NM | NM |
| | Min | 37.6x | 26.7x | 17.8x | 11.8x | 2.5x | 1.0x | 11.3x | 5.2x | 18.0x | 10.7x |
| | Mean | 38.8x | 33.3x | 20.6x | 16.1x | 5.0x | 2.9x | 14.6x | 10.3x | 18.4x | 13.7x |
| | Max | 40.1x | 41.8x | 22.8x | 19.2x | 8.8x | 6.1x | 17.8x | 14.5x | 18.9x | 16.7x |
| Domestic Marine | | | | | | | | | | | |
| Horizon Lines, Inc. (HRZ) | NR | 1.6x | 15.3x | 10.2x | NE | 1.4x | 0.5x | 6.6x | 5.3x | NM | NE |
| Kirby Corp. (KEX) | Hold | 20.0x | 20.6x | 18.8x | 16.3x | 2.1x | 2.3x | 8.2x | 7.0x | 12.0x | 8.4x |
| Rand Logistics Inc. (RLOG) | NR | NM | NM | NM | NM | 1.2x | 1.2x | NM | NM | NM | NE |
| Trailer Bridge Inc. (TRBR) | Buy | 1.0x | 23.8x | 9.5x | 6.3x | 14.5x | 1.0x | 7.0x | 5.6x | 10.7x | 7.1x |
| | Min | 1.0x | 15.3x | 9.5x | 6.3x | 1.2x | 0.5x | 6.6x | 5.3x | 10.7x | 7.1x |
| | Mean | 7.5x | 19.9x | 12.8x | 11.3x | 4.8x | 1.3x | 7.3x | 5.9x | 11.3x | 7.7x |
| | Max | 20.0x | 23.8x | 18.8x | 16.3x | 14.5x | 2.3x | 8.2x | 7.0x | 12.0x | 8.4x |
| Rail | | | | | | | | | | | |
| Canadian National (CNI) | Hold | 23.3x | 16.1x | 14.4x | 12.5x | 2.7x | 4.8x | 10.4x | 10.1x | 13.3x | 9.7x |
| Canadian Pacific (CP) | Hold | 28.9x | 17.3x | 14.7x | 12.5x | 2.2x | 3.3x | 9.6x | 8.9x | 13.9x | 9.4x |
| CSX Corp. (CSX) | Buy | 23.4x | 16.5x | 13.9x | 12.0x | 2.9x | 3.2x | 8.7x | 8.5x | 11.5x | 8.2x |
| Genesee & Wyoming (GWR) | Hold | 33.7x | 27.9x | 20.0x | 17.4x | 2.9x | 4.1x | 13.6x | 12.7x | 18.6x | 13.0x |
| Kansas City Southern (KSU) | NR | NM | 25.0x | 19.2x | 15.5x | 1.9x | 3.9x | 10.8x | 9.7x | 15.2x | NE |
| Norfolk Southern Corp. (NSC) | Buy | 23.0x | 15.8x | 13.7x | 11.6x | 2.2x | 3.2x | 8.6x | 8.4x | 11.4x | 8.3x |
| RailAmerica (RA) | Hold | 4.7x | 37.0x | 19.9x | 14.9x | 1.0x | 2.5x | 8.7x | 7.8x | 12.9x | 8.6x |
| Union Pacific (UNP) | Buy | 25.8x | 17.1x | 13.5x | 11.3x | 2.7x | 3.4x | 9.0x | 8.6x | 11.8x | 8.6x |
| | Min | 4.7x | 15.8x | 13.5x | 11.3x | 1.0x | 2.5x | 8.6x | 7.8x | 11.4x | 8.2x |
| | Mean | 23.2x | 21.6x | 16.2x | 13.5x | 2.3x | 3.5x | 9.9x | 9.3x | 13.6x | 9.4x |
| | Median | 23.4x | 17.2x | 14.5x | 12.5x | 2.5x | 3.3x | 9.3x | 8.7x | 13.1x | 8.6x |
| | Max | 33.7x | 37.0x | 20.0x | 17.4x | 2.9x | 4.8x | 13.6x | 12.7x | 18.6x | 13.0x |

TTM – “Trailing Twelve Months”; Excludes nonrecurring items

(a) Stifel Nicolaus estimates for those rated and First Call mean estimates for unrated securities

Source: Company data, Stifel Nicolaus estimates, and First Call

Appendix – Intermodal/Domestic Marine/ Rail Comps

Summary Financial Statistics (1 of 2)

Figures in U.S. \$ millions

| Company name (Ticker) | Rating | TTM | EBITDA | | EBIT | | Effective tax rate |
|----------------------------------|---------------|----------|---------|----------|---------|----------|--------------------|
| | | Revenue | TTM | % margin | TTM | % margin | |
| <u>Intermodal</u> | | | | | | | |
| Hub Group (HUBG) | Hold | 203.4 | 70.0 | 34.4% | 66.2 | 32.5% | 38.4% |
| J.B. Hunt Transport Svcs. (JBHT) | Hold | 3,650.4 | 521.7 | 14.3% | 327.3 | 9.0% | 39.0% |
| Pacer International (PACR) | Hold | 274.9 | 18.6 | 6.8% | 12.3 | 4.5% | 41.4% |
| | Min | 203.4 | 18.6 | 6.8% | 12.3 | 4.5% | 38.4% |
| | Mean | 1,376.2 | 203.4 | 18.5% | 135.3 | 15.3% | 39.6% |
| | Max | 3,650.4 | 521.7 | 34.4% | 327.3 | 32.5% | 41.4% |
| <u>Domestic Marine</u> | | | | | | | |
| Horizon Lines, Inc. (HRZ) | NR | 1,202.4 | 99.0 | 8.2% | 40.9 | 3.4% | 39.4% |
| Kirby Corp. (KEX) | Hold | 1,082.8 | 299.3 | 27.6% | 204.6 | 18.9% | 38.3% |
| Rand Logistics Inc. (RLOG) | NR | 115.8 | 22.9 | 19.8% | 10.1 | 8.7% | 64.2% |
| Trailer Bridge Inc. (TRBR) | Buy | 120.5 | 17.8 | 14.8% | 11.7 | 9.7% | NM |
| | Min | 115.8 | 17.8 | 8.2% | 10.1 | 3.4% | 38.3% |
| | Mean | 630.4 | 109.8 | 17.6% | 66.8 | 10.2% | 47.3% |
| | Max | 1,202.4 | 299.3 | 27.6% | 204.6 | 18.9% | 64.2% |
| <u>Rail</u> | | | | | | | |
| Canadian National (CNI) | Hold | 7,735.7 | 3,562.3 | 46.1% | 2,784.0 | 36.0% | 26.7% |
| Canadian Pacific (CP) | Hold | 4,565.8 | 1,563.7 | 34.2% | 1,085.7 | 23.8% | 26.5% |
| CSX Corp. (CSX) | Buy | 10,140.0 | 3,727.0 | 36.8% | 2,810.0 | 27.7% | 38.3% |
| Genesee & Wyoming (GWR) | Hold | 600.4 | 183.2 | 30.5% | 133.2 | 22.2% | 33.6% |
| Kansas City Southern (KSU) | NR | 1,743.0 | 627.4 | 36.0% | 445.0 | 25.5% | 41.4% |
| Norfolk Southern Corp. (NSC) | Buy | 9,230.0 | 3,408.0 | 36.9% | 2,583.0 | 28.0% | 37.1% |
| RailAmerica (RA) | Hold | 471.3 | 135.2 | 28.7% | 90.6 | 19.2% | 41.2% |
| Union Pacific (UNP) | Buy | 16,309.0 | 6,154.0 | 37.7% | 4,670.0 | 28.6% | 39.8% |
| | Min | 471.3 | 135.2 | 28.7% | 90.6 | 19.2% | 26.5% |
| | Mean | 6,349.4 | 2,420.1 | 35.9% | 1,825.2 | 26.4% | 35.6% |
| | Median | 6,150.7 | 2,485.9 | 36.4% | 1,834.4 | 26.6% | 37.7% |
| | Max | 16,309.0 | 6,154.0 | 46.1% | 4,670.0 | 36.0% | 41.4% |

TTM= "Trailing Twelve Months"

Excludes nonrecurring items

Source: Company data, Stifel Nicolaus estimates

Appendix – Intermodal/Domestic Marine/ Rail Comps

Summary Financial Statistics (2 of 2)

Figures in U.S. \$ millions, except per share amounts

| Company name (Ticker) | Rating | CYEPS | | | | Growth Rate ^(b) | Total Equity | Tangible Equity | Total Debt | TTM CapEx ^(c) | TTM FCF ^(d) | Total Assets |
|----------------------------------|---------------|----------------------|----------------------|----------------------|----------------------|----------------------------|--------------|-----------------|------------|--------------------------|------------------------|--------------|
| | | 2009A ^(a) | 2010E ^(a) | 2011E ^(a) | 2012E ^(a) | | | | | | | |
| Intermodal | | | | | | | | | | | | |
| Hub Group (HUBG) | Hold | 0.91 | 1.16 | 1.60 | 1.90 | 15.0% | 363.9 | 125.4 | 0.0 | 14.2 | 18.5 | 645.0 |
| J.B. Hunt Transport Svcs. (JBHT) | Hold | 1.10 | 1.55 | 1.95 | 2.40 | 16.0% | 594.5 | 594.5 | 649.2 | 185.9 | 194.0 | 1,956.0 |
| Pacer International (PACR) | Hold | (0.55) | 0.17 | 0.40 | 0.60 | 12.0% | 99.9 | 99.9 | 24.5 | 28.8 | 8.3 | 273.1 |
| | Min | (0.55) | 0.17 | 0.40 | 0.60 | 12.0% | 99.9 | 99.9 | 0.0 | 14.2 | 8.3 | 273.1 |
| | Mean | 0.49 | 0.96 | 1.32 | 1.63 | 14.3% | 352.8 | 273.2 | 224.6 | 76.3 | 73.6 | 958.0 |
| | Max | 1.10 | 1.55 | 1.95 | 2.40 | 16.0% | 594.5 | 594.5 | 649.2 | 185.9 | 194.0 | 1,956.0 |
| Domestic Marine | | | | | | | | | | | | |
| Horizon Lines, Inc. (HRZ) | NR | 0.47 | 0.30 | 0.45 | NE | 11.0% | 97.8 | (306.6) | 521.1 | 12.0 | 39.8 | 810.4 |
| Kirby Corp. (KEX) | Hold | 2.45 | 2.17 | 2.38 | 2.75 | 12.0% | 1,125.7 | 896.9 | 200.2 | 137.7 | 114.4 | 1,758.4 |
| Rand Logistics Inc. (RLOG) | NR | (0.13) | 0.20 | 0.35 | NE | 11.0% | 53.3 | 30.0 | 73.0 | 7.0 | 2.3 | 158.1 |
| Trailer Bridge Inc. (TRBR) | Buy | 0.27 | 0.12 | 0.30 | 0.45 | 11.0% | 2.4 | 2.4 | 103.6 | 1.9 | 7.3 | 117.8 |
| | Min | (0.13) | 0.12 | 0.30 | 0.45 | 11.0% | 2.4 | (306.6) | 73.0 | 1.9 | 2.3 | 117.8 |
| | Mean | 0.77 | 0.70 | 0.87 | 1.60 | 11.3% | 319.8 | 155.7 | 224.5 | 39.7 | 40.9 | 711.2 |
| | Max | 2.45 | 2.17 | 2.38 | 2.75 | 12.0% | 1,125.7 | 896.9 | 521.1 | 137.7 | 114.4 | 1,758.4 |
| Rail | | | | | | | | | | | | |
| Canadian National (CNI) | Hold | 2.85 | 4.11 | 4.61 | 5.30 | 16.0% | 11,523.3 | 9,996.5 | 6,050.8 | 1,283.0 | 747.3 | 25,295.4 |
| Canadian Pacific (CP) | Hold | 2.24 | 3.75 | 4.40 | 5.20 | 11.7% | 4,929.2 | 4,738.0 | 4,305.3 | 500.2 | (705.1) | 13,150.2 |
| CSX Corp. (CSX) | Buy | 2.82 | 3.99 | 4.75 | 5.50 | 15.0% | 8,638.0 | 8,638.0 | 7,902.0 | 1,493.0 | 868.0 | 27,029.0 |
| Genesee & Wyoming (GWR) | Hold | 1.57 | 1.90 | 2.65 | 3.05 | 19.0% | 768.8 | 369.0 | 429.9 | 66.0 | 100.2 | 1,818.5 |
| Kansas City Southern (KSU) | NR | 0.61 | 2.00 | 2.60 | 3.22 | 15.0% | 2,671.5 | 2,671.5 | 1,633.2 | 268.8 | 164.4 | 5,629.1 |
| Norfolk Southern Corp. (NSC) | Buy | 2.77 | 4.03 | 4.65 | 5.50 | 13.0% | 10,789.0 | 10,789.0 | 6,935.0 | 1,287.0 | 816.0 | 28,062.0 |
| RailAmerica (RA) | Hold | 0.33 | 0.35 | 0.65 | 0.87 | 17.0% | 678.0 | 324.3 | 573.8 | (13.5) | 65.9 | 1,567.9 |
| Union Pacific (UNP) | Buy | 3.61 | 5.43 | 6.90 | 8.20 | 15.0% | 17,436.0 | 17,436.0 | 9,719.0 | 2,293.0 | 865.0 | 43,001.0 |
| | Min | 0.33 | 0.35 | 0.65 | 0.87 | 11.7% | 678.0 | 324.3 | 429.9 | (13.5) | (705.1) | 1,567.9 |
| | Mean | 2.10 | 3.20 | 3.90 | 4.61 | 15.2% | 7,179.2 | 6,870.3 | 4,693.6 | 897.2 | 365.2 | 18,194.1 |
| | Median | 2.51 | 3.87 | 4.51 | 5.25 | 15.0% | 6,783.6 | 6,688.0 | 5,178.0 | 891.6 | 455.9 | 19,222.8 |
| | Max | 3.61 | 5.43 | 6.90 | 8.20 | 19.0% | 17,436.0 | 17,436.0 | 9,719.0 | 2,293.0 | 868.0 | 43,001.0 |

TTM = "Trailing Twelve Months" Excludes nonrecurring items

(a) Stifel Nicolaus estimates for those rated and First Call mean estimates for unrated securities (b) First Call mean and Stifel Nicolaus long-term growth estimates

(c) Capital Expenditures, net of sales (d) Free Cash Flow = Cash Flow from Operations – Capital Expenditures, net of sales

