

Morgan Stanley & Co. Incorporated **William J. Greene, CFA**
William.Greene@morganstanley.com
+1 212 761 8017

Adam Longson, CFA, CPA
Adam.Longson@morganstanley.com
+1 212 761 4061

June 17, 2011

Industry View
Attractive

Freight Transportation

Morgan Stanley Proprietary TL Freight Index Update

Proprietary Truckload (TL) Freight Index Update:

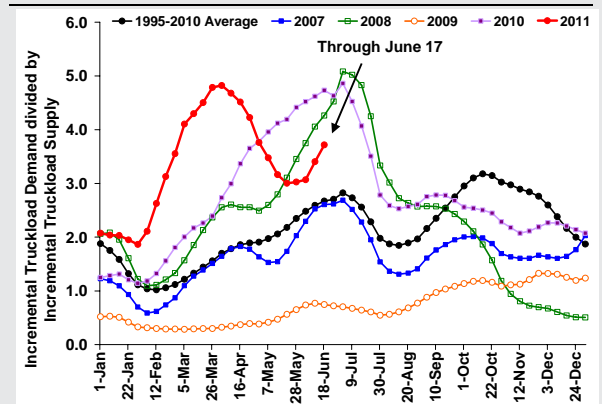
This report provides a periodic update of real-time changes in the TL supply/demand balance as measured by our proprietary TL Freight Index.

What's New: Our Truckload Freight Index has shown notable improvement over the past two weeks, even better than seasonality would suggest. As a result, our seasonally adjusted index has posted sequential improvement over the past two weeks.

Improving demand suggests growth concerns may be overdone. The latest trends in our index suggest freight demand may be starting to grow again after a brief pause in March and April. Although less real-time, the latest rail traffic data seems to corroborate this recovery as do recent carrier comments about demand trends in June. Many past inflection periods in our index have led surprises in consumer confidence or economic data, so a sustained recovery in our index may portend stronger macro trends ahead. While TL would benefit in such a scenario, strong volume growth would likely be more beneficial for more levered transport plays like parcel and rail. Moreover, we continue to worry about cost inflation pressures and a growing Class 8 backlog for TL while we see positive cyclical and secular trends in both rail and parcel.

Growing truckload employment could be a catalyst for wage inflation. According to the BLS, general long-distance truckload production and non-supervisory employment (essentially TL drivers) grew 1% and 2% year-over-year in March and April respectively. These were the first year-over-year increases in TL driver employment since the summer of 2007. Driver turnover remains low and driver wage inflation has been relatively modest thus far; however, if carriers are now looking to add drivers and recent Class 8 orders begin to translate into deliveries, we should begin to see upward pressure on driver demand, and thereby wages and turnover. In other words, the growth in driver employment could mark an inflection point for driver wage inflation, particularly if GDP remains firm.

Morgan Stanley Dry-Van Only Truckload (TL) Freight Index*



The index measures incremental demand for Dry-Van Truckload services compared to incremental supply. When a given reading is above prior years' level it means there is more freight demand relative to available capacity. When a given reading is below prior years' level, it means that there is less freight demand relative to capacity. Source: Morgan Stanley Research

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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

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Assessing the Long-Run Supply-Demand Dynamic

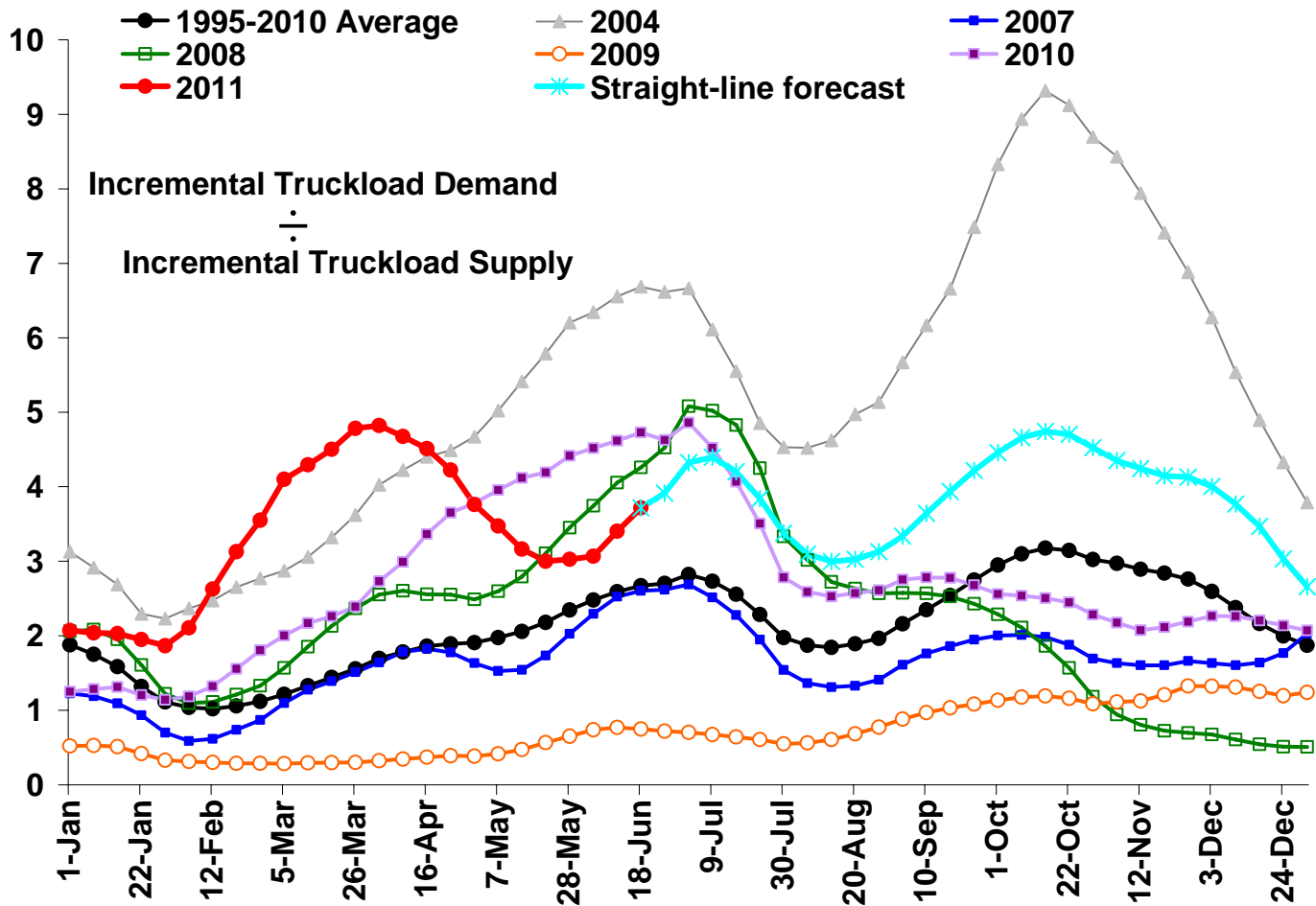
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Exhibit 1

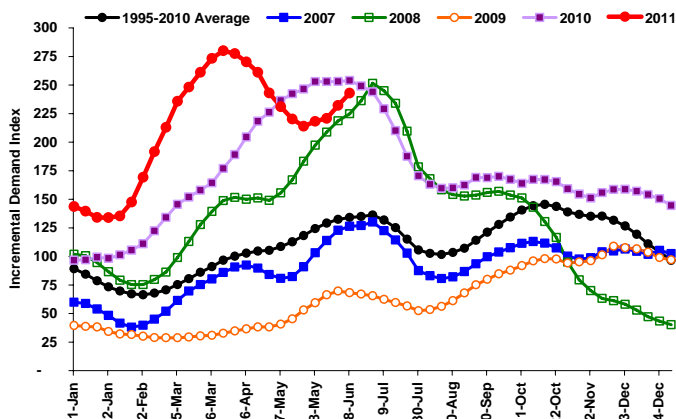
Morgan Stanley Dry Van ONLY Truckload Freight Index and Straight-Line Forecast



The index measures the incremental demand for Dry-Van Truckload services compared to the incremental supply. When a given reading is above prior years' level, it means there is more freight demand relative to available capacity. When a given reading is below prior years' level, it means there is less freight demand relative to capacity. Source: Morgan Stanley Research