Appendix – Intermodal/Domestic Marine/ Rail Comps

Debt Ratios (1 of 2)

| Company name (Ticker) | Rating | S&P | Balance sheet debt | | | | | |
|----------------------------------|---------------|------|---------------------------|-------------------------|-------------------------------|-------------------------|--------------------------------|----------------------------------|
| | | | Total debt/ TTM EBITDA | Net debt/ TTM EBITDA | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total market cap. |
| Intermodal | | | | | | | | |
| Hub Group (HUBG) | Hold | NA | 0.0x | NM | 0.0x | 0.0x | 0.0% | 0.0% |
| J.B. Hunt Transport Svcs. (JBHT) | Hold | BBB | 1.2x | 1.1x | 1.9x | 2.0x | 52.2% | 11.1% |
| Pacer International (PACR) | Hold | NA | 1.3x | 1.0x | -2.4x | 2.0x | 19.7% | 9.0% |
| | Min | | 0.0x | 1.0x | -2.4x | 0.0x | 0.0% | 0.0% |
| | Mean | | 0.9x | 1.1x | -0.2x | 1.3x | 24.0% | 6.7% |
| | Max | | 1.3x | 1.1x | 1.9x | 2.0x | 52.2% | 11.1% |
| Domestic Marine | | | | | | | | |
| Horizon Lines, Inc. (HRZ) | NR | B | 5.3x | 5.2x | 6.0x | 12.7x | 84.2% | 78.7% |
| Kirby Corp. (KEX) | Hold | A- | 0.7x | 0.2x | 1.2x | 1.0x | 15.1% | 7.7% |
| Rand Logistics Inc. (RLOG) | NR | NR | 3.2x | 3.1x | 4.6x | 7.2x | 57.8% | 53.2% |
| Trailer Bridge Inc. (TRBR) | Buy | B- | 5.8x | 5.1x | NM | 8.9x | 97.8% | 75.0% |
| | Min | | 0.7x | 0.2x | 1.2x | 1.0x | 15.1% | 7.7% |
| | Mean | | 3.7x | 3.4x | 3.9x | 7.4x | 63.7% | 53.7% |
| | Max | | 5.8x | 5.2x | 6.0x | 12.7x | 97.8% | 78.7% |
| Rail | | | | | | | | |
| Canadian National (CNI) | Hold | A- | 1.7x | 1.5x | 2.7x | 2.2x | 34.4% | 16.2% |
| Canadian Pacific (CP) | Hold | BBB | 2.8x | 2.6x | 4.0x | 4.0x | 46.6% | 28.1% |
| CSX Corp. (CSX) | Buy | BBB- | 2.1x | 1.9x | 3.5x | 2.8x | 47.8% | 24.0% |
| Genesee & Wyoming (GWR) | Hold | NA | 2.3x | 1.3x | 3.7x | 3.2x | 35.9% | 16.0% |
| Kansas City Southern (KSU) | NR | B | 2.6x | 2.5x | NM | 3.7x | 37.9% | 24.0% |
| Norfolk Southern Corp. (NSC) | Buy | BBB+ | 2.0x | 1.7x | 3.3x | 2.7x | 39.1% | 22.7% |
| RailAmerica (RA) | Hold | NA | 4.2x | 3.4x | 3.9x | 6.3x | 45.8% | 44.7% |
| Union Pacific (UNP) | Buy | BBB | 1.6x | 1.4x | 2.5x | 2.1x | 35.8% | 17.2% |
| | Min | | 1.6x | 1.3x | 2.5x | 2.1x | 34.4% | 16.0% |
| | Mean | | 2.4x | 2.0x | 3.4x | 3.4x | 40.4% | 24.1% |
| | Median | | 2.2x | 1.8x | 3.5x | 3.0x | 38.5% | 23.4% |
| | Max | | 4.2x | 3.4x | 4.0x | 6.3x | 47.8% | 44.7% |

Excludes nonrecurring items

TTM – “Trailing Twelve Months”

Appendix – Intermodal/Domestic Marine/ Rail Comps

Debt Ratios (2 of 2)

| | | Total debt (including leases) | | | | | | | | |
|------------------------|----------------------------------|-------------------------------|----------------------------|--------------------------|-------------------------------|-------------------------|--------------------------------|----------------------------------|-----------------------------|---------------------------|
| Company name (Ticker) | | Rating | Total debt/ TTM EBITDAR | Net debt/ TTM EBITDAR | Total debt/ (EBITDA-CapEx) | Total debt/ TTM EBIT | Total debt/ Total book cap. | Total debt/ Total market cap. | TTM EBITDA/ TTM Interest | TTM EBIT/ TTM Interest |
| Intermodal | | | | | | | | | | |
| | Hub Group (HUBG) | Hold | 0.5x | NM | 0.7x | 0.6x | 10.1% | 2.9% | NM | NM |
| | J.B. Hunt Transport Svcs. (JBHT) | Hold | 1.3x | 1.1x | 2.0x | 2.0x | 52.7% | 11.3% | 19.6x | 12.3x |
| | Pacer International (PACR) | Hold | 2.8x | 2.7x | NM | NM | 73.8% | 53.2% | NM | NM |
| | Min | | 0.5x | 1.1x | 0.7x | 0.6x | 10.1% | 2.9% | 19.6x | 12.3x |
| | Mean | | 1.5x | 1.9x | 1.4x | 1.3x | 45.5% | 22.4% | 19.6x | 12.3x |
| | Max | | 2.8x | 2.7x | 2.0x | 2.0x | 73.8% | 53.2% | 19.6x | 12.3x |
| Domestic Marine | | | | | | | | | | |
| | Horizon Lines, Inc. (HRZ) | NR | 4.6x | 4.6x | 10.9x | NM | 90.6% | 87.0% | 2.4x | 1.0x |
| | Kirby Corp. (KEX) | Hold | 0.9x | 0.5x | 2.1x | 1.6x | 22.9% | 12.2% | 27.7x | 18.9x |
| | Rand Logistics Inc. (RLOG) | NR | 2.7x | 2.6x | NM | NM | 54.3% | 49.6% | 4.3x | 1.9x |
| | Trailer Bridge Inc. (TRBR) | Buy | 4.7x | 4.2x | NM | 9.8x | 98.0% | 76.9% | 1.8x | 1.2x |
| | Min | | 0.9x | 0.5x | 2.1x | 1.6x | 22.9% | 12.2% | 1.8x | 1.0x |
| | Mean | | 3.2x | 3.0x | 6.5x | 5.7x | 66.4% | 56.4% | 9.0x | 5.7x |
| | Max | | 4.7x | 4.6x | 10.9x | 9.8x | 98.0% | 87.0% | 27.7x | 18.9x |
| Rail | | | | | | | | | | |
| | Canadian National (CNI) | Hold | 1.8x | 1.7x | 3.0x | 2.4x | 36.9% | 17.6% | 10.1x | 7.9x |
| | Canadian Pacific (CP) | Hold | 2.7x | 2.5x | 4.3x | 4.3x | 48.4% | 29.6% | 6.1x | 4.2x |
| | CSX Corp. (CSX) | Buy | 2.2x | 2.0x | 3.7x | 3.0x | 49.2% | 25.1% | 6.8x | 5.1x |
| | Genesee & Wyoming (GWR) | Hold | 2.6x | 1.6x | 4.4x | 3.9x | 40.2% | 18.7% | 8.9x | 6.5x |
| | Kansas City Southern (KSU) | NR | 3.1x | 3.0x | NM | 5.3x | 46.9% | 31.3% | 4.7x | 3.3x |
| | Norfolk Southern Corp. (NSC) | Buy | 2.0x | 1.7x | 3.4x | 2.8x | 39.9% | 23.3% | 7.3x | 5.5x |
| | RailAmerica (RA) | Hold | 3.9x | 3.2x | 4.2x | 6.8x | 47.7% | 46.5% | 2.1x | 1.4x |
| | Union Pacific (UNP) | Buy | 1.8x | 1.6x | 3.2x | 2.7x | 41.6% | 21.0% | 10.0x | 7.6x |
| | Min | | 1.8x | 1.6x | 3.0x | 2.4x | 36.9% | 17.6% | 2.1x | 1.4x |
| | Mean | | 2.5x | 2.2x | 3.7x | 3.9x | 43.8% | 26.6% | 7.0x | 5.2x |
| | Median | | 2.4x | 1.9x | 3.7x | 3.4x | 44.3% | 24.2% | 7.1x | 5.3x |
| | Max | | 3.9x | 3.2x | 4.4x | 6.8x | 49.2% | 46.5% | 10.1x | 7.9x |

Excludes nonrecurring items; leases are capitalized using S&P methodology; TTM – “Trailing Twelve Months”

Source: Bloomberg, Company data, and Stifel Nicolaus estimates

Arkansas Best Income Statement

(figures in \$ millions, except per share amounts)

| | 1998A | 1999A | 2000A | 2001A | 2002A | 2003A | 2004A | 2005A | 2006A | 2007A | 2008A | 2009 | | | | 2009A | 2010 | | | | 2010E | 2011 | | | | 2011E | 2012E | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------|--------|--------|---------|---------|-------|
| | | | | | | | | | | | | 1QA | 2QA | 3QA | 4QA | | 1QA | 2QA | 3QA | 4QE | | 1QE | 2QE | 3QE | 4QE | | | |
| Gross revenues | 1,607.4 | 1,721.6 | 1,839.6 | 1,526.2 | 1,422.3 | 1,567.8 | 1,731.4 | 1,877.8 | 1,907.1 | 1,836.9 | 1,833.1 | 339.7 | 362.6 | 399.0 | 371.6 | 1,472.9 | 359.9 | 411.3 | 445.5 | 416.5 | 1,633.2 | 395.7 | 440.6 | 465.6 | 443.7 | 1,745.6 | 1,876.7 | |
| % change y/y | | 7.1% | 6.9% | -17.0% | -6.8% | 10.2% | 10.4% | 8.5% | 1.6% | -3.7% | -0.2% | -24.1% | -27.3% | -19.5% | -5.0% | -19.6% | 6.0% | 13.4% | 11.7% | 12.1% | 10.9% | 9.9% | 7.1% | 4.5% | 6.5% | 6.9% | 7.5% | |
| By segment: | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ABF Freight System | 1,175.2 | 1,277.1 | 1,379.3 | 1,282.3 | 1,277.1 | 1,410.7 | 1,601.0 | 1,726.5 | 1,831.4 | 1,770.7 | 1,758.8 | 323.1 | 343.8 | 369.8 | 347.7 | 1,384.4 | 333.0 | 379.4 | 409.9 | 389.5 | 1,511.9 | 369.7 | 413.6 | 438.6 | 416.7 | 1,638.6 | 1,769.7 | |
| % change y/y | | 8.7% | 8.0% | -7.0% | -0.4% | 10.5% | 13.5% | 7.8% | 6.1% | -3.3% | -0.7% | -24.5% | -28.3% | -22.4% | -7.3% | -21.3% | 3.1% | 10.4% | 10.9% | 12.0% | 9.2% | 11.0% | 9.0% | 7.0% | 7.0% | 8.4% | 8.0% | |
| Operating ratio | 94.2% | 91.6% | 90.3% | 93.8% | 94.6% | 94.5% | 91.9% | 91.0% | 92.5% | 95.2% | 97.2% | 108.3% | 107.8% | 103.8% | 128.9% | 107.2% | 110.7% | 103.3% | 100.6% | 101.0% | 103.6% | 102.5% | 98.5% | 98.0% | 99.0% | 99.4% | 97.6% | |
| Clipper Group | 122.5 | 112.2 | 130.2 | 127.3 | 118.9 | 126.8 | 96.0 | 108.5 | | | | | | | | | | | | | | | | | | | | |
| % change y/y | | -8.4% | 16.0% | -2.3% | -6.5% | 6.6% | -24.3% | 13.0% | | | | | | | | | | | | | | | | | | | | |
| Operating ratio | 100.9% | 98.7% | 98.8% | 99.6% | 99.1% | 100.3% | 99.1% | 97.2% | | | | | | | | | | | | | | | | | | | | |
| Operating expenses: | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transportation operations | 1,360.3 | 1,430.3 | 1,546.8 | 1,450.3 | 1,354.1 | 1,494.6 | 1,604.4 | 1,723.6 | 1,769.2 | 1,750.4 | 1,784.5 | 368.3 | 389.9 | 411.2 | 403.7 | 1,573.1 | 395.2 | 422.2 | 447.3 | 420.4 | 1,685.0 | 404.9 | 434.4 | 456.8 | 439.6 | 1,735.7 | 1,834.3 | |
| Tire operations | 177.2 | 181.6 | 152.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Total operating expenses | 1,537.4 | 1,611.9 | 1,699.4 | 1,450.3 | 1,354.1 | 1,494.6 | 1,604.4 | 1,723.6 | 1,769.2 | 1,750.4 | 1,784.5 | 368.3 | 389.9 | 411.2 | 403.7 | 1,573.1 | 395.2 | 422.2 | 447.3 | 420.4 | 1,685.0 | 404.9 | 434.4 | 456.8 | 439.6 | 1,735.7 | 1,834.3 | |
| Operating ratio | 95.6% | 93.6% | 92.4% | 95.0% | 95.2% | 92.7% | 91.8% | 92.8% | 95.3% | 97.4% | 97.4% | 108.4% | 107.5% | 103.1% | 108.6% | 106.8% | 109.8% | 102.6% | 100.4% | 100.9% | 103.2% | 102.3% | 98.6% | 98.1% | 99.1% | 99.4% | 97.7% | |
| EBIT | 70.0 | 109.7 | 140.2 | 75.9 | 68.2 | 73.2 | 127.0 | 154.2 | 137.9 | 86.5 | 48.5 | (28.6) | (27.3) | (12.2) | (32.0) | (100.2) | (35.3) | (10.8) | (1.8) | (3.9) | (51.7) | (9.2) | 6.2 | 8.8 | 4.2 | 9.9 | 42.4 | |
| % margin | 4.4% | 6.4% | 7.6% | 5.0% | 4.8% | 4.7% | 7.3% | 8.2% | 7.2% | 4.7% | 2.6% | -8.4% | -7.5% | -3.1% | -8.6% | -6.8% | -9.8% | -2.6% | -0.4% | -0.9% | -3.2% | -2.3% | 1.4% | 1.9% | 0.9% | 0.6% | 2.3% | |
| EBITDA | 117.6 | 159.5 | 196.6 | 130.5 | 117.7 | 125.4 | 182.0 | 216.3 | 205.8 | 164.1 | 125.7 | (9.2) | (8.6) | 6.3 | 51.9 | 40.3 | (16.7) | 6.9 | 16.0 | 12.6 | 18.7 | 8.9 | 25.8 | 29.4 | 24.0 | 88.1 | 125.3 | |
| % margin | 7.3% | 9.3% | 10.7% | 8.5% | 8.3% | 8.0% | 10.5% | 11.5% | 10.8% | 8.9% | 6.9% | -2.7% | -2.4% | 1.6% | 14.0% | 2.7% | -4.6% | 1.7% | 3.6% | 3.0% | 1.1% | 2.3% | 5.8% | 6.3% | 5.4% | 5.0% | 6.7% | |
| Net gain (loss) on sale of property and equipment | 1.7 | 0.9 | 2.6 | 0.9 | 3.5 | 0.6 | 0.5 | 15.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Interest income (expense), net | (18.1) | (18.4) | (16.7) | (12.6) | (8.1) | (3.9) | (0.6) | 0.2 | 3.9 | 4.5 | 4.8 | 0.6 | 0.5 | 0.3 | (0.9) | 0.5 | (0.2) | (0.2) | (0.5) | (0.2) | (1.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.9) | (0.6) | |
| Other income (expense), net | 0.9 | (4.5) | 3.1 | 2.5 | 4.7 | 5.0 | 1.8 | 1.7 | 2.9 | 1.5 | (3.4) | (1.1) | 1.3 | 2.0 | 0.5 | 2.7 | 0.7 | (0.5) | 1.3 | 0.0 | 1.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Profit before tax | 54.4 | 87.6 | 129.1 | 66.7 | 68.3 | 75.0 | 128.7 | 171.5 | 144.7 | 92.5 | 49.9 | (29.1) | (25.5) | (9.9) | (32.5) | (97.0) | (34.8) | (11.4) | (1.0) | (4.1) | (51.3) | (9.5) | 6.0 | 8.6 | 4.0 | 9.0 | 41.8 | |
| % margin | 3.4% | 5.1% | 7.0% | 4.4% | 4.8% | 4.8% | 7.4% | 9.1% | 7.6% | 5.0% | 2.7% | -8.6% | -7.0% | -2.5% | -8.7% | -6.6% | -9.7% | -2.8% | -0.2% | -1.0% | -3.1% | -2.4% | 1.4% | 1.8% | 0.9% | 0.5% | 2.2% | |
| Tax rate | 42.6% | 41.6% | 41.0% | 37.9% | 40.6% | 38.5% | 39.2% | 39.0% | 38.8% | 37.4% | 41.6% | 37.6% | 39.5% | 46.1% | 32.6% | 37.3% | 38.6% | 35.7% | 39.7% | 39.5% | 38.1% | 39.5% | 39.5% | 39.5% | 39.5% | 39.5% | 39.5% | 39.5% |
| Net income (loss), before minority interest | 31.3 | 51.2 | 76.2 | 41.4 | 40.6 | 46.1 | 78.2 | 104.6 | 88.5 | 57.8 | 29.2 | (18.2) | (15.4) | (5.3) | (21.9) | (60.8) | (21.4) | (7.3) | (0.6) | (2.5) | (31.8) | (5.7) | 3.6 | 5.2 | 2.4 | 5.5 | 25.3 | |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (0.1) | (0.2) | (0.0) | (0.4) | (0.0) | (0.1) | (0.2) | 0.0 | (0.3) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Net income (loss) | 31.3 | 51.2 | 76.2 | 41.4 | 40.6 | 46.1 | 78.2 | 104.6 | 88.5 | 57.8 | 29.2 | (18.2) | (15.5) | (5.6) | (21.9) | (61.2) | (21.4) | (7.4) | (0.7) | (2.5) | (32.1) | (5.7) | 3.6 | 5.2 | 2.4 | 5.5 | 25.3 | |
| Restricted stock dividends ⁽¹⁰⁾ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (0.1) | (0.1) | (0.1) | 0.0 | (0.3) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| Net income (loss), adjusted | 31.3 | 51.2 | 76.2 | 41.4 | 40.6 | 46.1 | 78.2 | 104.6 | 88.5 | 57.8 | 29.2 | (18.2) | (15.6) | (5.7) | (21.9) | (61.5) | (21.4) | (7.4) | (0.7) | (2.5) | (32.1) | (5.7) | 3.6 | 5.2 | 2.4 | 5.5 | 25.3 | |
| Extraordinary item (net of tax) ⁽¹⁾⁻⁽⁹⁾ | (2.6) | (0.8) | 0.0 | (4.7) | (4.7) | (2.9) | (1.6) | (9.8) | (2.5) | (1.0) | 0.0 | 0.0 | 0.0 | 0.0 | (66.7) | (66.7) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Net income | 28.7 | 50.4 | 76.2 | 36.7 | 35.9 | 43.2 | 76.6 | 94.8 | 86.0 | 56.8 | 29.2 | (18.2) | (15.6) | (5.7) | (88.6) | (128.2) | (21.4) | (7.4) | (0.7) | (2.5) | (32.1) | (5.7) | 3.6 | 5.2 | 2.4 | 5.5 | 25.3 | |
| % margin | 1.8% | 2.9% | 4.1% | 2.4% | 2.5% | 2.8% | 4.4% | 5.0% | 4.5% | 3.1% | 1.6% | -5.4% | -4.3% | -1.4% | -23.8% | -8.7% | -5.9% | -1.8% | -0.2% | -0.6% | -2.0% | -1.4% | 0.8% | 1.1% | 0.5% | 0.3% | 1.3% | |
| Average shares outstanding - diluted | 23.7 | 23.9 | 24.0 | 25.0 | 25.4 | 25.4 | 25.5 | 25.7 | 25.5 | 25.1 | 25.2 | 25.0 | 25.0 | 25.0 | 25.1 | 25.1 | 25.1 | 25.2 | 25.2 | 25.2 | 25.2 | 25.2 | 25.2 | 25.2 | 25.2 | 25.2 | 25.2 | |
| EPS - diluted (continuing operations) | \$1.32 | \$2.14 | \$3.17 | \$1.47 | \$1.42 | \$1.70 | \$3.00 | \$3.68 | \$3.47 | \$2.30 | \$1.15 | (\$0.73) | (\$0.62) | (\$0.23) | (\$0.87) | (\$2.46) | (\$0.85) | (\$0.30) | (\$0.03) | (\$0.10) | (\$1.28) | (\$0.23) | \$0.14 | \$0.21 | \$0.10 | \$0.22 | \$1.00 | |
| % change y/y | | 62.1% | 48.1% | -53.6% | -3.3% | 19.5% | 76.4% | 22.8% | -5.9% | -33.6% | -50.1% | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | |
| EPS - diluted | \$1.21 | \$2.11 | \$3.17 | \$1.66 | \$1.61 | \$1.81 | \$3.06 | \$4.06 | \$3.37 | \$2.26 | \$1.15 | (\$0.73) | (\$0.62) | (\$0.23) | (\$3.54) | (\$5.12) | (\$0.85) | (\$0.30) | (\$0.03) | (\$0.10) | (\$1.28) | (\$0.23) | \$0.14 | \$0.21 | \$0.10 | \$0.22 | \$1.00 | |
| % change y/y | | 74.0% | 50.5% | -47.7% | -3.1% | 12.9% | 68.8% | 32.7% | -17.1% | -32.8% | -49.3% | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | NM | |

Revenues and expenses reclassified from 2003-2007 for certain shipments involving third-party interline carriers and certain brokerage transactions where ABF retains the primary obligation to provide services to the customer. The revenue had been recorded net of purchased transportation but now is shown as a gross number with increased purchased transportation expense. Revenues and expenses prior to 2003 have not been reclassified.

(1) After-tax loss from discontinued operations of Clipper International. FY 1998: \$2.6 million, FY 1999: \$0.8 million

(2) 2001: 3Q01 - \$2.8 million after-tax fair value net gain on sale of Wingfoot, 4Q01 - \$1.9 million nonrecurring tax benefit resulting from the resolution of certain tax contingencies originating in prior years.

(3) 2002: 3Q02 - \$4.7 million after-tax benefit from the net impact of a favorable settlement with the IRS (\$0.12 per diluted share), after-tax gains on sales of excess freight facilities at ABF (\$0.09 per diluted share) and a charge (\$0.02 per diluted share) relating to the increased liability reserves associated with the liquidation of an insurer who provides excess workers' compensation insurance for claims that arose from 1993 through 1999

(4) 2003: 1Q03 - \$5.5 million after-tax charge related to Arkansas Best's interest rate swap on \$110.0 million of the company's borrowings, 2Q03 - \$8.4 million after-tax gain on sale of Wingfoot put option and \$1.2 million pretax charge related to company's interest rate swap, 4Q03 - \$0.7 million after-tax exit nonrecurring costs of exiting Clipper LTL business and \$1.5 million after-tax gain on sale of Clipper LTL

(5) 2004: 2Q04 - \$1.6 million after-tax charge related to increased reserves associated with insolvency of Reliance Insurance Co., one of Arkansas Best's workers' comp excess claims insurers

(6) 2005: 3Q05 - \$9.8 million after-tax gain on sale of three non-ABF terminal facilities located in California to G.I. Trucking Company

(7) 2006: 1Q06 - \$8.4 million pre-tax (\$5.1 million after-tax) settlement accounting charge excluded related to company's supplemental benefit plan distributions and \$2.5 million pre-tax (\$1.5 million after-tax) increase in workers' comp expense due to change in development factor for prior period claims, 2Q06 - \$4.9 million pre-tax (\$3.1 million after-tax) gain on sale of Clipper Express (plus \$0.2mm after-tax income from discontinued operations at Clipper) and \$0.6 million pre-tax (\$0.4 million after-tax) settlement accounting expense for early retirement, 3Q06 - \$1.0 million pre-tax (\$0.6 million after-tax) settlement accounting expense for early retirement

(8) 2007: all are pension settlement accounting charges excluded related to company's supplemental benefit plan distributions, 1Q07 - \$1.1 million pre-tax and \$0.1 million after-tax, 2Q07 - \$0.2 million pre-tax and \$0.1 million after-tax, 3Q07 - \$0.1 million pre-tax and \$0.1 million after-tax, 4Q07 - \$0.3 million pre-tax and \$0.2 million after-tax

(9) 2Q09 EPS includes \$0.12 per share of additional costs associated with nonunion healthcare and pension, workers' compensation and third-party casualty insurance claims compared to 2Q08

(10) EPS adjustments for restricted stock dividends began January 1, 2009; however, these adjustments have not been made retroactively

Some calculations may vary due to rounding

Source: Company data and Stifel Nicolaus estimates

Canadian Pacific Railway Income Statement

(figures in \$ CAN millions, except per share amounts)