Exhibit 2

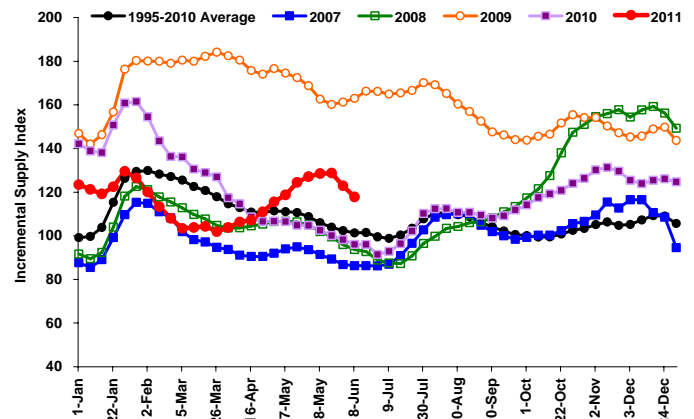
Morgan Stanley Dry Van Truckload Incremental Demand Index



This index measures the incremental demand for Dry-Van Truckload services; the index represents the numerator of our Dry-Van TL Freight Index. Source: Morgan Stanley Research

Exhibit 3

Morgan Stanley Dry Van Truckload Incremental Supply Index

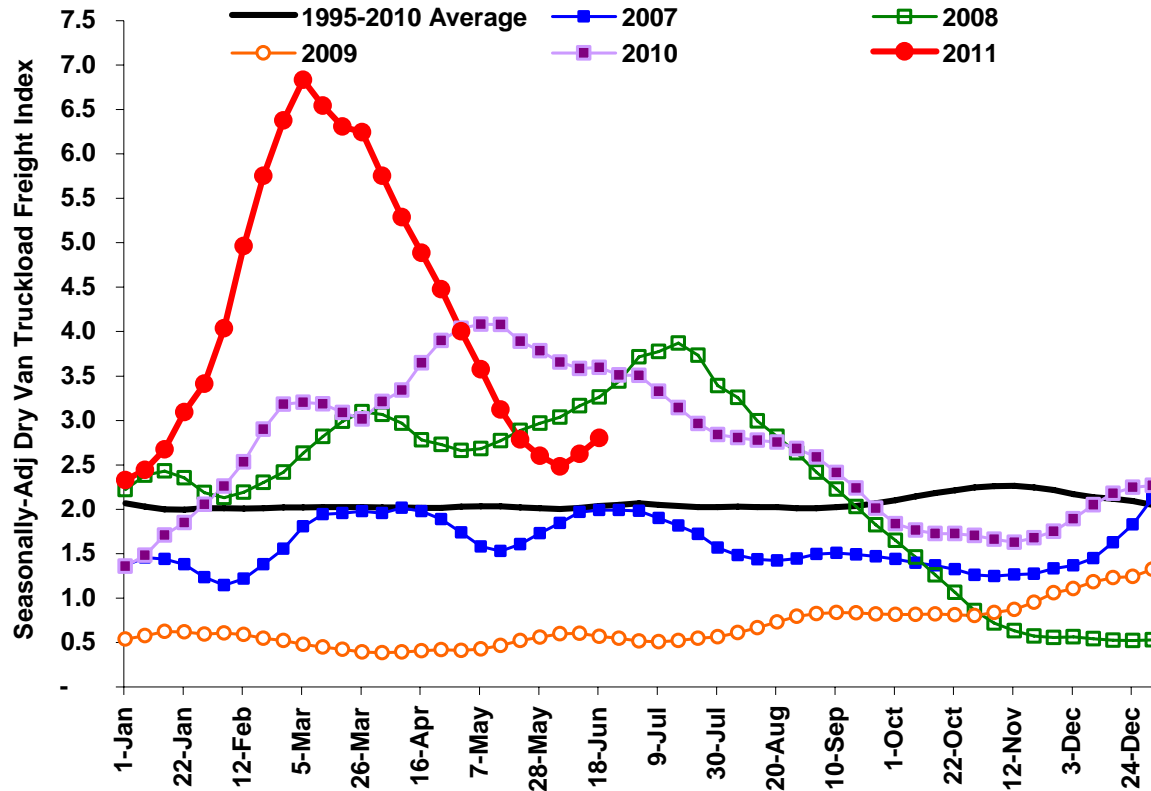


This index measures the incremental supply for Dry-Van Truckload services; the index represents the denominator of our TL Freight Index. Source: Morgan Stanley Research

Morgan Stanley Seasonally Adjusted Dry Van Truckload Freight Index

Exhibit 4

Morgan Stanley Seasonally Adjusted Dry-Van ONLY Truckload Freight Index

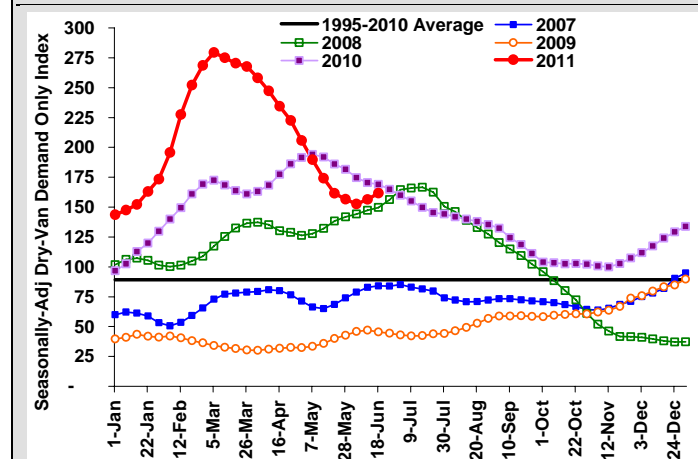


History		1995 - 2011	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
SA TLFI	Median	1.50	1.40	1.36	1.50	1.49	1.01	1.50	2.11	5.01	4.23	3.05	1.51	2.52	0.60	2.76	4.00
	Max	8.83	2.45	2.00	2.52	2.06	1.99	1.88	3.37	6.52	8.83	6.09	2.12	3.89	1.32	4.12	6.87
	Min	0.38	1.22	1.14	1.18	1.18	0.86	0.80	1.17	3.16	3.24	1.24	1.14	0.52	0.38	1.36	2.33
SA Dry Van Demand	Median	88	72	80	92	88	63	77	91	148	139	101	72	118	44	141	203
	Max	280	107	100	124	123	117	94	113	163	201	173	95	167	90	195	280
	Min	29	65	70	76	77	54	50	67	112	108	54	50	37	30	97	144
SA Dry Van Supply	Median	100	103	117	123	123	125	104	88	59	63	66	88	94	146	106	100
	Max	167	108	126	129	132	137	127	115	73	69	87	110	149	167	142	123
	Min	46	85	100	96	108	115	93	66	50	46	57	79	86	134	91	81

The index measures the incremental demand for Dry-Van Truckload services compared to the incremental supply. When a given reading is above prior years' level, it means there is more freight demand relative to available capacity. Source: Morgan Stanley Research

Exhibit 5

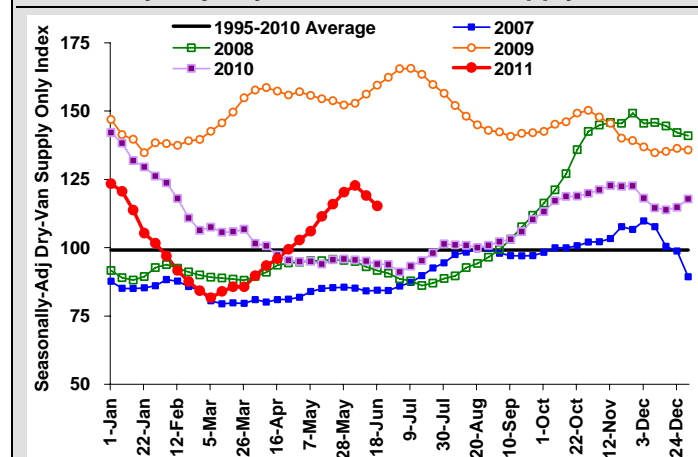
Seasonally Adj. Dry-Van Incremental Demand Index



This index measures the incremental demand for Dry-Van Truckload services; the index represents the numerator of our Dry-Van Truckload Freight Index. Source: Morgan Stanley Research