Fiscal Year-End December 31

| | 2009 | | | | | | | | 2010 | | | | 2011 | | | | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|-------------------|-------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| | 2001A ¹ | 2002A ² | 2003A ³ | 2004A ⁴ | 2005A ⁵ | 2006A ⁶ | 2007A ⁷ | 2008A ⁸ | 1QA ⁹ | 2QA ¹⁰ | 3QA ¹¹ | 4QA | 2009A | 1QA | 2QA | 3QA | 4QE | 2010E | 1QE | 2QE | 3QE | 4QE | 2011E | 2012E | |
| Freight Revenue | | | | | | | | | | | | | | | | | | | | | | | | | |
| Grain | 749 | 631 | 644 | 668 | 755 | 905 | 939 | 970 | 288 | 275 | 281 | 294 | 1137 | 271 | 264 | 300 | 299 | 1135 | 263 | 268 | 323 | 322 | 1176 | 1254 | |
| % change y/y | -0.8% | -15.7% | 2.1% | 3.7% | 12.9% | 19.9% | 3.8% | 3.3% | 23.8% | 35.3% | 23.6% | -4.4% | 17.2% | -5.7% | -3.7% | 6.8% | 1.9% | -0.2% | -3.0% | 1.4% | 7.6% | 7.6% | 3.6% | 6.6% | |
| Coal | 474 | 443 | 444 | 530 | 729 | 592 | 574 | 608 | 116 | 95 | 120 | 112 | 444 | 111 | 137 | 118 | 128 | 493 | 110 | 137 | 124 | 134 | 505 | 546 | |
| % change y/y | -6.7% | 0.3% | 19.4% | 37.4% | -18.8% | -3.1% | 5.9% | -16.9% | -44.7% | -23.0% | -19.5% | -27.0% | -5.1% | 43.4% | -1.1% | 13.7% | 11.2% | -0.1% | -0.1% | 4.9% | 4.3% | 2.4% | 8.2% | 8.2% | |
| Sulphur and fertilizers | 381 | 401 | 417 | 460 | 447 | 439 | 502 | 509 | 76 | 67 | 81 | 85 | 309 | 118 | 115 | 110 | 125 | 467 | 126 | 127 | 124 | 140 | 517 | 559 | |
| % change y/y | 5.4% | 4.0% | 10.2% | -2.8% | -1.7% | 14.3% | 1.3% | -41.7% | -51.7% | -33.6% | -27.6% | -39.2% | 54.6% | 72.5% | 35.3% | 46.5% | 51.1% | 7.1% | 10.3% | 12.4% | 12.4% | 10.5% | 8.2% | 8.2% | |
| Forest Products | 354 | 360 | 329 | 322 | 334 | 316 | 276 | 239 | 45 | 42 | 46 | 43 | 176 | 43 | 44 | 47 | 50 | 185 | 45 | 47 | 50 | 54 | 196 | 210 | |
| % change y/y | -3.1% | 1.7% | -8.7% | -2.1% | 3.7% | -5.2% | -12.8% | -13.2% | -21.7% | -27.9% | -30.3% | -25.2% | -26.4% | -4.8% | 5.5% | 2.8% | 17.6% | 5.1% | 4.5% | 6.6% | 6.6% | 6.1% | 7.1% | 7.1% | |
| Industrial products | 431 | 422 | 400 | 487 | 548 | 604 | 628 | 766 | 206 | 180 | 196 | 205 | 786 | 206 | 217 | 240 | 237 | 900 | 218 | 235 | 261 | 257 | 971 | 1040 | |
| % change y/y | -1.7% | -2.0% | -5.1% | 21.5% | 12.7% | 10.1% | 4.0% | 22.0% | 22.9% | -3.1% | -1.0% | -5.0% | 2.6% | -0.1% | 20.8% | 22.9% | 15.4% | 14.4% | 6.1% | 8.2% | 8.7% | 8.7% | 8.0% | 7.1% | |
| Automotive | 304 | 332 | 304 | 289 | 298 | 314 | 319 | 324 | 52 | 50 | 60 | 68 | 229 | 78 | 89 | 75 | 81 | 322 | 86 | 98 | 82 | 90 | 355 | 381 | |
| % change y/y | -0.5% | 9.4% | -8.5% | -5.2% | 3.3% | 5.5% | 1.5% | 1.4% | -28.0% | -42.4% | -28.3% | -16.8% | -29.1% | 49.5% | 78.4% | 25.0% | 19.7% | 40.6% | 10.2% | 10.2% | 10.2% | 10.2% | 10.2% | 7.1% | |
| Intermodal | 804 | 882 | 940 | 1030 | 1156 | 1257 | 1318 | 1400 | 293 | 293 | 303 | 309 | 1198 | 312 | 336 | 360 | 346 | 1355 | 335 | 360 | 390 | 375 | 1458 | 1547 | |
| % change y/y | 2.8% | 9.7% | 6.6% | 9.5% | 12.2% | 8.7% | 4.9% | 6.2% | -9.6% | -16.1% | -21.8% | -8.9% | -14.4% | 6.8% | 14.5% | 18.7% | 12.1% | 13.1% | 7.1% | 7.1% | 8.1% | 8.2% | 7.7% | 6.1% | |
| Total Freight Revenue | 3497 | 3472 | 3479 | 3785 | 4266 | 4427 | 4555 | 5220 | 1076 | 1001 | 1087 | 1116 | 4280 | 1138 | 1202 | 1251 | 1266 | 4857 | 1183 | 1271 | 1354 | 1371 | 5179 | 5537 | |
| % change y/y | 1.1% | -0.7% | 0.2% | 8.8% | 12.7% | 3.8% | 2.9% | 14.6% | -12.2% | -23.0% | -20.7% | -15.8% | 13.5% | 5.8% | 20.1% | 15.1% | 13.5% | 13.5% | 3.9% | 5.7% | 8.3% | 8.3% | 6.6% | 6.9% | |
| Total Other Revenue | 202 | 194 | 181 | 118 | 125 | 141 | 152 | 129 | 34 | 30 | 32 | 27 | 122 | 29 | 32 | 35 | 32 | 128 | 30 | 33 | 37 | 33 | 133 | 138 | |
| % change y/y | 3.5% | -4.1% | -6.4% | -35.1% | 6.4% | 12.5% | 8.2% | -15.4% | 14.3% | -7.7% | -0.9% | -22.4% | -5.0% | -14.9% | 7.0% | 12.4% | 15.0% | 4.2% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | |
| Total Revenue | 3699 | 3666 | 3661 | 3903 | 4392 | 4568 | 4708 | 5349 | 1110 | 1031 | 1118 | 1143 | 4402 | 1167 | 1234 | 1286 | 1298 | 4985 | 1213 | 1305 | 1391 | 1404 | 5312 | 5675 | |
| % change y/y | 1.2% | -0.9% | -0.1% | 6.6% | 12.5% | 4.0% | 3.1% | 13.6% | -11.6% | -22.6% | -20.2% | -15.9% | -17.7% | 5.2% | 19.7% | 15.0% | 13.5% | 13.2% | 3.9% | 5.7% | 8.1% | 8.2% | 6.6% | 6.8% | |
| Operating Expenses | | | | | | | | | | | | | | | | | | | | | | | | | |
| Compensation and benefits | 1122 | 1131 | 1164 | 1260 | 1322 | 1310 | 1284 | 1350 | 343 | 325 | 322 | 316 | 1306 | 354 | 350 | 365 | 369 | 1437 | 354 | 359 | 394 | 406 | 1514 | 1582 | |
| Fuel | 403 | 358 | 394 | 440 | 588 | 651 | 747 | 1057 | 171 | 118 | 134 | 158 | 580 | 182 | 178 | 166 | 177 | 703 | 182 | 183 | 179 | 185 | 729 | 762 | |
| Materials | 181 | 166 | 179 | 179 | 203 | 213 | 216 | 271 | 77 | 54 | 45 | 41 | 217 | 64 | 51 | 43 | 52 | 210 | 64 | 52 | 47 | 48 | 211 | 221 | |
| Equipment rents | 272 | 255 | 239 | 219 | 210 | 181 | 208 | 232 | 66 | 55 | 52 | 53 | 226 | 49 | 55 | 54 | 56 | 213 | 49 | 56 | 58 | 60 | 223 | 233 | |
| Depreciation and amortization | 334 | 348 | 372 | 407 | 445 | 464 | 472 | 473 | 120 | 123 | 122 | 126 | 490 | 125 | 123 | 124 | 125 | 497 | 125 | 127 | 134 | 138 | 523 | 547 | |
| Purchased services and other | 545 | 551 | 584 | 611 | 622 | 618 | 617 | 830 | 201 | 172 | 180 | 224 | 777 | 189 | 203 | 197 | 200 | 788 | 189 | 209 | 212 | 219 | 829 | 866 | |
| Unusual charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Operating Expenses | 2858 | 2809 | 2931 | 3114 | 3390 | 3437 | 3543 | 4213 | 977 | 846 | 854 | 918 | 3596 | 962 | 960 | 949 | 978 | 3849 | 963 | 986 | 1024 | 1056 | 4028 | 4211 | |
| Operating Ratio | 77.3% | 76.6% | 80.1% | 79.8% | 77.2% | 75.2% | 75.3% | 78.8% | 88.1% | 82.1% | 76.4% | 80.3% | 81.7% | 82.4% | 77.8% | 73.7% | 75.4% | 77.2% | 79.4% | 75.6% | 73.6% | 75.2% | 75.8% | 74.2% | |
| EBIT | 841 | 856 | 730 | 789 | 1001 | 1131 | 1164 | 1136 | 132 | 185 | 264 | 226 | 806 | 205 | 274 | 338 | 319 | 1136 | 250 | 318 | 367 | 348 | 1283 | 1464 | |
| % margin | 22.7% | 23.4% | 19.9% | 20.2% | 22.8% | 24.8% | 24.7% | 21.2% | 11.9% | 17.9% | 23.6% | 19.7% | 18.3% | 17.6% | 22.2% | 26.3% | 24.6% | 22.8% | 20.6% | 24.4% | 26.4% | 24.8% | 24.2% | 25.8% | |
| EBITDA | 1,175 | 1,205 | 1,102 | 1,196 | 1,447 | 1,595 | 1,636 | 1,609 | 252 | 308 | 385 | 351 | 1,297 | 330 | 397 | 462 | 444 | 1,633 | 375 | 445 | 501 | 486 | 1,807 | 2,011 | |
| % margin | 31.8% | 32.9% | 30.1% | 30.6% | 32.9% | 34.9% | 34.8% | 30.1% | 22.7% | 29.9% | 34.5% | 30.7% | 29.5% | 28.3% | 32.2% | 35.9% | 34.3% | 32.8% | 30.9% | 34.1% | 36.0% | 34.6% | 34.0% | 35.4% | |
| Interest Income (expense), net | (210) | (242) | (219) | (204) | (195) | (204) | (242) | (242) | (72) | (73) | (55) | (68) | (268) | (67) | (65) | (61) | (64) | (256) | (64) | (64) | (64) | (63) | (255) | (251) | |
| Other Income (expense), net | (26) | (22) | (34) | (36) | (18) | (28) | (17) | (17) | (6) | (16) | 0 | (1) | (22) | (0) | 2 | (0) | (1) | - | (3) | (3) | (3) | (3) | (12) | (12) | |
| Profit Before Tax | 605 | 592 | 477 | 534 | 779 | 909 | 943 | 878 | 54 | 96 | 209 | 157 | 517 | 138 | 211 | 277 | 254 | 880 | 183 | 251 | 300 | 282 | 1,016 | 1,202 | |
| % margin | 16.4% | 16.2% | 13.0% | 13.7% | 17.7% | 19.9% | 20.0% | 16.4% | 4.9% | 9.3% | 18.7% | 13.7% | 11.7% | 11.8% | 17.1% | 21.5% | 19.6% | 17.6% | 15.1% | 19.3% | 21.6% | 20.1% | 19.1% | 21.2% | |
| Tax Rate | 37.2% | 31.3% | 30.9% | 32.3% | 32.2% | 30.7% | 28.6% | 27.2% | 6.8% | 17.7% | 23.1% | 17.6% | 18.7% | 26.1% | 25.9% | 26.0% | 26.0% | 26.0% | 26.0% | 26.0% | 26.0% | 26.0% | 26.0% | 26.0% | |
| Net Income (loss) from continuing operations | 380 | 407 | 330 | 361 | 528 | 630 | 673 | 639 | 51 | 79 | 161 | 129 | 420 | 102 | 156 | 205 | 188 | 651 | 135 | 186 | 222 | 209 | 752 | 889 | |
| Extraordinary item (net of tax) | (8) | 89 | 71 | 52 | 15 | 169 | 273 | (3) | 7 | 56 | 48 | 21 | 132 | (2) | 10 | (7) | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Net Income | 373 | 496 | 401 | 413 | 543 | 799 | 946 | 636 | 57 | 136 | 209 | 150 | 552 | 100 | 167 | 197 | 188 | 652 | 135 | 186 | 222 | 209 | 752 | 889 | |
| % margin | 10.1% | 13.5% | 11.0% | 10.6% | 12.4% | 17.5% | 20.1% | 11.9% | 5.2% | 13.1% | 18.7% | 13.1% | 12.5% | 8.6% | 13.5% | 15.3% | 14.5% | 13.1% | 11.1% | 14.3% | 16.0% | 14.9% | 14.2% | 15.7% | |
| Average Shares Outstanding - diluted | 158.8 | 159.3 | 159.1 | 159.1 | 160.1 | 158.8 | 155.7 | 155.0 | 161.2 | 168.4 | 168.7 | 168.9 | 166.8 | 169.1 | 169.2 | 169.3 | 169.3 | 169.2 | 169.3 | 169.3 | 169.3 | 169.3 | 169.3 | 169.3 | |
| EPS - \$ diluted | \$ 2.35 | \$ 3.11 | \$ 2.52 | \$ 2.60 | \$ 3.39 | \$ 5.03 | \$ 6.08 | \$ 4.10 | \$ 0.36 | \$ 0.80 | \$ 1.24 | \$ 0.89 | \$ 3.31 | \$ 0.59 | \$ 0.98 | \$ 1.17 | \$ 1.11 | \$ 3.85 | \$ 0.80 | \$ 1.10 | \$ 1.31 | \$ 1.23 | \$ 4.44 | \$ 5.25 | |
| % change y/y | | 32.7% | -19.0% | 2.9% | 30.6% | 48.3% | 20.8% | -32.5% | -46.5% | -4.0% | -5.0% | -31.4% | -19.4% | 66.0% | 22.4% | -6.1% | 25.4% | 16.4% | 35.2% | 11.5% | 12.7% | 11.0% | 15.3% | 18.3% | |
| EPS - \$ diluted (continuing operations) | \$ 2.39 | \$ 2.56 | \$ 2.07 | \$ 2.27 | \$ 3.30 | \$ 3.97 | \$ 4.32 | \$ 4.12 | \$ 0.32 | \$ 0.47 | \$ 0.95 | \$ 0.76 | \$ 2.52 | \$ 0.60 | \$ 0.92 | \$ 1.21 | \$ 1.11 | \$ 3.85 | \$ 0.80 | \$ 1.10 | \$ 1.31 | \$ 1.23 | \$ 4.44 | \$ 5.25 | |
| % change y/y | | 6.8% | -18.9% | 9.5% | 45.3% | 20.2% | 9.0% | -4.6% | -61.8% | -42.2% | -31.0% | -30.7% | -38.9% | 91.4% | 96.0% | 26.8% | 45.4% | 52.8% | 32.3% | 19.0% | 8.6% | 11.0% | 15.5% | 18.3% | |
| CDN to USD AVG Rate | 1.55 | 1.57 | 1.41 | 1.30 | 1.21 | 1.13 | 1.07 | 1.05 | 1.24 | 1.18 | 1.11 | 1.07 | 1.13 | 1.04 | 1.02 | 1.04 | 1.01 | 1.03 | 1.01 | 1.01 | 1.01 | 1.01 | 1.01 | 1.01 | |
| EPS - USD diluted | \$ 1.52 | \$ 1.98 | \$ 1.78 | \$ 1.99 | \$ 2.80 | \$ 4.45 | \$ 5.67 | \$ 3.90 | \$ 0.29 | \$ 0.68 | \$ 1.12 | \$ 0.83 | \$ 2.94 | \$ 0.57 | \$ 0.96 | \$ 1.12 | \$ 1.10 | \$ 3.75 | \$ 0.79 | \$ 1.09 | \$ 1.30 | \$ 1.22 | \$ 4.40 | \$ 5.20 | |
| EPS - USD diluted (continuing operations) | \$ 1.55 | \$ 1.63 | \$ 1.47 | \$ 1.74 | \$ 2.72 | \$ 3.51 | \$ 4.03 | \$ 3.92 | \$ 0.25 | \$ 0.40 | \$ 0.86 | \$ 0.71 | \$ 2.24 | \$ 0.58 | \$ 0.90 | \$ 1.16 | \$ 1.10 | \$ 3.75 | \$ 0.79 | \$ 1.09 | \$ 1.30 | \$ 1.22 | \$ 4.40 | \$ 5.20 | |
| % change y/y | | 5.0% | -9.8% | 18.8% | 56.3% | 28.9% | 14.9% | -2.7% | -69.4% | -50.6% | -35.8% | -24.2% | -42.9% | 128.0% | 127.0% | 35.5% | 53.9% | 67.4% | 36.2% | 20.3% | 11.8% | 11.0% | 17.4% | 18.3% | |

(1) 2001 adjusted for (1) \$48.2 million in net foreign exchange losses, and (2) \$40.6 million in net non-recurring charges including spin-off charges, tax benefit recovery, and incentive compensation changes
(2) 2002 adjusted for (1) tax benefit of \$72 million and (2) foreign exchange gain of \$16.7 million
(3) 2003 adjusted for (1) \$224.4 million foreign exchange gain and (2) net special charges of \$153.2 million after-tax
(4) 2004 adjusted for (1) \$94.6 million foreign exchange gain, (2) a \$55 million after-tax environmental charge and (3) an after-tax reversal of \$12 million as part of a labor restructuring provision
(5) 2005 adjusted for a (1) \$21.9 million foreign

CSX Income Statement

(figures in \$ millions, except per share amounts)