Exhibit 6

Seasonally Adj. Dry-Van Incremental Supply Index

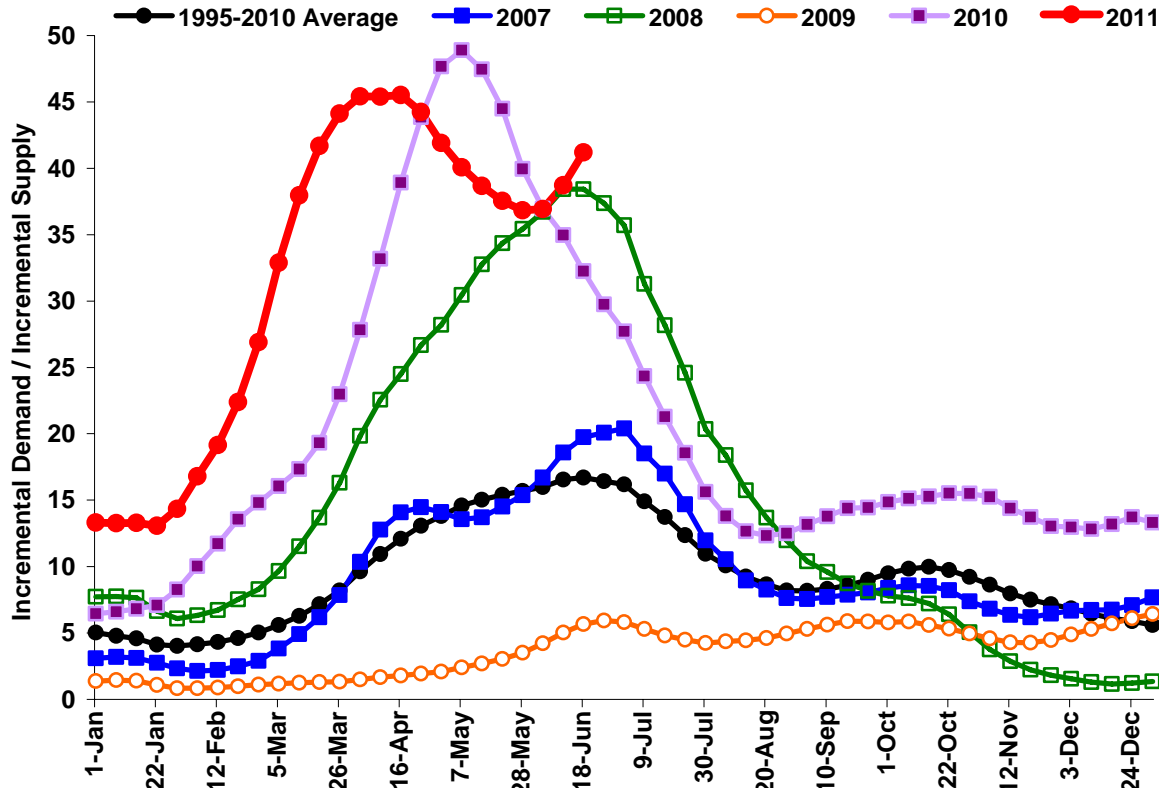


This index measures the incremental supply for Dry-Van Truckload services; the index represents the denominator of our Truckload Freight Index. Source: Morgan Stanley Research

Morgan Stanley Flatbed Truckload Freight Index

Exhibit 7

Morgan Stanley Flatbed Truckload Freight Index

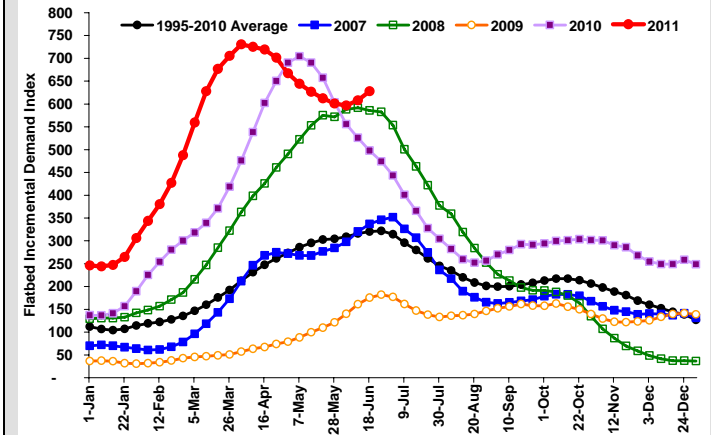


Flatbed History		1995 - 2011	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Flatbed TLF ¹	Median	8.86	3.9	3.6	4.1	3.3	3.7	4.6	11.8	25.1	23.9	13.2	8.0	10.1	4.4	15.1	37.2
	Max	48.90	4.9	6.6	6.3	6.2	8.4	10.5	15.2	47.8	45.0	31.2	20.5	38.6	6.4	48.9	45.7
	Min	0.83	1.7	2.0	1.8	2.0	1.3	1.0	2.0	7.6	9.0	2.9	2.1	1.1	0.8	6.4	13.1
Flatbed Demand	Median	172	130	151	178	161	157	172	290	434	404	264	171	223	129	300	606
	Max	732	156	214	235	256	305	323	338	652	601	480	354	594	183	705	732
	Min	31	59	81	81	87	61	54	73	168	200	70	61	37	31	126	225
Flatbed Supply	Median	76	106	125	136	150	135	116	76	54	54	62	67	67	96	62	51
	Max	186	128	163	178	164	186	176	135	85	76	82	89	107	122	73	67
	Min	39	94	100	117	127	114	92	68	43	42	47	53	48	69	45	48

The index measures the incremental demand for Flatbed Truckload services compared to the incremental supply. When a given reading is above prior years' level, it means there is more freight demand relative to available capacity. When a given reading is below prior years' level, it means there is less freight demand relative to capacity. Source: Morgan Stanley Research

Exhibit 8

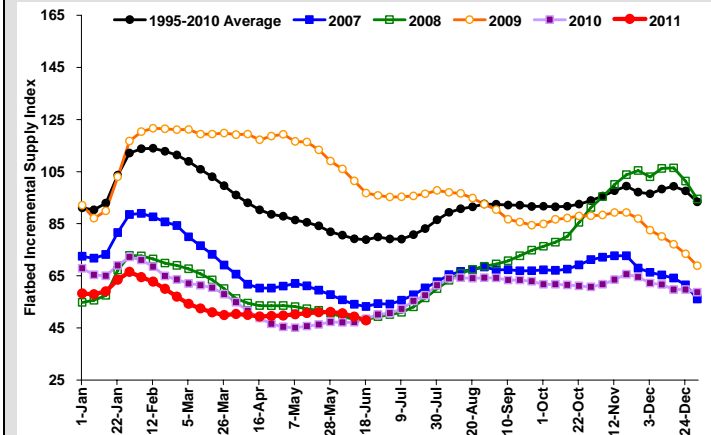
Flatbed Incremental Demand Index



This index measures the incremental demand for Flatbed Truckload services; the index represents the numerator of our Flatbed TL Freight Index. Source: Morgan Stanley Research

Exhibit 9

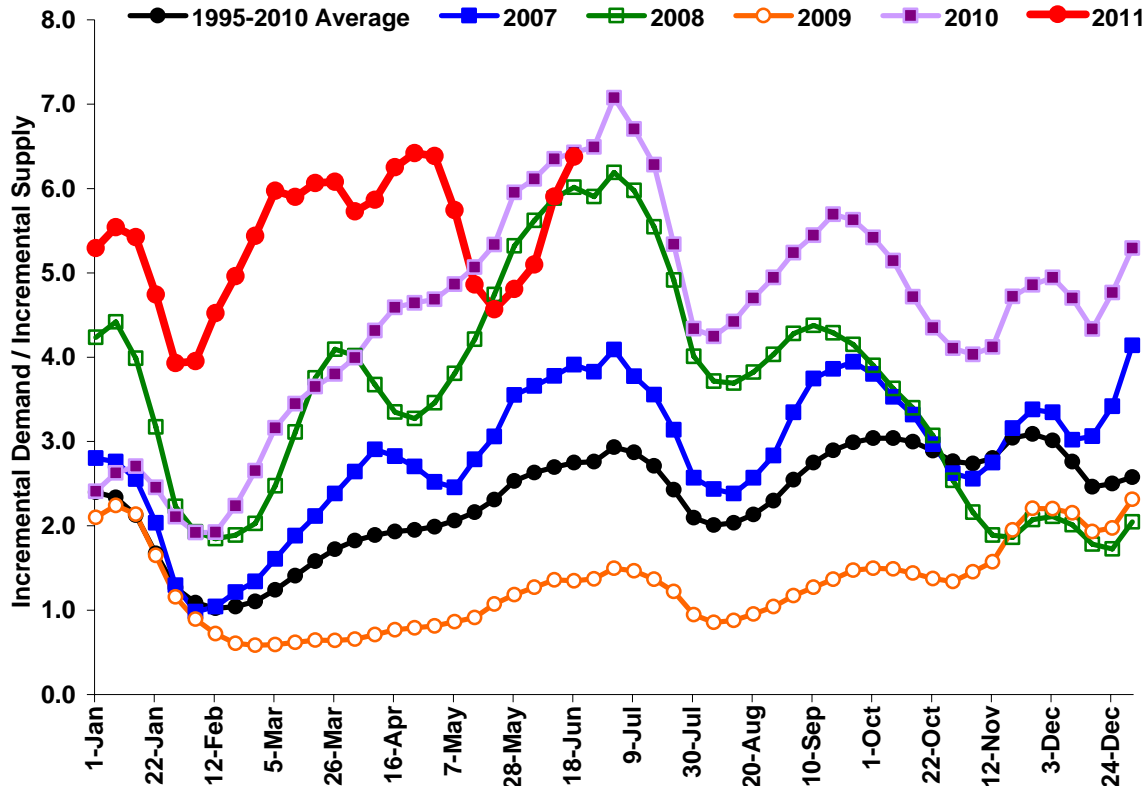
Flatbed Incremental Supply Index



This index measures the incremental supply for Flatbed Truckload services; the index represents the denominator of our Flatbed TL Freight Index. Source: Morgan Stanley Research

Morgan Stanley Refrigerated Truckload Freight Index

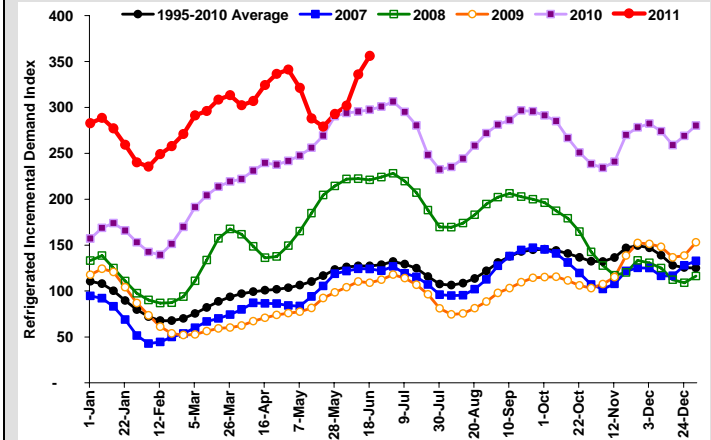
Exhibit 10
Morgan Stanley Refrigerated Truckload Freight Index



Reefer History		1995 - 2011	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Reefer TLF _I	Median	2.43	1.28	1.32	1.36	1.44	1.39	1.72	1.98	3.83	4.18	3.02	2.87	3.74	1.30	4.63	5.52
	Max	8.91	2.70	1.93	2.76	1.91	2.05	2.37	4.16	6.49	8.91	6.11	4.14	6.19	2.31	7.07	6.46
	Min	0.41	0.65	0.58	0.69	0.65	0.61	0.41	0.55	1.92	1.93	1.39	0.97	1.68	0.59	1.88	3.75
Reefer Demand	Median	110	84	97	107	121	110	117	117	155	127	96	106	162	103	254	293
	Max	356	150	131	174	153	142	152	187	228	200	152	147	229	153	314	356
	Min	28	52	56	68	71	66	44	50	107	90	56	43	87	52	139	233
Reefer Supply	Median	98	111	127	134	144	136	120	98	69	50	55	64	76	138	94	91
	Max	191	138	165	169	187	191	181	153	100	83	69	75	111	163	127	106
	Min	37	93	100	104	125	117	104	76	58	37	42	51	54	99	75	83

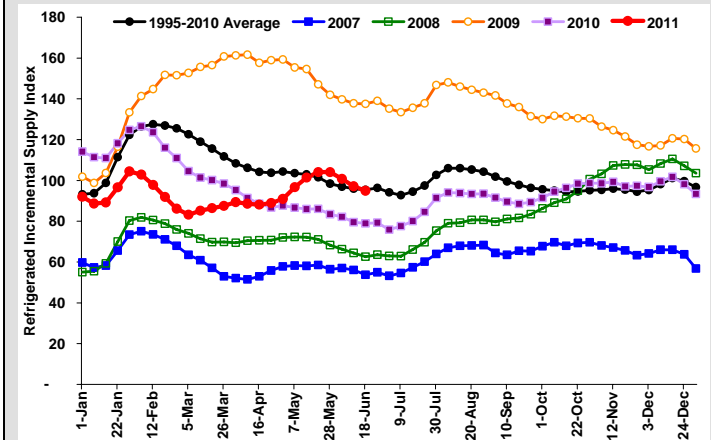
The index measures the incremental demand for Refrigerated Truckload services compared to the incremental supply. When a given reading is above prior years' level, it means there is more freight demand relative to available capacity. When a given reading is below prior years' level, it means there is less freight demand relative to capacity. Source: Morgan Stanley Research

Exhibit 11
Refrigerated Incremental Demand Index



This index measures the incremental demand for Refrigerated Truckload services; the index represents the numerator of our Refrigerated TL Freight Index. Source: Morgan Stanley Research

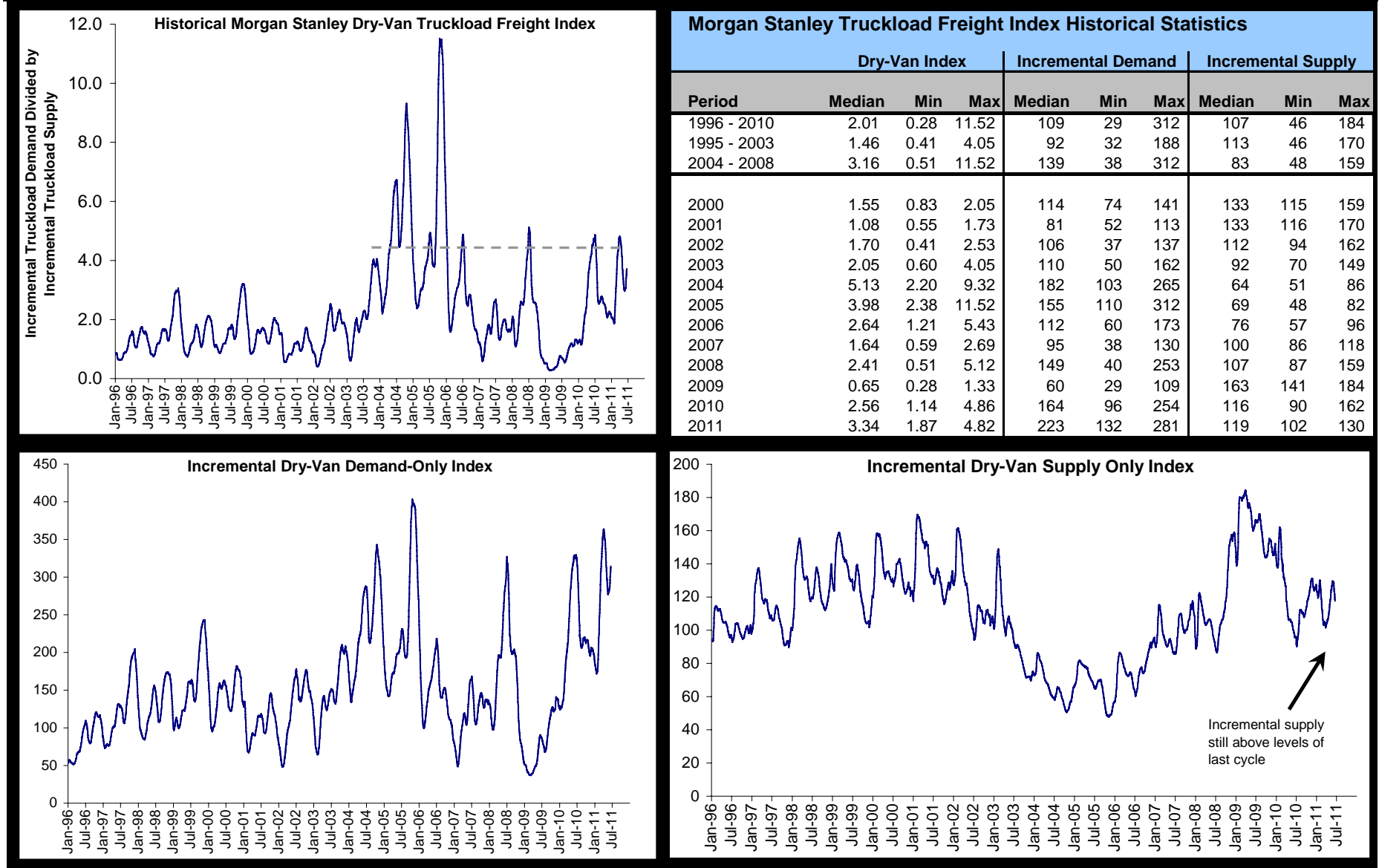
Exhibit 12
Refrigerated Incremental Supply- Index