| | 2009 | | | | | | | | | | 2010 | | | | 2011 | | | | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
| | 1999A | 2000A | 2001A | 2002A | 2003A | 2004A | 2005A | 2006A | 2007A | 2008A | 1Q | 2Q | 3Q | 4Q | 2009A | 1Q | 2Q | 3Q | 4Q | 2010E | 1Q | 2Q | 3Q | 4Q | 2011E | 2012E | |
| Operating revenue | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rail | 5,623 | 6,075 | 6,082 | 6,003 | 6,182 | 6,694 | 7,256 | 8,154 | 8,674 | 9,789 | 1,977 | 1,894 | 1,986 | 1,980 | 7,837 | 2,168 | 2,359 | 2,348 | 2,316 | 9,191 | 2,399 | 2,563 | 2,535 | 2,517 | 10,014 | 10,829 | |
| Intermodal | 959 | 1,168 | 1,092 | 1,180 | 1,257 | 1,326 | 1,362 | 1,412 | 1,356 | 1,466 | 270 | 291 | 303 | 340 | 1,204 | 323 | 304 | 318 | 341 | 1,286 | 315 | 335 | 357 | 383 | 1,391 | 1,538 | |
| Domestic container shipping ⁽¹⁾ | - | 666 | 681 | 758 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| International terminals | - | 305 | 255 | 235 | 226 | 128 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Marine services ⁽²⁾ | 3,809 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total freight revenue | 10,391 | 8,214 | 8,110 | 8,176 | 7,665 | 8,148 | 8,618 | 9,566 | 10,030 | 11,255 | 2,247 | 2,185 | 2,289 | 2,320 | 9,041 | 2,491 | 2,663 | 2,666 | 2,657 | 10,477 | 2,715 | 2,898 | 2,892 | 2,901 | 11,405 | 12,367 | |
| Eliminations/other revenue | (16) | (23) | - | (25) | 128 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Gross revenues | 10,375 | 8,191 | 8,110 | 8,151 | 7,793 | 8,148 | 8,618 | 9,566 | 10,030 | 11,255 | 2,247 | 2,185 | 2,289 | 2,320 | 9,041 | 2,491 | 2,663 | 2,666 | 2,657 | 10,477 | 2,715 | 2,898 | 2,892 | 2,901 | 11,405 | 12,367 | |
| % change y/y | 9.3% | -21.1% | -1.0% | 0.5% | -4.4% | 4.6% | 5.8% | 11.0% | 4.9% | 12.2% | -17.2% | -24.8% | -22.7% | -13.2% | -19.7% | 10.9% | 21.9% | 16.5% | 14.5% | 15.9% | 9.0% | 8.8% | 8.5% | 9.2% | 8.9% | 8.4% | |
| Operating expenses: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Labor and fringe | 3,291 | 2,858 | 2,942 | 2,897 | 2,750 | 2,813 | 2,864 | 2,922 | 2,982 | 2,955 | 662 | 654 | 653 | 660 | 2,629 | 729 | 721 | 731 | 736 | 2,917 | 778 | 784 | 782 | 792 | 3,136 | 3,379 | |
| Materials, supplies and other | 2,637 | 1,885 | 1,654 | 1,682 | 1,646 | 1,759 | 1,776 | 1,889 | 1,979 | 2,135 | 477 | 368 | 433 | 442 | 1,720 | 456 | 551 | 509 | 511 | 2,027 | 543 | 539 | 537 | 548 | 2,167 | 2,322 | |
| Conrail rents, fees & services | 280 | 377 | 336 | 322 | 342 | 256 | 65 | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Building and equipment rent | 1,165 | 705 | 626 | 601 | 566 | 562 | 533 | 512 | 453 | 425 | 113 | 98 | 92 | 88 | 391 | 100 | 89 | 90 | 92 | 371 | 106 | 103 | 102 | 99 | 410 | 442 | |
| Inland transportation | 918 | 358 | 337 | 370 | 320 | 293 | 230 | 242 | 240 | 253 | 58 | 69 | 67 | 70 | 264 | 63 | NA | NA | NA | 63 | NA | NA | NA | NA | NA | NA | |
| Depreciation | 583 | 552 | 613 | 638 | 629 | 719 | 818 | 856 | 883 | 904 | 224 | 229 | 227 | 227 | 907 | 228 | 230 | 232 | 230 | 920 | 249 | 263 | 263 | 266 | 1,041 | 1,135 | |
| Fuel | 472 | 651 | 585 | 515 | 581 | 656 | 783 | 1,112 | 1,262 | 1,817 | 191 | 185 | 223 | 250 | 849 | 283 | 304 | 279 | 303 | 1,169 | 319 | 322 | 321 | 325 | 1,287 | 1,386 | |
| Miscellaneous ⁽³⁾ | 456 | 0 | 60 | 0 | (19) | (26) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Restructuring charge ⁽⁴⁾ | 0 | 0 | 0 | 0 | 12 | 77 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Provision for casualty claims ⁽⁵⁾ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Additional loss on sale ⁽⁶⁾ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total operating expenses | 9,802 | 7,386 | 7,153 | 7,025 | 6,827 | 7,109 | 7,069 | 7,608 | 7,799 | 8,489 | 1,725 | 1,603 | 1,695 | 1,737 | 6,760 | 1,859 | 1,895 | 1,841 | 1,873 | 7,468 | 1,995 | 2,011 | 2,004 | 2,030 | 8,041 | 8,664 | |
| Operating ratio | 94.5% | 90.2% | 88.2% | 86.2% | 87.6% | 87.3% | 82.0% | 79.5% | 77.8% | 75.4% | 76.8% | 73.4% | 74.0% | 74.9% | 74.8% | 74.6% | 71.2% | 69.1% | 70.5% | 71.3% | 73.5% | 69.4% | 69.3% | 70.0% | 70.5% | 70.1% | |
| Operating profit | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rail | 615 | 743 | 853 | 782 | 841 | 1,301 | 1,692 | 1,971 | 2,476 | 498 | 546 | 555 | 520 | 2,119 | 595 | 634 | 625 | 784 | NA | NA | NA | NA | NA | NA | NA | | |
| Intermodal | 98 | 104 | 141 | 110 | 160 | 248 | 266 | 260 | 290 | 24 | 36 | 39 | 63 | 162 | 39 | 39 | 39 | 63 | NA | NA | NA | NA | NA | NA | NA | | |
| International Terminals | 71 | 71 | 68 | 69 | 16 | - | - | - | - | - | - | - | - | - | - | - | - | - | NA | NA | NA | NA | NA | NA | NA | | |
| Eliminations & other | - | 39 | 63 | 17 | 24 | 1 | 10 | 3 | - | - | - | - | - | - | - | - | - | - | NA | NA | NA | NA | NA | NA | NA | | |
| Total operating profit | 573 | 805 | 957 | 1,126 | 966 | 1,041 | 1,550 | 1,968 | 2,234 | 2,766 | 522 | 582 | 594 | 583 | 2,281 | 634 | 768 | 825 | 888 | 3,009 | 719 | 887 | 888 | 870 | 3,364 | 3,702 | |
| % margin | 5.5% | 9.8% | 11.8% | 13.8% | 12.4% | 12.8% | 18.0% | 20.6% | 22.3% | 24.6% | 23.2% | 26.6% | 26.0% | 25.1% | 25.2% | 25.3% | 28.8% | 30.9% | 29.5% | 28.7% | 26.5% | 30.6% | 30.7% | 30.0% | 29.5% | 29.9% | |
| EBITDA | 1,156 | 1,357 | 1,570 | 1,764 | 1,595 | 1,760 | 2,368 | 2,824 | 3,117 | 3,670 | 746 | 811 | 821 | 810 | 3,188 | 862 | 998 | 1,057 | 1,014 | 3,929 | 969 | 1,150 | 1,150 | 1,136 | 4,406 | 4,837 | |
| % margin | 11.1% | 16.6% | 19.4% | 21.6% | 20.5% | 21.6% | 27.5% | 29.5% | 31.1% | 32.6% | 33.2% | 37.1% | 35.9% | 34.9% | 35.3% | 34.6% | 37.5% | 39.6% | 38.2% | 37.5% | 35.7% | 39.7% | 39.8% | 39.2% | 38.6% | 39.1% | |
| Interest expense, net | 521 | 543 | 518 | 445 | 421 | 435 | 423 | 392 | 417 | 519 | 141 | 139 | 140 | 138 | 558 | 142 | 135 | 131 | 142 | 550 | 145 | 145 | 144 | 143 | 578 | 561 | |
| Interest income & other income (expense), net | (52) | (15) | (9) | (41) | (57) | (39) | (74) | (69) | (88) | 122 | 9 | (10) | (6) | (15) | (22) | (11) | (9) | (8) | (5) | (33) | (5) | (5) | (5) | (5) | (20) | (20) | |
| Profit before tax | 104 | 277 | 448 | 722 | 602 | 645 | 1,201 | 1,645 | 1,905 | 2,125 | 372 | 453 | 460 | 460 | 1,745 | 503 | 642 | 702 | 647 | 2,492 | 579 | 746 | 748 | 732 | 2,806 | 3,162 | |
| % margin | 1.0% | 3.4% | 5.5% | 8.9% | 7.7% | 7.9% | 13.9% | 17.2% | 19.0% | 18.9% | 16.6% | 20.7% | 20.1% | 19.8% | 19.3% | 20.2% | 24.1% | 26.3% | 24.4% | 23.8% | 21.3% | 25.8% | 25.9% | 25.2% | 24.6% | 25.6% | |
| Tax rate | 69.2% | 32.9% | 34.6% | 35.5% | 33.3% | 34.4% | 38.0% | 37.5% | 36.5% | 37.2% | 33.9% | 37.1% | 37.0% | 37.0% | 36.3% | 39.1% | 35.5% | 41.0% | 37.5% | 38.3% | 37.5% | 37.5% | 37.5% | 37.5% | 37.5% | 37.5% | |
| Cumulative effect of restructuring/accounting chan | 0 | 0 | 0 | 0 | 0 | 37 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Net income (loss) from cont. ops. | 32 | 186 | 293 | 466 | 402 | 460 | 745 | 1,029 | 1,209 | 1,335 | 246 | 285 | 290 | 290 | 1,111 | 306 | 414 | 414 | 405 | 1,538 | 362 | 467 | 468 | 457 | 1,754 | 1,976 | |
| Earnings from discontinued ops. ⁽⁹⁾ | 19 | 14 | 0 | 0 | (92) | 425 | 0 | 110 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Gain on sale of discontinued ops | 0 | 365 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Extraordinary item, net of tax ⁽¹⁰⁻²⁰⁾ | 0 | 0 | 0 | 0 | 0 | (25) | 280 | 16 | 141 | 0 | 0 | 23 | 0 | 15 | 38 | 0 | 4 | 0 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Cum. effect of accounting change (net) | (49) | 0 | 0 | (43) | (155) | (12) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Net income | 2 | 565 | 293 | 423 | 247 | 356 | 1,145 | 1,309 | 1,336 | 1,475 | 246 | 308 | 290 | 305 | 1,149 | 306 | 418 | 414 | 405 | 1,542 | 362 | 467 | 468 | 457 | 1,754 | 1,976 | |
| % margin | 0.0% | 6.9% | 3.6% | 5.2% | 3.2% | 4.4% | 13.3% | 13.7% | 13.3% | 13.1% | 10.9% | 14.1% | 12.7% | 13.1% | 12.7% | 12.3% | 15.7% | 15.5% | 15.2% | 14.7% | 13.3% | 16.1% | 16.2% | 15.8% | 15.4% | 16.0% | |
| Average shares outstanding - diluted | 425.4 | 422.6 | 424.8 | 427.0 | 428.6 | 435.5 | 456.0 | 465.9 | 448.3 | 408.6 | 394.1 | 395.4 | 396.3 | 396.9 | 395.7 | 394.3 | 386.4 | 381.8 | 378.6 | 385.3 | 373.9 | 370.2 | 367.5 | 365.0 | 369.1 | 359.2 | |
| EPS - diluted (cont. operations) | \$0.08 | \$0.44 | \$0.69 | \$1.09 | \$0.96 | \$1.06 | \$1.63 | \$2.21 | \$2.70 | \$3.54 | \$0.62 | \$0.72 | \$0.73 | \$0.73 | \$2.81 | \$0.78 | \$1.07 | \$1.08 | \$1.07 | \$3.99 | \$0.97 | \$1.26 | \$1.27 | \$1.25 | \$4.75 | \$5.50 | |
| % change y/y | | NM | 56.7% | 58.1% | -12.3% | 10.5% | 54.7% | 35.1% | 22.2% | 31.1% | -21.7% | -20.1% | -21.8% | -19.0% | -20.6% | 24.4% | 48.6% | 48.2% | 46.2% | 42.1% | 24.7% | 17.6% | 17.4% | 17.3% | 19.1% | 15.8% | |
| EPS - diluted | \$0.00 | \$1.34 | \$0.69 | \$0.99 | \$0.59 | \$0.80 | \$2.52 | \$2.81 | \$2.98 | \$3.34 | \$0.62 | \$0.78 | \$0.73 | \$0.77 | \$2.90 | \$0.78 | \$1.08 | \$1.08 | \$1.07 | \$4.00 | \$0.97 | \$1.26 | \$1.27 | \$1.25 | \$4.75 | \$5.50 | |
| % change y/y | | NM | -48.4% | 43.5% | -40.0% | 34.1% | 216.1% | 11.6% | 6.1% | 12.0% | -26.2% | -16.0% | -21.8% | 22.0% | -13.0% | 24.4% | 39.0% | 48.2% | 39.1% | 37.8% | 24.7% | 16.4% | 17.4% | 17.3% | 18.7% | 15.8% | |

(1) In February 2003, CSX conveyed most of domestic container-shipping subsidiary (CSX Lines) for approximately \$300 million. (2) In 4Q99, CSX sold its int'l container shipping business (Sea-Land) & divided the remaining container-shipping business into two businesses: Domestic Container Shipping and Int'l Terminals. (3) Settlement of 1987 New Orleans tank car fire litigation. (4) Restructuring charges were associated with middle management rationalization. (5) Represents 3Q05 charge associated w/change in estimating casualty reserves, primarily asbestos related. (6) Loss on sale represents settlements resolving disputes related to 1999 sale of international container-shipping business. (8) 1Q03 accounts for SFAS 143, \$57 million after tax charge. 1Q04 accounts for \$37 million after tax restructuring. 2Q04 accounts for \$9 million in separation expenses. (9) International Terminals Business, which CSX agreed to sell in 4Q04 for \$1.15 billion. (10) 2Q05 one-time items include a \$71 million tax benefit from a change in Ohio income tax law, a \$27 million after-tax benefit from the settlement of outstanding lawsuits with East Coast

Genesee & Wyoming, Inc. Income Statement

(figures in \$USD millions, except per share amounts)