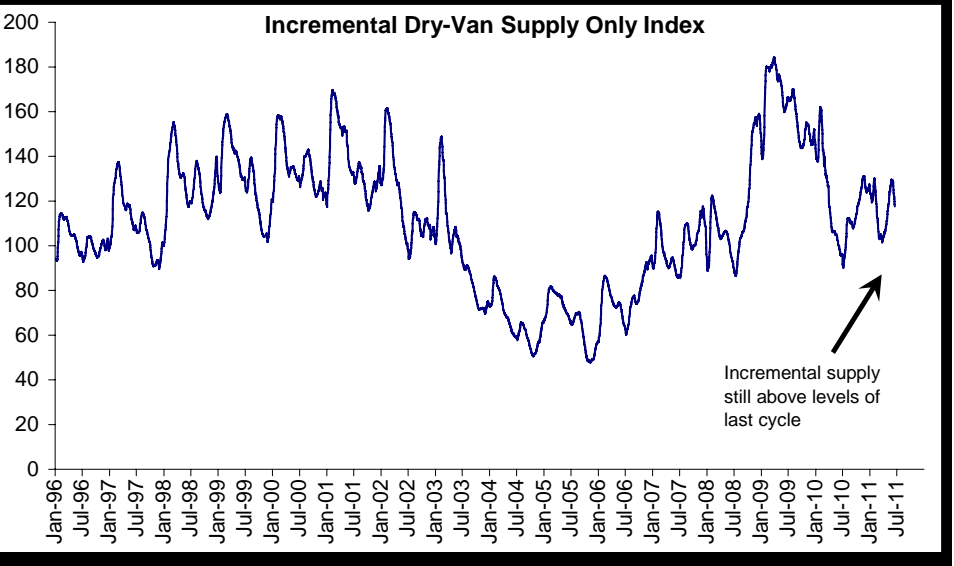
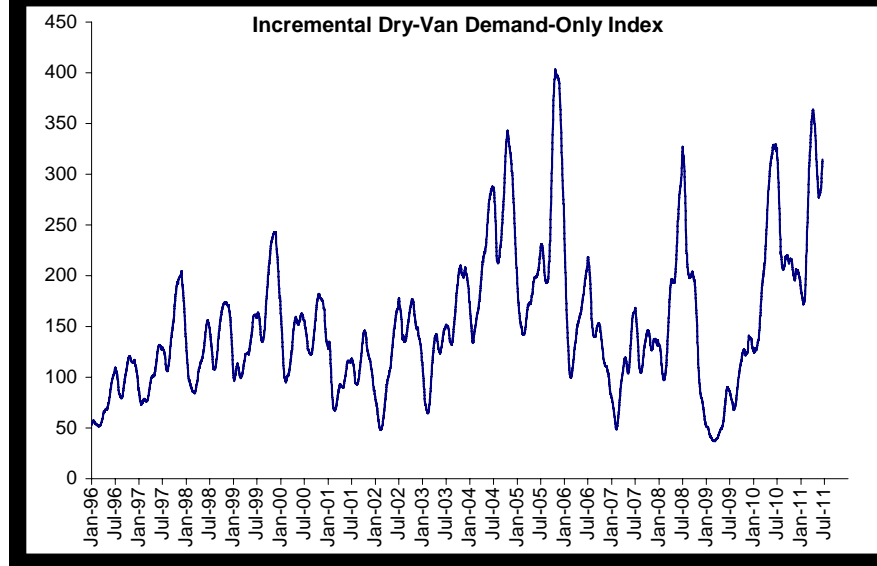
This index measures the incremental supply for Refrigerated Truckload services; the index represents the denominator of our TL Freight Index. Source: Morgan Stanley Research

Exhibit 13

Morgan Stanley Truckload Freight Index Historical Statistics



Morgan Stanley Truckload Freight Index Historical Statistics									
Period	Dry-Van Index			Incremental Demand			Incremental Supply		
	Median	Min	Max	Median	Min	Max	Median	Min	Max
1996 - 2010	2.01	0.28	11.52	109	29	312	107	46	184
1995 - 2003	1.46	0.41	4.05	92	32	188	113	46	170
2004 - 2008	3.16	0.51	11.52	139	38	312	83	48	159
2000	1.55	0.83	2.05	114	74	141	133	115	159
2001	1.08	0.55	1.73	81	52	113	133	116	170
2002	1.70	0.41	2.53	106	37	137	112	94	162
2003	2.05	0.60	4.05	110	50	162	92	70	149
2004	5.13	2.20	9.32	182	103	265	64	51	86
2005	3.98	2.38	11.52	155	110	312	69	48	82
2006	2.64	1.21	5.43	112	60	173	76	57	96
2007	1.64	0.59	2.69	95	38	130	100	86	118
2008	2.41	0.51	5.12	149	40	253	107	87	159
2009	0.65	0.28	1.33	60	29	109	163	141	184
2010	2.56	1.14	4.86	164	96	254	116	90	162
2011	3.34	1.87	4.82	223	132	281	119	102	130



Source: Morgan Stanley Research

Truckload Freight Index vs. TL Pricing and Utilization

Exhibit 14

Utilization tends to mirror changes in our TL Freight Index

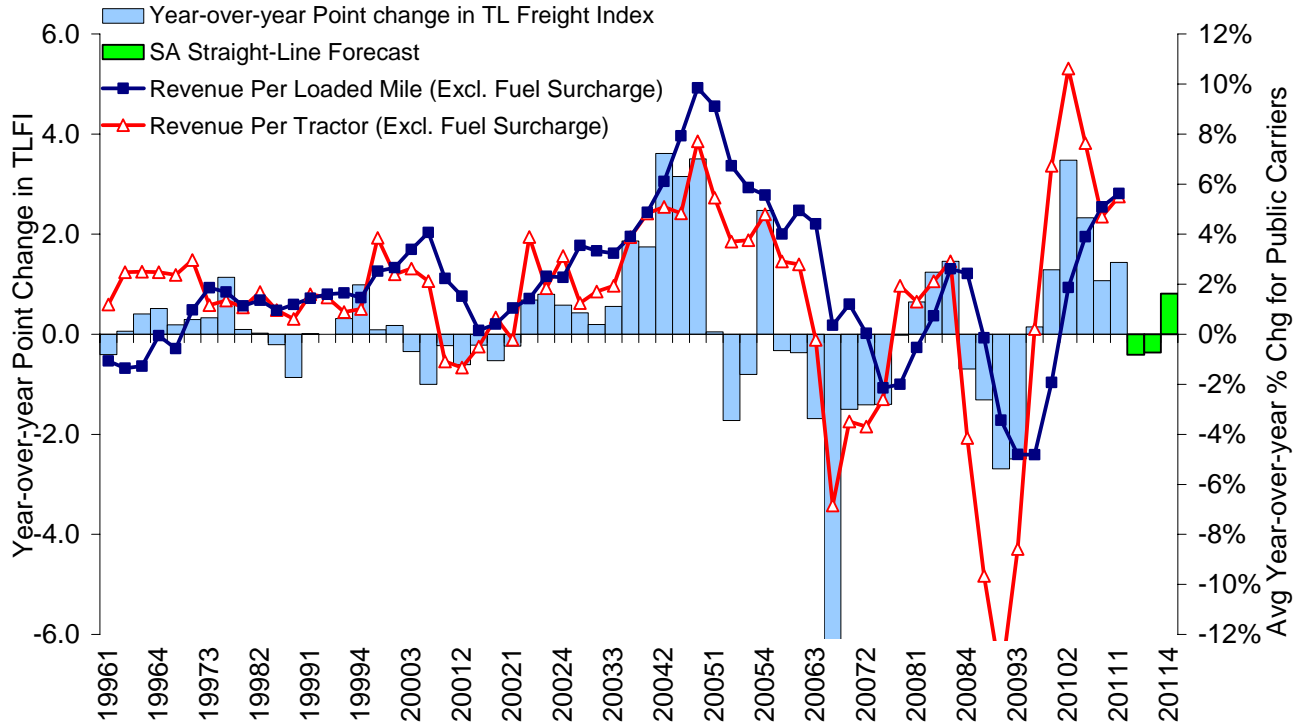
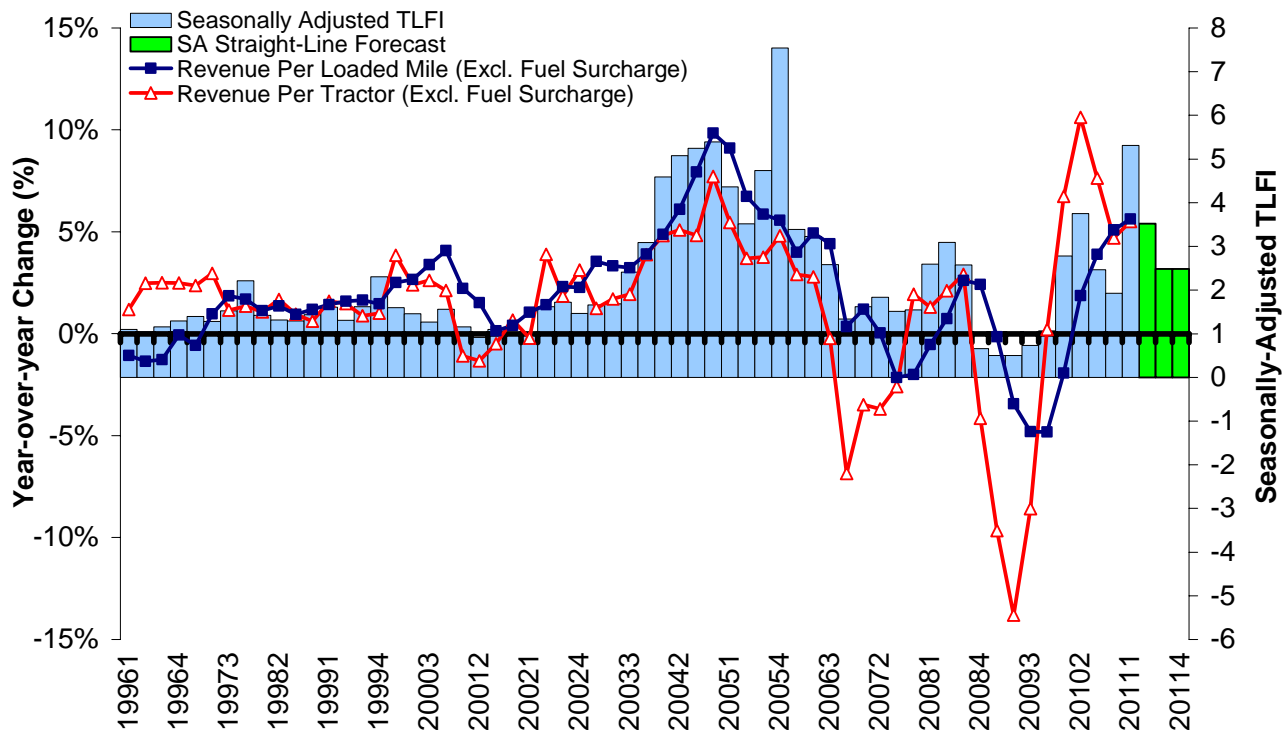


Exhibit 15

Pricing tends to lag absolute levels in our seasonally adjusted TL Freight Index

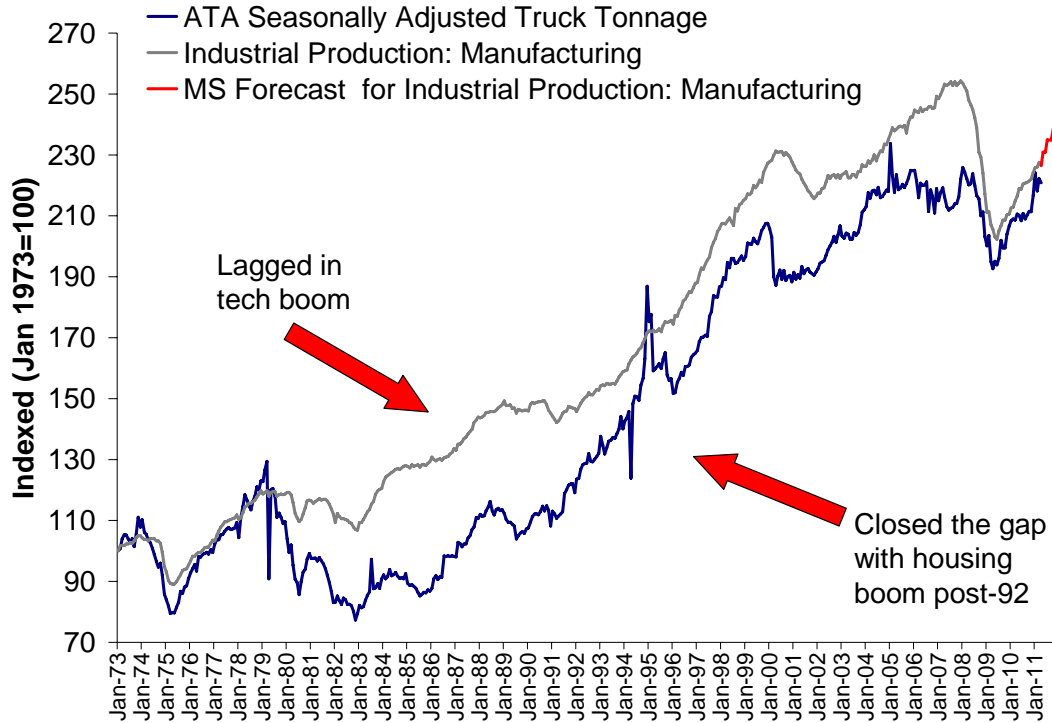


Revenue per Loaded Mile and Revenue Per Tractor calculated as an average sample of public carriers: KNX, JBHT, WERN, USAK, MRTN, FFEX, PTSI, CVTI, and CLDN. Source: Company data, Morgan Stanley Research