Fiscal Year-End December 31

| | | | | | | | | | 2009 | | | | 2010 | | | | 2011 | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2001A | 2002A | 2003A | 2004A | 2005A | 2006A | 2007A | 2008A | 1QA | 2QA | 3QA | 4QA | 2009A | 1QA | 2QA | 3QA | 4QE | 2010E | 1QE | 2QE | 3QE | 4QE | 2011E | 2012E |
| Freight revenue | 129.9 | 157.3 | 182.6 | 226.3 | 286.0 | 311.3 | 329.2 | 369.9 | 89.2 | 79.3 | 83.2 | 82.1 | 333.7 | 89.6 | 100.2 | 95.9 | 102.6 | 388.2 | 125.2 | 136.3 | 134.4 | 130.1 | 525.9 | 564.6 |
| y/y % change | | 21.1% | 16.1% | 23.9% | 26.4% | 8.9% | 5.7% | 12.4% | 1.6% | -13.3% | -13.0% | -13.8% | -9.8% | 0.4% | 26.4% | 15.3% | 25.0% | 16.3% | 39.8% | 36.0% | 40.2% | 26.8% | 35.5% | 7.4% |
| Non-freight revenue | 43.7 | 52.3 | 62.3 | 77.5 | 99.4 | 139.4 | 187.0 | 232.0 | 49.3 | 50.8 | 53.3 | 57.8 | 211.2 | 56.0 | 58.3 | 60.6 | 62.3 | 237.2 | 57.4 | 59.4 | 61.0 | 62.8 | 240.6 | 262.1 |
| y/y % change | | 19.5% | 19.2% | 24.5% | 28.2% | 40.2% | 34.2% | 24.1% | -6.9% | -17.2% | -16.5% | 7.1% | -9.0% | 13.6% | 14.8% | 13.8% | 7.7% | 12.3% | 2.5% | 1.9% | 0.7% | 0.9% | 1.5% | 8.9% |
| Total Revenue | 173.6 | 209.5 | 244.8 | 303.8 | 385.4 | 450.7 | 516.2 | 602.0 | 138.5 | 130.1 | 136.4 | 139.9 | 544.9 | 145.6 | 158.5 | 156.5 | 164.9 | 625.4 | 182.7 | 195.6 | 195.4 | 192.9 | 766.6 | 826.7 |
| y/y % change | | 20.7% | 16.8% | 24.1% | 26.9% | 16.9% | 14.5% | 16.6% | -1.6% | -14.8% | -14.4% | -6.2% | -9.5% | 5.1% | 21.8% | 14.7% | 17.8% | 14.8% | 25.5% | 23.5% | 24.9% | 17.0% | 22.6% | 7.8% |
| Operating Expenses | | | | | | | | | | | | | | | | | | | | | | | | |
| Labor and benefits | 64.0 | 77.8 | 87.3 | 105.1 | 122.9 | 152.6 | 167.1 | 191.1 | 50.0 | 48.0 | 45.7 | 47.4 | 191.0 | 50.2 | 51.3 | 50.8 | 53.5 | 205.8 | 62.4 | 64.1 | 63.2 | 65.0 | 254.6 | 271.4 |
| Equipment rents | 20.0 | 17.8 | 18.4 | 27.7 | 34.4 | 37.6 | 37.3 | 35.2 | 7.9 | 6.9 | 7.4 | 7.0 | 29.3 | 7.6 | 8.3 | 8.2 | 8.9 | 33.0 | 9.3 | 9.6 | 9.5 | 9.7 | 38.1 | 40.6 |
| Purchased services | 12.3 | 15.5 | 17.8 | 18.4 | 26.3 | 33.7 | 39.0 | 46.2 | 9.3 | 10.0 | 11.0 | 12.1 | 42.4 | 10.4 | 12.9 | 14.0 | 15.2 | 52.4 | 14.1 | 14.5 | 14.3 | 14.7 | 57.7 | 61.5 |
| Depreciation and amortization | 12.8 | 13.6 | 15.5 | 19.2 | 24.6 | 27.9 | 31.8 | 40.5 | 11.5 | 11.9 | 12.1 | 12.6 | 48.1 | 12.4 | 12.5 | 12.5 | 13.6 | 51.0 | 15.1 | 15.6 | 15.3 | 15.8 | 61.8 | 65.8 |
| Diesel fuel used in operations | 12.1 | 13.4 | 18.3 | 25.4 | 38.4 | 40.1 | 45.7 | 61.0 | 9.0 | 7.4 | 7.9 | 9.3 | 33.5 | 11.0 | 10.6 | 10.0 | 10.9 | 42.6 | 12.7 | 13.1 | 12.9 | 13.3 | 52.0 | 55.4 |
| Diesel fuel sold to third parties | - | - | - | - | - | 13.2 | 27.0 | 34.6 | 3.4 | 3.1 | 3.6 | 4.3 | 14.4 | 3.8 | 3.9 | 4.8 | 5.3 | 17.8 | 4.7 | 4.8 | 4.7 | 4.9 | 19.1 | 20.3 |
| Casualties and insurance | 7.1 | 10.6 | 13.8 | 15.7 | 17.7 | 13.1 | 16.2 | 15.1 | 3.6 | 2.9 | 4.2 | 4.1 | 14.8 | 3.9 | 3.1 | 3.1 | 3.4 | 13.5 | 4.2 | 4.4 | 4.3 | 4.4 | 17.3 | 18.5 |
| Materials | 11.3 | 13.0 | 15.2 | 15.3 | 19.9 | 19.7 | 23.5 | 26.1 | 5.6 | 5.7 | 5.2 | 5.3 | 21.8 | 5.5 | 6.0 | 5.3 | 5.8 | 22.6 | 6.6 | 6.8 | 6.7 | 6.9 | 27.1 | 28.9 |
| Net loss (gain) on sale and impairment of assets | (0.8) | (3.1) | (0.1) | (0.0) | (3.2) | (3.1) | (0.5) | (3.8) | (0.2) | 0.0 | 0.1 | - | (0.1) | (0.4) | (1.4) | (2.4) | - | (4.3) | - | - | - | - | - | - |
| Gain on insurance recoveries | - | - | - | - | - | (1.9) | - | (0.4) | - | 0.0 | - | 0.0 | 0.0 | - | - | - | - | - | - | - | - | - | - | - |
| Restructuring charges | - | - | - | - | - | - | - | - | - | 0.0 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other expenses | 12.0 | 19.1 | 22.3 | 26.9 | 33.5 | 36.2 | 38.6 | 42.3 | 12.4 | 11.5 | 10.7 | 11.1 | 45.6 | 11.0 | 13.4 | 10.9 | 10.9 | 46.3 | 12.2 | 12.5 | 12.3 | 12.7 | 49.6 | 52.9 |
| Total operating expenses | 150.6 | 177.5 | 208.5 | 253.7 | 314.5 | 369.0 | 425.6 | 487.9 | 112.4 | 107.3 | 108.0 | 113.2 | 440.9 | 115.5 | 120.6 | 117.3 | 127.3 | 480.7 | 141.4 | 145.4 | 143.2 | 147.4 | 577.3 | 615.4 |
| Operating Ratio | 86.8% | 84.7% | 85.2% | 83.5% | 81.6% | 81.9% | 82.5% | 81.1% | 81.1% | 82.5% | 79.1% | 80.9% | 80.9% | 79.3% | 76.1% | 75.0% | 77.2% | 76.9% | 77.4% | 74.3% | 73.3% | 76.4% | 75.3% | 74.4% |
| EBIT | 23.0 | 32.0 | 36.3 | 50.0 | 70.9 | 81.7 | 90.5 | 114.0 | 26.1 | 22.7 | 28.5 | 26.7 | 104.0 | 30.1 | 37.9 | 39.2 | 37.5 | 144.7 | 41.3 | 50.3 | 52.2 | 45.5 | 189.2 | 211.3 |
| % margin | 13.2% | 15.3% | 14.8% | 16.5% | 18.4% | 18.1% | 17.5% | 18.9% | 18.9% | 17.5% | 20.9% | 19.1% | 19.1% | 20.7% | 23.9% | 25.0% | 22.8% | 23.1% | 22.6% | 25.7% | 26.7% | 23.6% | 24.7% | 25.6% |
| EBITDA | 35.0 | 51.1 | 58.6 | 76.9 | 104.4 | 117.9 | 129.1 | 156.3 | 38.5 | 34.2 | 39.2 | 37.8 | 149.6 | 41.1 | 51.3 | 50.1 | 48.5 | 191.0 | 53.4 | 62.8 | 64.5 | 58.2 | 238.9 | 264.2 |
| % margin | 20.2% | 24.4% | 23.9% | 25.3% | 27.1% | 26.2% | 25.0% | 26.0% | 27.8% | 26.3% | 28.7% | 27.0% | 27.4% | 28.3% | 32.4% | 32.0% | 29.4% | 30.5% | 29.3% | 32.1% | 33.0% | 30.2% | 31.2% | 32.0% |
| Gains and losses on equity investments and affiliates | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (0.0) | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest income | 0.0 | 0.0 | 0.0 | 0.2 | 0.3 | 7.8 | 7.8 | 2.1 | 0.2 | 0.2 | 0.3 | 0.4 | 1.1 | 0.4 | 0.5 | 0.7 | 0.5 | 2.1 | 0.2 | 0.2 | 0.3 | 0.3 | 1.0 | 1.5 |
| Interest expense | (10.0) | (8.1) | (8.6) | (11.1) | (14.9) | (16.0) | (14.7) | (20.6) | (7.2) | (7.1) | (6.4) | (6.3) | (26.9) | (5.4) | (5.4) | (5.5) | (7.3) | (23.6) | (8.6) | (8.3) | (8.1) | (8.0) | (32.9) | (28.2) |
| Other income (expense), net | 12.3 | 10.5 | 11.6 | 20.7 | 13.7 | 0.3 | 0.9 | 0.2 | 0.0 | 1.2 | 0.7 | 0.2 | 2.1 | 0.5 | (0.2) | 0.4 | 0.0 | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit Before Tax | 25.3 | 34.4 | 39.3 | 59.8 | 70.0 | 79.1 | 84.5 | 95.7 | 19.1 | 17.1 | 23.0 | 21.0 | 80.2 | 25.6 | 32.8 | 34.8 | 30.7 | 123.9 | 32.9 | 42.2 | 44.4 | 37.9 | 157.4 | 184.6 |
| % margin | 14.5% | 16.4% | 16.0% | 19.7% | 18.2% | 17.5% | 16.4% | 15.9% | 13.8% | 13.1% | 16.9% | 15.0% | 14.7% | 17.6% | 20.7% | 22.2% | 18.6% | 19.8% | 18.0% | 21.6% | 22.7% | 19.6% | 20.5% | 22.3% |
| Income taxes | 6.2 | 8.8 | 10.6 | 22.2 | 19.9 | 20.9 | 22.9 | 33.7 | 5.2 | 4.2 | 5.4 | 4.2 | 19.0 | 9.6 | 12.1 | 12.3 | 10.4 | 44.5 | 9.5 | 12.2 | 13.1 | 11.2 | 46.0 | 56.5 |
| Tax rate | 24.4% | 25.5% | 26.9% | 37.1% | 28.4% | 26.4% | 27.1% | 35.2% | 27.0% | 24.3% | 23.5% | 20.1% | 23.6% | 37.6% | 36.8% | 35.4% | 34.0% | 35.9% | 29.0% | 29.0% | 29.5% | 29.5% | 29.3% | 30.6% |
| Net Income (loss) from continuing ops | 19.1 | 25.6 | 28.7 | 37.6 | 50.1 | 58.1 | 61.6 | 62.0 | 14.0 | 12.9 | 17.6 | 16.8 | 61.2 | 16.0 | 20.7 | 22.5 | 20.2 | 79.4 | 23.4 | 30.0 | 31.3 | 26.7 | 111.3 | 128.1 |
| Non-recurring and extraordinary items | - | - | - | - | - | - | 7.6 | 10.7 | 0.0 | (4.8) | 2.1 | 1.5 | (1.2) | 0.0 | 0.0 | (0.4) | (16.0) | (16.4) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income / (loss) on discontinued operations | - | - | - | - | - | 75.9 | (14.1) | (0.5) | (0.0) | (0.6) | 2.0 | 0.1 | 1.4 | (0.0) | (0.1) | 2.7 | 0.0 | 2.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Income | 19.1 | 25.6 | 28.7 | 37.6 | 50.1 | 134.0 | 55.2 | 72.2 | 13.9 | 7.5 | 21.7 | 18.3 | 61.5 | 16.0 | 20.6 | 24.8 | 4.2 | 65.6 | 23.4 | 30.0 | 31.3 | 26.7 | 111.3 | 128.1 |
| Less: NI attributable to minority int./pref. div. | 1.0 | 1.2 | 1.3 | 0.5 | - | 0.0 | 0.0 | (0.2) | (0.0) | (0.1) | (0.1) | 0.0 | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Average shares outstanding - diluted | 29.1 | 39.6 | 40.2 | 41.1 | 41.7 | 42.4 | 39.1 | 36.3 | 36.4 | 36.9 | 41.2 | 41.4 | 39.0 | 41.4 | 41.7 | 41.9 | 42.0 | 41.8 | 42.0 | 42.0 | 42.0 | 42.0 | 42.0 | 42.0 |
| EPS - Diluted | \$ 0.62 | \$ 0.62 | \$ 0.68 | \$ 0.90 | \$ 1.20 | \$ 3.16 | \$ 1.41 | \$ 1.99 | \$ 0.38 | \$ 0.20 | \$ 0.53 | \$ 0.44 | \$ 1.58 | \$ 0.39 | \$ 0.49 | \$ 0.59 | \$ 0.10 | \$ 1.57 | \$ 0.56 | \$ 0.71 | \$ 0.74 | \$ 0.64 | \$ 2.65 | \$ 3.05 |
| y/y % change | | -1.0% | 10.7% | 32.2% | 33.0% | 162.8% | -55.4% | 41.0% | 32.6% | -52.3% | -9.0% | -36.0% | -20.6% | 0.5% | 144.0% | 12.1% | -77.1% | -0.4% | 44.3% | 44.3% | 25.9% | nm | 68.6% | 15.0% |
| EPS - Diluted (Cont ops) | \$ 0.66 | \$ 0.65 | \$ 0.72 | \$ 0.92 | \$ 1.20 | \$ 1.37 | \$ 1.57 | \$ 1.70 | \$ 0.38 | \$ 0.35 | \$ 0.43 | \$ 0.40 | \$ 1.57 | \$ 0.39 | \$ 0.50 | \$ 0.54 | \$ 0.48 | \$ 1.90 | \$ 0.56 | \$ 0.71 | \$ 0.74 | \$ 0.64 | \$ 2.65 | \$ 3.05 |
| y/y % change | | -1.4% | 10.5% | 28.0% | 31.3% | 14.1% | 14.9% | 8.0% | 23.0% | -21.3% | -22.3% | 1.9% | -7.5% | 0.3% | 41.7% | 25.5% | 19.1% | 20.9% | 44.2% | 43.9% | 38.9% | 31.9% | 39.4% | 15.0% |

Source: Company data and Stifel Nicolaus estimates

2006 EPS excludes: 1) ARG gain on sale, 2) impairment of Australian assets, and other expenses totaling \$1.79

FY07 EPS excludes: 1) \$0.36 loss from disc. ops, 2) \$0.11 loss on sale of assets, and 3) \$0.10 tax benefit

FY08 EPS excludes: 1) \$0.08 loss from disc. ops, 2) \$0.20 in total tax benefits, and 3) \$0.07 in gains on sale of assets

1Q09 excludes \$0.33 million loss from discontinued operations.