Assessing the Long-Run Supply-Demand Dynamic

Exhibit 16

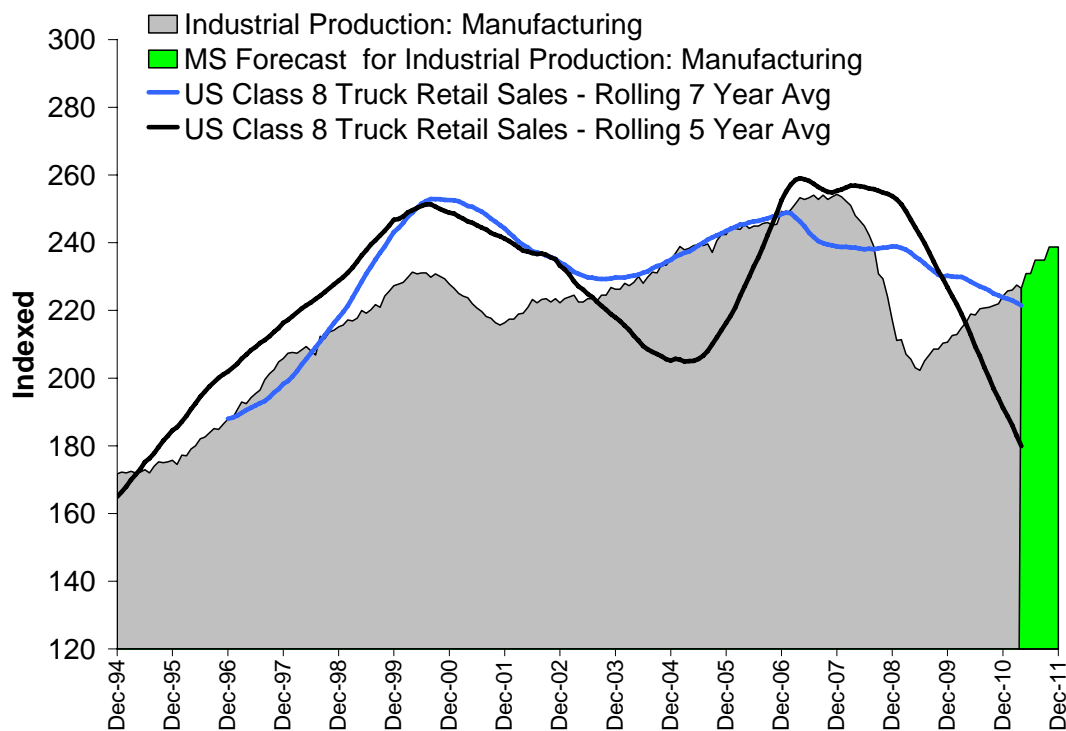
ATA Truck Tonnage vs. Industrial Production: Manufacturing



Source: ATA, Morgan Stanley Research

Exhibit 17

Industrial Production vs. Rolling Class 8 Truck Sales



Source: BEA, ACT Research, Morgan Stanley Research

Class 8 Truck Orders and Production

Exhibit 18
North American Monthly Class 8 Truck Order and Production Trends

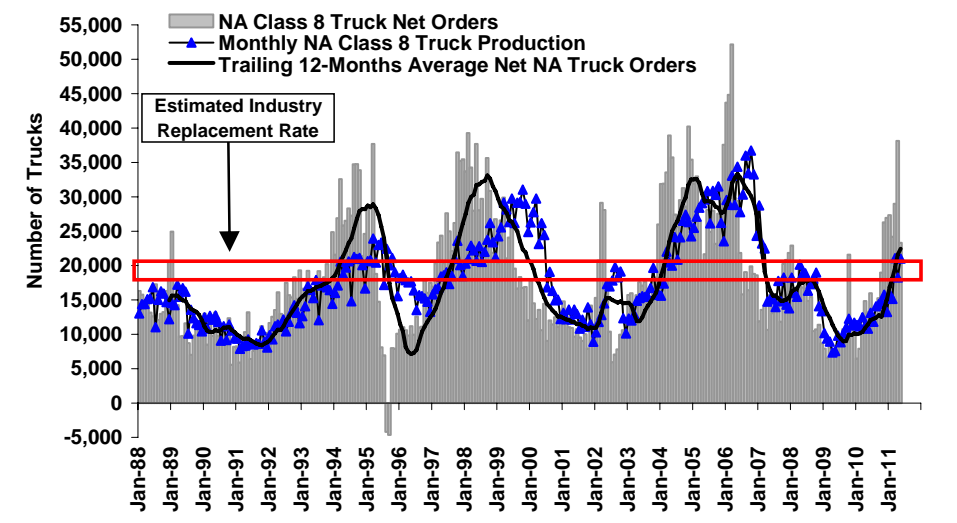


Exhibit 19
NA Class 8 Fleet Age Segmentation (based on rolling 8-year truck sales)

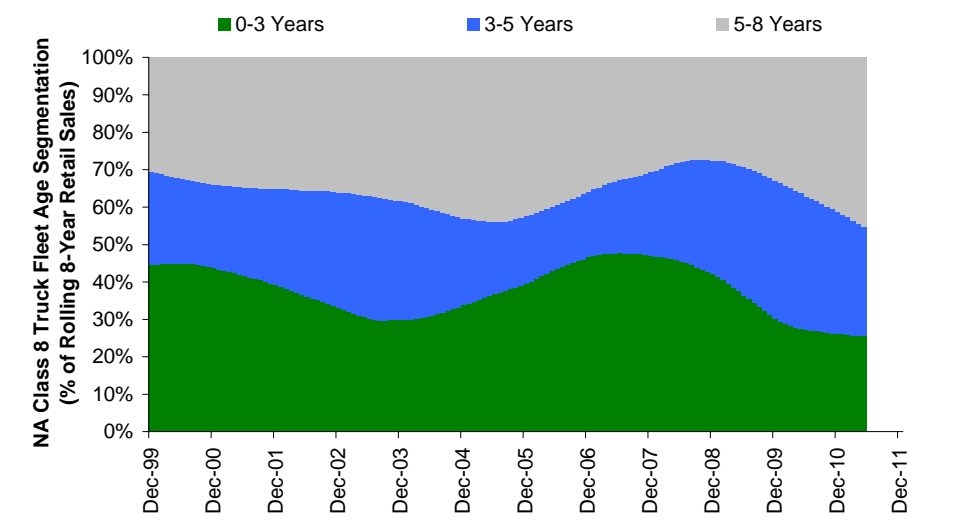


Exhibit 20
US Monthly Class 8 Truck Order and Production Trends

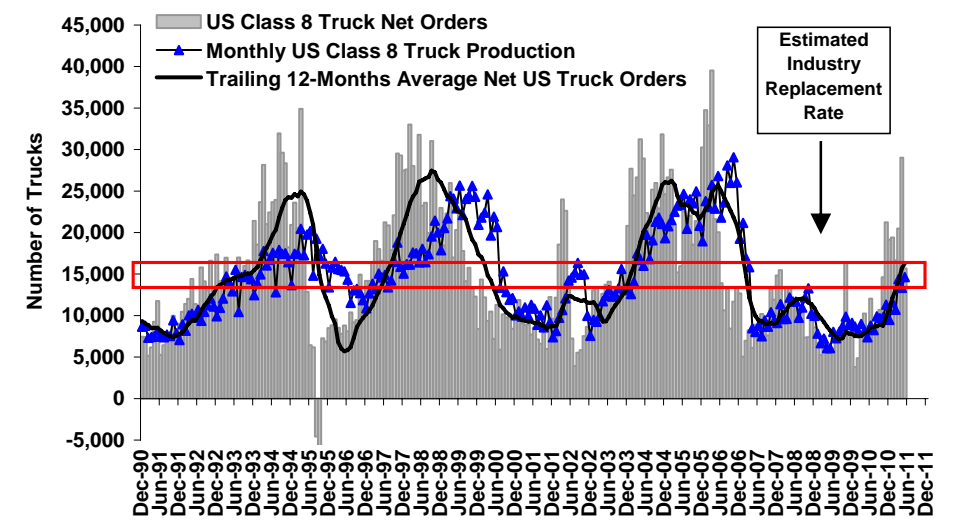
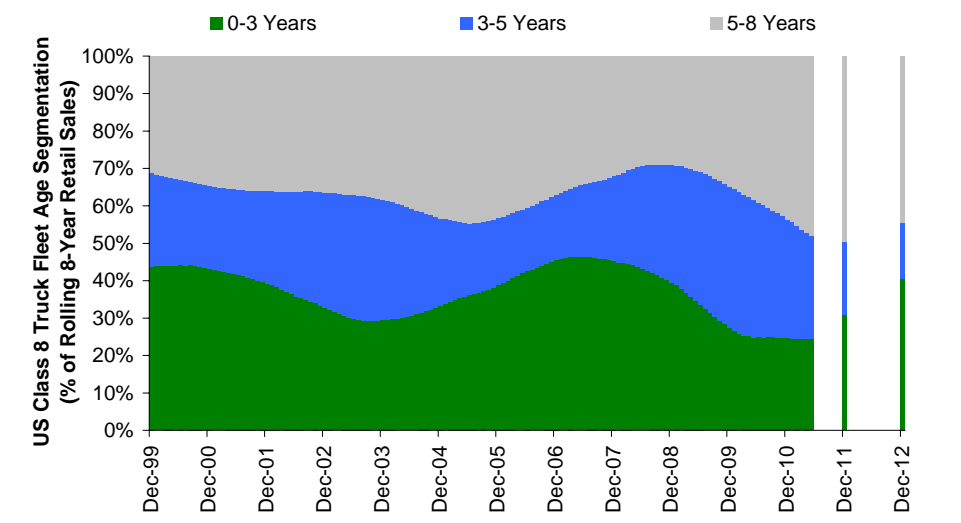