J.B. Hunt Transport Income Statement

(figures in \$ millions, except per share amounts)

| | | | | | | | | | | | 2009 | | | | 2010 | | | | 2011 | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|--------|--------|--------|---------|-------|-------|-------|---------|---------|-------|---------|---------|---------|---------|---------|-------|
| | 1998A | 1999A | 2000A | 2001A | 2002A | 2003A | 2004A | 2005A | 2006A | 2007A | 2008A | 1Q | 2Q | 3Q | 4Q | 2009A | 1Q | 2Q | 3Q | 4Q | 2010E | 1Q | 2Q | 3Q | 4Q | 2011E | 2012E | |
| Gross revenues | 1,841.6 | 2,045.1 | 2,160.4 | 2,100.3 | 2,247.9 | 2,433.5 | 2,786.2 | 3,127.9 | 3,328.0 | 3,489.9 | 3,731.9 | 722.8 | 780.1 | 833.7 | 877.0 | 3,213.6 | 844.7 | 942.8 | 986.0 | 1,015.3 | 3,788.7 | 928.3 | 1,036.0 | 1,100.7 | 1,133.1 | 4,198.0 | 4,635.6 | |
| % change y/y | 18.5% | 11.0% | 5.6% | -2.8% | 7.0% | 8.3% | 14.5% | 12.3% | 6.4% | 4.9% | 6.9% | -17.7% | -20.2% | -16.3% | -0.3% | -13.9% | 16.9% | 20.9% | 18.3% | 15.8% | 17.9% | 9.9% | 9.9% | 11.6% | 11.6% | 10.8% | 10.4% | |
| By segment: | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| JBT | 1,378.4 | 1,414.8 | 833.8 | 828.6 | 827.3 | 841.1 | 928.0 | 1,020.0 | 965.7 | 841.7 | 676.4 | 101.6 | 108.0 | 119.2 | 117.9 | 446.7 | 112.8 | 124.6 | 124.0 | 125.0 | 486.4 | 120.7 | 133.3 | 133.4 | 134.3 | 521.7 | 559.5 | |
| % change y/y | 19.5% | 2.6% | NM | -0.6% | -0.1% | 1.7% | 10.3% | 9.9% | -5.3% | -12.8% | -19.6% | -45.1% | -43.7% | -30.1% | -8.6% | -34.0% | 11.0% | 15.3% | 4.1% | 6.0% | 8.9% | 7.0% | 7.0% | 7.5% | 7.5% | 7.3% | 7.3% | |
| Operating ratio | 94.1% | 96.9% | 100.9% | 98.9% | 96.8% | 94.1% | 88.7% | 88.2% | 90.8% | 95.2% | 99.3% | 105.7% | 103.7% | 100.4% | 101.1% | 102.6% | 99.5% | 94.2% | 94.7% | 95.0% | 95.8% | 97.5% | 94.9% | 93.7% | 94.2% | 95.0% | 94.6% | |
| JBI | NA | NA | 681.1 | 740.5 | 809.1 | 936.3 | 1,115.1 | 1,284.3 | 1,430.1 | 1,652.8 | 1,951.7 | 391.5 | 431.6 | 456.0 | 491.8 | 1,770.8 | 468.6 | 525.5 | 559.0 | 577.9 | 2,131.1 | 515.5 | 578.1 | 626.1 | 647.2 | 2,366.9 | 2,615.5 | |
| % change y/y | NA | NA | NM | 8.7% | 9.3% | 15.7% | 19.1% | 15.2% | 11.4% | 15.6% | 18.1% | -10.4% | -13.0% | -14.2% | 0.9% | -9.3% | 19.7% | 21.8% | 22.6% | 17.5% | 20.3% | 10.0% | 10.0% | 12.0% | 12.0% | 11.1% | 10.5% | |
| Operating ratio | NA | NA | 94.6% | 94.3% | 93.3% | 90.3% | 88.1% | 88.2% | 87.2% | 85.6% | 87.0% | 89.4% | 89.5% | 89.1% | 89.1% | 89.3% | 89.9% | 88.7% | 89.2% | 89.0% | 89.2% | 89.0% | 89.0% | 88.1% | 87.6% | 88.0% | 88.1% | 87.4% |
| DCS | 211.9 | 320.2 | 478.6 | 548.8 | 628.3 | 671.2 | 759.6 | 844.1 | 915.2 | 936.6 | 927.0 | 179.4 | 177.9 | 196.8 | 206.4 | 760.6 | 207.9 | 228.6 | 232.4 | 241.5 | 910.4 | 230.8 | 253.7 | 262.6 | 272.9 | 1,020.1 | 1,132.3 | |
| % change y/y | 40.6% | 51.1% | 49.5% | 14.7% | 14.5% | 6.8% | 13.2% | 11.1% | 8.4% | 2.3% | -1.0% | -21.4% | -26.9% | -19.3% | -2.4% | -17.9% | 15.9% | 28.5% | 18.1% | 17.0% | 19.7% | 11.0% | 11.0% | 13.0% | 13.0% | 12.0% | 11.0% | |
| Operating ratio | 92.0% | 92.5% | 94.1% | 96.8% | 96.9% | 93.3% | 90.1% | 88.0% | 88.0% | 90.0% | 90.0% | 90.3% | 93.4% | 90.4% | 91.0% | 91.2% | 91.2% | 90.2% | 90.5% | 90.6% | 90.6% | 90.8% | 90.5% | 90.0% | 90.2% | 90.4% | 89.7% | |
| ICS/JBL⁽¹⁾⁽²⁾ | 317.3 | 387.9 | 230.0 | NA | NA | NA | NA | NA | NA | 91.6 | 209.2 | 56.5 | 68.1 | 67.7 | 66.8 | 259.1 | 61.2 | 69.9 | 76.9 | 76.9 | 284.8 | 67.3 | 76.9 | 84.6 | 84.6 | 313.3 | 352.4 | |
| % change y/y | NA | 22.3% | -40.7% | NA | NA | NA | NA | NA | NA | NA | 128.5% | 50.6% | 28.2% | 15.6% | 11.3% | 23.8% | 8.3% | 26.6% | 13.7% | 15.0% | 9.9% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 12.5% | |
| Operating ratio | 97.6% | 97.3% | 96.5% | NA | NA | NA | NA | NA | NA | 95.3% | 94.9% | 92.7% | 93.8% | 95.5% | 97.4% | 94.9% | 98.1% | 96.9% | 96.5% | 96.8% | 97.0% | 96.5% | 95.2% | 94.8% | 95.2% | 95.4% | 94.9% | |
| Operating expenses: | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salaries, wages and employee benefits | 642.9 | 713.4 | 769.4 | 790.2 | 818.3 | 791.8 | 830.0 | 855.3 | 887.4 | 888.6 | 859.6 | 192.3 | 192.9 | 203.4 | 209.5 | 798.3 | 208.3 | 228.2 | 237.4 | 246.6 | 920.5 | 226.5 | 249.9 | 263.7 | 272.5 | 1,012.6 | 1,110.0 | |
| Equity and purchased transportation | 619.9 | 689.6 | 694.8 | 604.5 | 698.5 | 799.2 | 932.1 | 1,058.4 | 1,124.7 | 1,235.4 | 1,479.2 | 299.4 | 336.6 | 365.1 | 397.1 | 1,398.1 | 374.8 | 419.5 | 446.7 | 453.7 | 1,694.6 | 416.6 | 459.8 | 485.1 | 501.3 | 1,862.7 | 2,041.9 | |
| Fuel and fuel taxes | 137.6 | 169.4 | 242.8 | 226.1 | 210.6 | 232.4 | 288.6 | 389.0 | 447.3 | 463.5 | 520.6 | 59.2 | 62.7 | 72.5 | 79.1 | 273.5 | 80.4 | 84.5 | 84.6 | 91.1 | 340.6 | 83.7 | 92.3 | 97.4 | 100.7 | 374.1 | 410.0 | |
| Depreciation and amortization | 140.4 | 149.0 | 134.4 | 142.8 | 145.8 | 150.2 | 149.8 | 163.0 | 183.6 | 205.1 | 202.3 | 47.4 | 47.1 | 47.1 | 47.5 | 189.0 | 48.0 | 49.1 | 49.8 | 53.4 | 200.3 | 49.0 | 54.1 | 57.1 | 59.0 | 219.1 | 240.2 | |
| Operating supplies and expenses | 97.3 | 125.7 | 130.9 | 145.9 | 130.9 | 119.3 | 124.2 | 132.9 | 145.8 | 155.9 | 158.2 | 35.6 | 38.7 | 40.4 | 37.2 | 151.9 | 36.0 | 38.6 | 39.9 | 41.4 | 155.9 | 38.0 | 42.0 | 44.3 | 45.8 | 170.0 | 186.4 | |
| Insurance and claims | 32.7 | 40.6 | 39.0 | 42.4 | 56.1 | 63.5 | 54.8 | 55.3 | 63.9 | 69.7 | 60.8 | 11.9 | 13.9 | 12.3 | 12.8 | 50.8 | 11.6 | 11.6 | 11.5 | 12.9 | 47.6 | 11.8 | 13.1 | 13.8 | 14.2 | 52.9 | 58.0 | |
| Operating taxes and licenses | 24.0 | 27.1 | 32.6 | 32.6 | 32.8 | 33.2 | 35.0 | 35.8 | 34.4 | 33.5 | 32.2 | 6.9 | 7.0 | 7.0 | 7.1 | 28.0 | 6.5 | 6.7 | 6.8 | 7.4 | 27.4 | 6.8 | 7.5 | 7.9 | 8.1 | 30.2 | 33.1 | |
| General and administrative expenses, net ⁽³⁾ | 26.1 | 34.7 | 28.6 | 19.3 | 30.0 | 34.7 | 35.0 | 45.5 | 32.3 | 39.8 | 38.3 | 8.5 | 19.4 | 10.2 | 9.3 | 47.4 | 6.7 | 8.8 | 9.1 | 9.2 | 33.8 | 8.4 | 9.3 | 9.8 | 10.2 | 37.8 | 41.4 | |
| Communications and utilities | 19.2 | 21.3 | 24.5 | 24.4 | 23.9 | 23.5 | 23.0 | 22.6 | 22.6 | 21.2 | 19.3 | 4.7 | 4.4 | 4.8 | 4.4 | 18.3 | 5.0 | 4.3 | 4.7 | 4.6 | 18.6 | 4.2 | 4.7 | 4.9 | 5.1 | 18.9 | 20.7 | |
| Total operating expenses | 1,740.1 | 1,970.8 | 2,097.0 | 2,028.1 | 2,146.9 | 2,247.8 | 2,472.4 | 2,757.8 | 2,942.0 | 3,112.7 | 3,370.4 | 665.8 | 722.7 | 762.8 | 804.0 | 2,955.4 | 777.2 | 851.4 | 890.5 | 920.3 | 3,439.5 | 845.0 | 932.6 | 984.0 | 1,016.8 | 3,778.4 | 4,141.9 | |
| Operating ratio | 94.5% | 96.4% | 97.1% | 96.6% | 95.5% | 92.4% | 88.7% | 88.2% | 88.4% | 89.2% | 90.3% | 92.1% | 92.6% | 91.5% | 91.7% | 92.0% | 92.0% | 90.3% | 90.3% | 90.6% | 90.8% | 91.0% | 90.0% | 89.4% | 89.7% | 90.0% | 89.3% | |
| EBIT | 101.5 | 74.3 | 63.4 | 72.2 | 101.0 | 185.6 | 313.7 | 370.1 | 386.0 | 377.2 | 361.5 | 57.0 | 57.4 | 71.0 | 72.9 | 258.3 | 67.4 | 91.3 | 95.5 | 95.0 | 349.3 | 83.3 | 103.4 | 116.7 | 116.3 | 419.7 | 493.8 | |
| % margin | 5.5% | 3.6% | 2.9% | 3.4% | 4.5% | 7.6% | 11.3% | 11.8% | 11.6% | 10.8% | 9.7% | 7.9% | 7.4% | 8.5% | 8.3% | 8.0% | 8.0% | 9.7% | 9.7% | 9.4% | 9.2% | 9.0% | 10.0% | 10.6% | 10.3% | 10.0% | 10.7% | |
| EBITDA | 241.9 | 223.3 | 197.8 | 215.0 | 246.8 | 335.9 | 463.5 | 533.2 | 569.6 | 582.3 | 563.8 | 104.4 | 104.5 | 118.1 | 120.4 | 447.3 | 115.5 | 140.5 | 145.3 | 148.4 | 549.6 | 132.3 | 157.5 | 173.8 | 175.2 | 638.8 | 734.0 | |
| % margin | 13.1% | 10.9% | 9.2% | 10.2% | 11.0% | 13.8% | 16.6% | 17.0% | 17.1% | 16.7% | 15.1% | 14.4% | 13.4% | 14.2% | 13.7% | 13.9% | 13.7% | 14.9% | 14.7% | 14.6% | 14.5% | 14.3% | 15.2% | 15.8% | 15.5% | 15.2% | 15.8% | |
| Interest income (expense), net | (28.7) | (28.3) | (25.7) | (27.0) | (24.8) | (17.2) | (5.5) | (5.6) | (15.2) | (39.5) | (34.4) | (6.8) | (7.5) | (6.3) | (6.8) | (27.4) | (6.5) | (6.6) | (6.7) | (6.7) | (26.5) | (6.2) | (6.0) | (5.6) | (5.1) | (22.9) | (17.0) | |
| Equity in earnings (loss) of associated companies | 1.5 | 3.1 | 4.8 | (2.1) | (1.4) | (0.7) | (2.5) | (4.7) | (3.2) | (1.2) | (1.7) | (0.6) | (0.2) | 0.2 | 4.1 | 3.5 | 0.0 | 0.0 | 0.0 | (0.5) | (0.5) | (0.5) | (0.5) | (0.5) | (2.0) | (2.0) | | |
| Other income (expense), net | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Profit before tax | 74.3 | 49.1 | 42.4 | 43.1 | 74.8 | 167.7 | 305.8 | 359.9 | 367.6 | 336.4 | 325.3 | 49.6 | 49.7 | 64.9 | 70.2 | 234.4 | 60.9 | 84.7 | 88.8 | 87.7 | 322.2 | 76.6 | 96.9 | 110.6 | 110.6 | 394.7 | 474.8 | |
| % margin | 4.0% | 2.4% | 2.0% | 2.1% | 3.3% | 6.9% | 11.0% | 11.5% | 11.0% | 9.6% | 8.7% | 6.9% | 6.4% | 7.8% | 8.0% | 7.3% | 7.2% | 9.0% | 9.0% | 8.6% | 8.5% | 8.2% | 9.4% | 10.1% | 9.8% | 9.4% | 10.2% | |
| Tax rate⁽⁴⁾ | 37.0% | 35.0% | 15.0% | 23.5% | 30.8% | 38.5% | 40.5% | 37.9% | 37.9% | 38.1% | 37.7% | 38.0% | 38.9% | 38.4% | 40.7% | 39.1% | 38.5% | 38.5% | 38.5% | 38.5% | 38.5% | 38.5% | 38.5% | 38.5% | 38.5% | 38.5% | 38.5% | |
| Net income (loss) from continuing operations | 46.8 | 31.9 | 36.1 | 32.9 | 51.8 | 103.2 | 181.9 | 223.4 | 228.4 | 208.3 | 202.6 | 30.8 | 30.3 | 40.0 | 41.7 | 142.7 | 37.5 | 52.1 | 54.6 | 54.0 | 198.2 | 47.1 | 59.6 | 68.0 | 68.0 | 242.8 | 292.0 | |
| Extraordinary item (net of tax) ⁽⁵⁾⁻⁽¹⁴⁾ | 0.0 | 0.0 | 0.0 | (10.2) | 0.0 | (7.7) | (35.7) | (16.1) | (8.5) | 4.9 | (2.0) | 0.0 | (6.3) | 0.0 | 0.0 | (6.3) | 0.0 | 0.0 | (2.5) | 0.0 | (2.5) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Net income | 46.8 | 31.9 | 36.1 | 22.7 | 51.8 | 95.5 | 146.3 | 207.3 | 220.0 | 213.1 | 200.6 | 30.8 | 24.0 | 40.0 | 41.7 | 136.4 | 37.5 | 52.1 | 52.2 | 54.0 | 195.7 | 47.1 | 59.6 | 68.0 | 68.0 | 242.8 | 292.0 | |
| % margin | 2.5% | 1.6% | 1.7% | 1.1% | 2.3% | 3.9% | 5.2% | 6.6% | 6.6% | 6.1% | 5.4% | 4.3% | 3.1% | 4.8% | 4.8% | 4.2% | 4.4% | 5.5% | 5.3% | 5.3% | 5.2% | 5.1% | 5.8% | 6.2% | 6.0% | 5.8% | 6.3% | |
| Average shares outstanding - diluted | 146.4 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | |

Norfolk Southern Income Statement

(figures in \$ millions, except per share amounts)

| | 2009 | | | | | | | | | 2010 | | | | 2011 | | | | 2011E | 2012E | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------|
| | 2009A | 2010A | 2010E | 2011E | 2012E | 2013E | 2014E | 2015E | 2016E | 2017E | 2018E | 2019E | 2020E | 2021E | 2022E | | | | | | | | | | |
| Operating Revenue | | | | | | | | | | | | | | | | | | | | | | | | | |
| Coal | 1,435 | 1,521 | 1,441 | 1,500 | 1,728 | 2,060 | 2,330 | 2,315 | 3,111 | 602 | 511 | 571 | 580 | 2,264 | 629 | 696 | 709 | 717 | 2,751 | 680 | 738 | 760 | 768 | 2,946 | 3,192 |
| % change y/y | 8.5% | 6.0% | -5.3% | 4.1% | 15.2% | 19.2% | 13.1% | -0.6% | 34.4% | -9.1% | -34.1% | -34.8% | -27.3% | -27.2% | 4.5% | 36.2% | 24.2% | 23.6% | 21.5% | 8.1% | 6.1% | 7.2% | 7.1% | 8.4% | |
| General Merchandise: | | | | | | | | | | | | | | | | | | | | | | | | | |
| Automotive | 921 | 885 | 961 | 936 | 954 | 997 | 974 | 948 | 823 | 112 | 110 | 136 | 169 | 527 | 159 | 166 | 163 | 164 | 652 | 177 | 181 | 177 | 179 | 714 | |
| % change y/y | 23.5% | -3.9% | 8.6% | -2.6% | 1.9% | 4.5% | -2.3% | -2.7% | -13.2% | -50.9% | -51.5% | -26.5% | -7.7% | -36.0% | 42.0% | 50.9% | 19.9% | -2.7% | 23.8% | 11.1% | 9.1% | 8.6% | 8.7% | 9.4% | |
| Chemicals | 756 | 752 | 769 | 774 | 864 | 973 | 1,076 | 1,166 | 1,238 | 236 | 245 | 297 | 278 | 1,056 | 314 | 334 | 340 | 311 | 1,299 | 339 | 362 | 371 | 339 | 1,412 | |
| % change y/y | 17.9% | -0.5% | 2.3% | 0.7% | 11.6% | 12.6% | 10.6% | 8.4% | 6.2% | -22.6% | -23.9% | -11.9% | 1.5% | -14.7% | 33.1% | 36.3% | 14.5% | 11.8% | 23.0% | 8.1% | 8.4% | 9.0% | 9.2% | 8.7% | |
| Metals/Construction | 689 | 674 | 692 | 699 | 818 | 978 | 1,168 | 1,149 | 1,251 | 183 | 171 | 205 | 186 | 745 | 232 | 279 | 264 | 235 | 1,010 | 252 | 298 | 287 | 255 | 1,092 | |
| % change y/y | 21.5% | -2.2% | 2.7% | 1.0% | 17.0% | 19.6% | 19.4% | -1.6% | 8.9% | -40.0% | -51.4% | -42.6% | -21.5% | -40.4% | 26.8% | 63.2% | 28.8% | 26.4% | 35.6% | 8.8% | 6.8% | 8.6% | 8.7% | 8.2% | |
| Agriculture/Consumer products/Government | 609 | 612 | 623 | 686 | 727 | 845 | 997 | 1,047 | 1,282 | 278 | 287 | 296 | 320 | 1,181 | 325 | 322 | 331 | 353 | 1,331 | 350 | 346 | 357 | 380 | 1,433 | |
| % change y/y | 13.0% | 0.5% | 1.8% | 10.1% | 6.0% | 16.2% | 18.0% | 5.0% | 22.4% | -7.0% | -12.0% | -12.4% | 0.3% | -7.9% | 16.9% | 12.2% | 11.8% | 10.2% | 12.7% | 7.7% | 7.5% | 7.8% | 7.6% | 7.7% | |
| Paper/Clay/Forest | 630 | 603 | 603 | 634 | 684 | 793 | 891 | 860 | 898 | 166 | 165 | 169 | 166 | 666 | 169 | 182 | 185 | 177 | 713 | 181 | 196 | 199 | 191 | 766 | |
| % change y/y | 9.0% | -4.3% | 0.0% | 5.1% | 7.9% | 15.9% | 12.4% | -3.5% | 4.4% | -22.8% | -28.6% | -29.9% | -21.3% | -25.8% | 1.8% | 10.3% | 9.5% | 6.9% | 7.1% | 6.8% | 7.5% | 7.7% | 7.6% | 7.4% | |
| Intermodal | 1,119 | 1,123 | 1,181 | 1,239 | 1,537 | 1,826 | 1,971 | 1,921 | 2,058 | 366 | 368 | 389 | 407 | 1,530 | 410 | 451 | 464 | 476 | 1,801 | 438 | 482 | 500 | 512 | 1,932 | |
| % change y/y | 31.8% | 0.4% | 5.2% | 4.9% | 24.1% | 18.8% | 7.9% | -2.5% | 7.1% | -24.7% | -30.8% | -30.5% | -15.2% | -25.7% | 12.0% | 22.6% | 19.3% | 17.0% | 17.7% | 6.9% | 6.8% | 7.7% | 7.6% | 7.5% | |
| Gross revenues | 6,159 | 6,170 | 6,270 | 6,468 | 7,312 | 8,472 | 9,407 | 9,406 | 10,661 | 1,943 | 1,857 | 2,063 | 2,106 | 7,969 | 2,238 | 2,430 | 2,456 | 2,433 | 9,557 | 2,418 | 2,603 | 2,650 | 2,624 | 10,295 | |
| % change y/y | 17.5% | 0.2% | 1.6% | 3.2% | 13.0% | 15.9% | 11.0% | 0.0% | 13.3% | -22.3% | -32.8% | -28.7% | -15.8% | -25.3% | 15.2% | 30.9% | 19.0% | 15.5% | 19.9% | 8.0% | 7.1% | 7.9% | 7.8% | 8.2% | |
| Operating expenses: | | | | | | | | | | | | | | | | | | | | | | | | | |
| Compensation and benefits | 2,234 | 2,014 | 2,022 | 2,168 | 2,272 | 2,473 | 2,637 | 2,561 | 2,684 | 639 | 551 | 598 | 613 | 2,401 | 699 | 670 | 680 | 679 | 2,728 | 742 | 742 | 749 | 750 | 2,984 | |
| Materials, services, and rents | 1,445 | 1,444 | 1,457 | 1,427 | 1,601 | 1,809 | 2,021 | 1,642 | 1,700 | 355 | 334 | 352 | 362 | 1,403 | 335 | 374 | 377 | 377 | 1,463 | 360 | 364 | 370 | 366 | 1,460 | |
| Conrail rents and services | 478 | 421 | 412 | 419 | 319 | 129 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Depreciation | 503 | 514 | 515 | 513 | 598 | 774 | 738 | 775 | 804 | 207 | 207 | 210 | 213 | 837 | 204 | 204 | 204 | 206 | 818 | 216 | 218 | 221 | 220 | 875 | |
| Fuel | 478 | 412 | 342 | 380 | 449 | 727 | 977 | 1,169 | 1,638 | 159 | 153 | 192 | 221 | 725 | 254 | 258 | 259 | 276 | 1,047 | 268 | 274 | 279 | 279 | 1,100 | |
| Casualties and other claims | 142 | 143 | 171 | 181 | 151 | 163 | 220 | 40 | 52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Other | 246 | 215 | 193 | 209 | 220 | 254 | 257 | 669 | 686 | 200 | 144 | 149 | 148 | 641 | 191 | 191 | 190 | 190 | 762 | 202 | 204 | 204 | 206 | 816 | |
| Total operating expenses | 5,526 | 5,163 | 5,112 | 5,297 | 5,610 | 6,329 | 6,850 | 6,856 | 7,564 | 1,560 | 1,389 | 1,501 | 1,557 | 6,007 | 1,683 | 1,697 | 1,710 | 1,728 | 6,818 | 1,789 | 1,801 | 1,823 | 1,821 | 7,235 | |
| Operating ratio | 89.7% | 83.7% | 81.5% | 81.9% | 76.7% | 74.7% | 72.8% | 72.9% | 71.0% | 80.3% | 74.8% | 72.8% | 73.9% | 75.4% | 75.2% | 69.8% | 69.6% | 71.0% | 71.3% | 74.0% | 69.2% | 68.8% | 69.4% | 70.3% | |
| EBIT | 633 | 1,007 | 1,158 | 1,171 | 1,702 | 2,143 | 2,557 | 2,550 | 3,097 | 383 | 468 | 562 | 549 | 1,962 | 555 | 733 | 746 | 705 | 2,739 | 629 | 802 | 827 | 803 | 3,060 | |
| % margin | 10.3% | 16.3% | 18.5% | 18.1% | 23.3% | 25.3% | 27.2% | 27.1% | 29.0% | 19.7% | 25.2% | 27.2% | 26.1% | 24.6% | 24.8% | 30.2% | 30.4% | 29.0% | 28.7% | 26.0% | 30.8% | 31.2% | 30.6% | 29.7% | |
| EBITDA | 1,136 | 1,521 | 1,673 | 1,684 | 2,300 | 2,917 | 3,295 | 3,325 | 3,901 | 590 | 675 | 772 | 762 | 2,799 | 759 | 937 | 950 | 911 | 3,557 | 845 | 1,020 | 1,047 | 1,023 | 3,935 | |
| % margin | 18.4% | 24.7% | 26.7% | 26.0% | 31.5% | 34.4% | 35.0% | 35.3% | 36.6% | 30.4% | 36.3% | 37.4% | 36.2% | 35.1% | 33.9% | 38.6% | 38.7% | 37.4% | 37.2% | 35.0% | 39.2% | 39.5% | 39.0% | 38.2% | |
| Interest expense | 551 | 553 | 518 | 497 | 489 | 494 | 476 | 441 | 444 | 117 | 113 | 118 | 119 | 467 | 119 | 115 | 113 | 114 | 461 | 114 | 114 | 114 | 114 | 458 | |
| Interest (income) and other (income) expense, net | (168) | (99) | (66) | (31) | (36) | (74) | (149) | (93) | (110) | (17) | (36) | (37) | (37) | (127) | (20) | (17) | (81) | (25) | (143) | (25) | (25) | (25) | (26) | (101) | |
| Profit before tax | 250 | 553 | 706 | 705 | 1,249 | 1,723 | 2,230 | 2,202 | 2,763 | 283 | 391 | 481 | 467 | 1,622 | 456 | 635 | 714 | 616 | 2,421 | 539 | 712 | 738 | 714 | 2,703 | |
| % margin | 4.1% | 9.0% | 11.3% | 10.9% | 17.1% | 20.3% | 23.7% | 23.4% | 25.9% | 14.6% | 21.1% | 23.3% | 22.2% | 20.4% | 20.4% | 26.1% | 29.1% | 25.3% | 25.3% | 22.3% | 27.4% | 27.8% | 27.2% | 26.3% | |
| Tax rate | 31.2% | 34.5% | 34.8% | 24.8% | 30.3% | 30.4% | 33.6% | 33.7% | 37.6% | 37.5% | 36.8% | 37.0% | 34.3% | 36.3% | 37.7% | 38.3% | 37.7% | 38.0% | 37.9% | 37.5% | 37.5% | 37.5% | 37.5% | 37.5% | |
| Net income (loss) from continuing operations | 172 | 362 | 460 | 530 | 870 | 1,200 | 1,482 | 1,460 | 1,724 | 177 | 247 | 303 | 307 | 1,034 | 284 | 392 | 445 | 382 | 1,503 | 337 | 445 | 461 | 446 | 1,690 | |
| Non recurring items ⁽¹⁾⁻⁽⁶⁾ | 0 | 13 | 0 | 5 | 53 | 81 | 0 | 4 | (8) | 0 | 0 | 0 | 0 | 0 | (27) | 0 | 0 | 0 | (27) | 0 | 0 | 0 | 0 | 0 | |
| Net income | 172 | 375 | 460 | 535 | 923 | 1,281 | 1,482 | 1,464 | 1,716 | 177 | 247 | 303 | 307 | 1,034 | 257 | 392 | 445 | 382 | 1,476 | 337 | 445 | 461 | 446 | 1,690 | |
| Average shares outstanding - diluted | 383.0 | 386.0 | 388.2 | 389.8 | 395.3 | 412.3 | 414.7 | 397.8 | 380.0 | 371.1 | 371.4 | 372.5 | 373.3 | 372.1 | 374.9 | 375.1 | 371.6 | 369.8 | 372.9 | 367.4 | 364.7 | 362.3 | 360.1 | 363.6 | |
| EPS - diluted (continuing operations) | \$0.45 | \$0.94 | \$1.18 | \$1.35 | \$2.18 | \$2.91 | \$3.57 | \$3.67 | \$4.54 | \$0.47 | \$0.66 | \$0.81 | \$0.82 | \$2.77 | \$0.75 | \$1.04 | \$1.19 | \$1.03 | \$4.03 | \$0.92 | \$1.22 | \$1.27 | \$1.24 | \$4.65 | |
| % change y/y | -16.6% | 108.8% | 26.4% | 13.9% | 61.5% | 33.5% | 22.8% | 2.7% | 23.6% | -39.6% | -44.1% | -40.5% | -32.2% | -39.0% | 59.6% | 57.6% | 46.3% | 25.5% | 45.7% | 22.3% | 17.3% | 7.0% | 20.1% | 15.3% | |
| EPS - diluted | \$0.45 | \$0.97 | \$1.18 | \$1.37 | \$2.32 | \$3.11 | \$3.57 | \$3.68 | \$4.52 | \$0.47 | \$0.66 | \$0.81 | \$0.82 | \$2.77 | \$0.68 | \$1.04 | \$1.19 | \$1.03 | \$3.96 | \$0.92 | \$1.22 | \$1.27 | \$1.24 | \$4.65 | |
| % change y/y | -16.6% | 116.3% | 22.0% | 15.8% | 69.1% | 33.8% | 15.0% | 3.0% | 22.7% | -38.0% | -44.1% | -40.5% | -32.2% | -38.8% | 44.7% | 57.6% | 46.3% | 25.5% | 43.1% | 34.8% | 17.3% | 7.0% | 20.1% | 18.4% | |

- (1) 2Q05 results exclude additional revenue and expenses associated with coal rate case settlements (approximately \$55 million in revenue, \$35 million in operating income and \$24 million in net income)
- (2) 2Q05 results also exclude roughly \$2 million in nonrecurring expenses related to 1Q05 derailment in Graniteville, SC, and exclude a \$96 million tax benefit from a change in Ohio state tax law
- (3) 3Q05 results exclude an estimated \$17.9 million in pre-tax charges related to an unfavorable jury verdict, as well as the portion of the company's self-insured retention (estimated at \$5.95 million) related to damages caused by hurricane Katrina. Both items are excluded on the Casualties and other claims line, and are added back, post-tax, in the non-recurring items line.
- (4) 3Q07 results exclude a \$19 million non-cash charge related to an income tax law modification in the state of Illinois.
- (5) 4Q07 results exclude a \$26 million one-time benefit related to a contract settlement.
- (6) 1Q10 results exclude a \$27 million one-time deferred tax expense related to the passage of

Source: Company data and Stifel Nicolaus estimates

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