Exhibit 21
US Class 8 Fleet Age Segmentation (based on rolling 8-year truck sales)

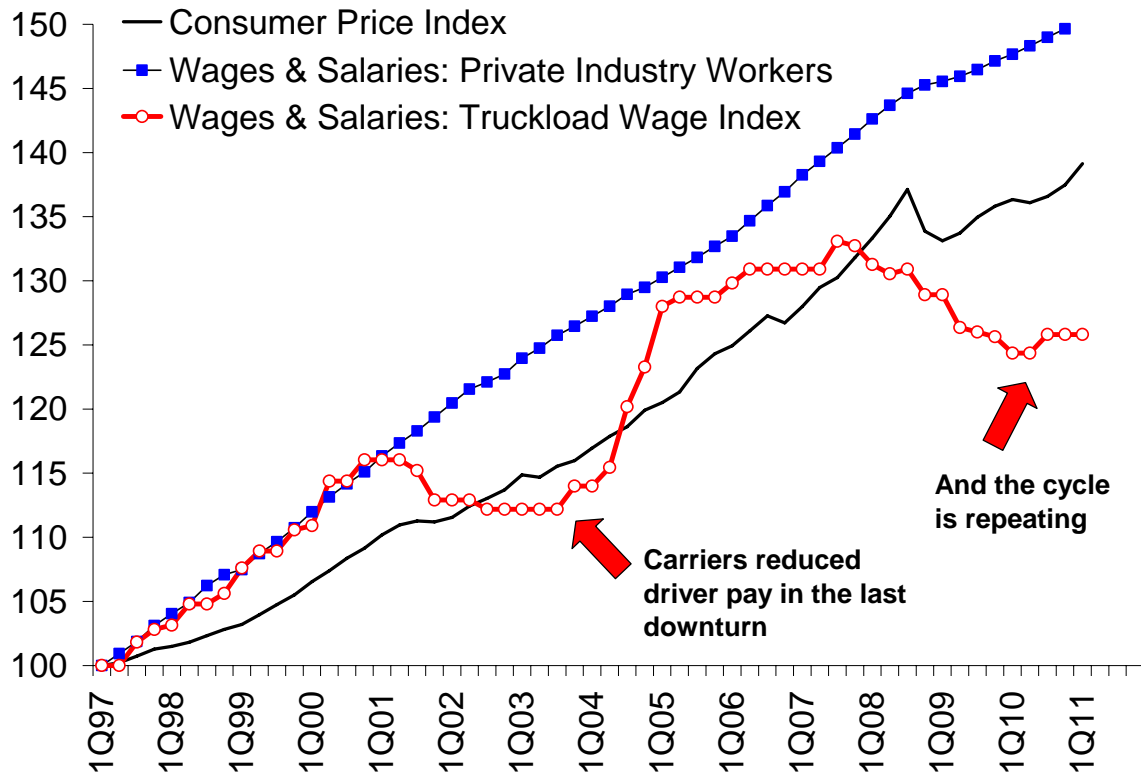


Source: ACT Research and Morgan Stanley Research

Source: ACT Research, Morgan Stanley Research

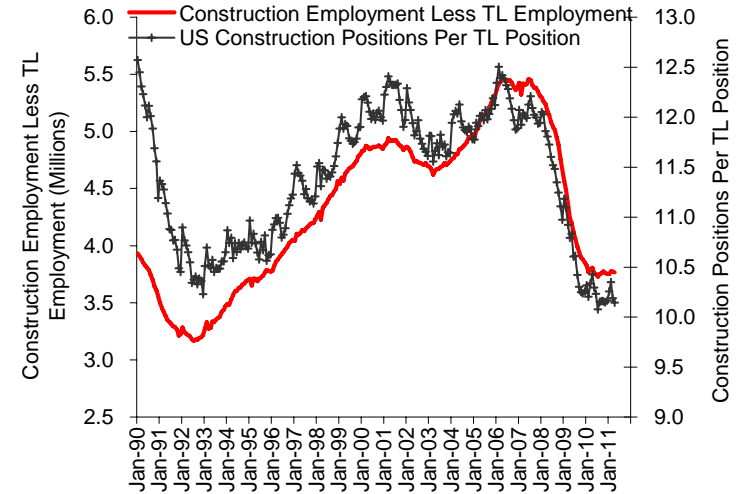
Truck Driver Wages and Employment

Exhibit 22
Starting Driver Pay (Per Mile) for Drivers with 3 Years Experience vs. Inflation



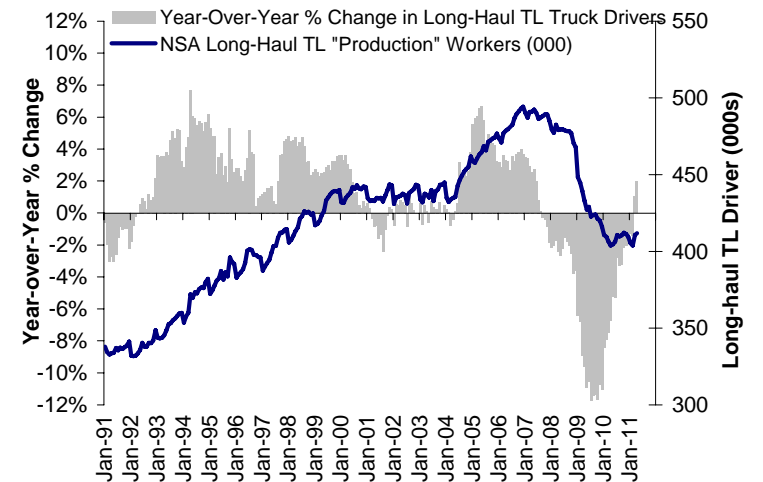
Source: National Survey of Driver Wages and Morgan Stanley Research

Exhibit 23
Truckload Drivers vs. Construction Employment



Source: BLS, Morgan Stanley Research

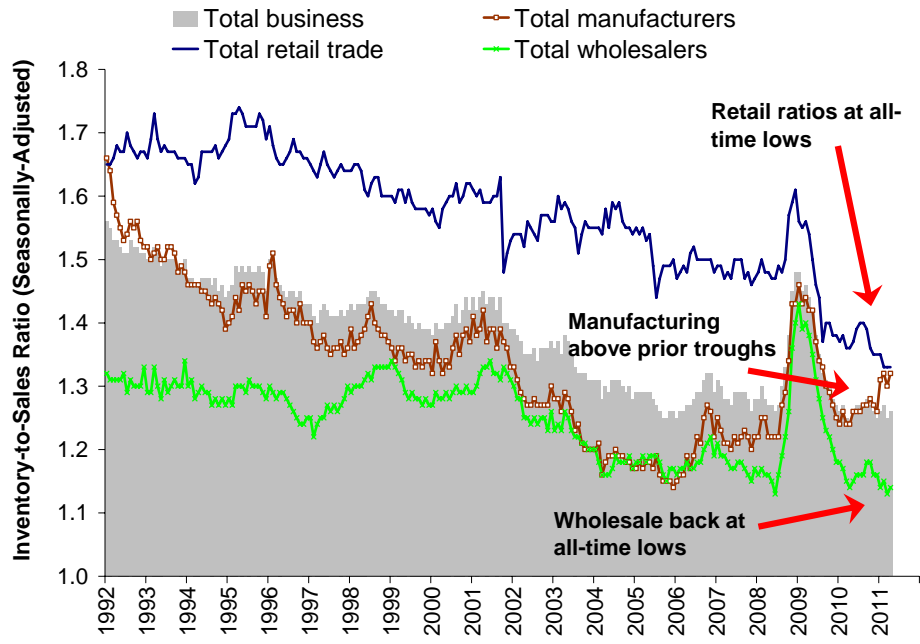
Exhibit 24
Truckload Driver Employment



Source: BLS, Morgan Stanley Research

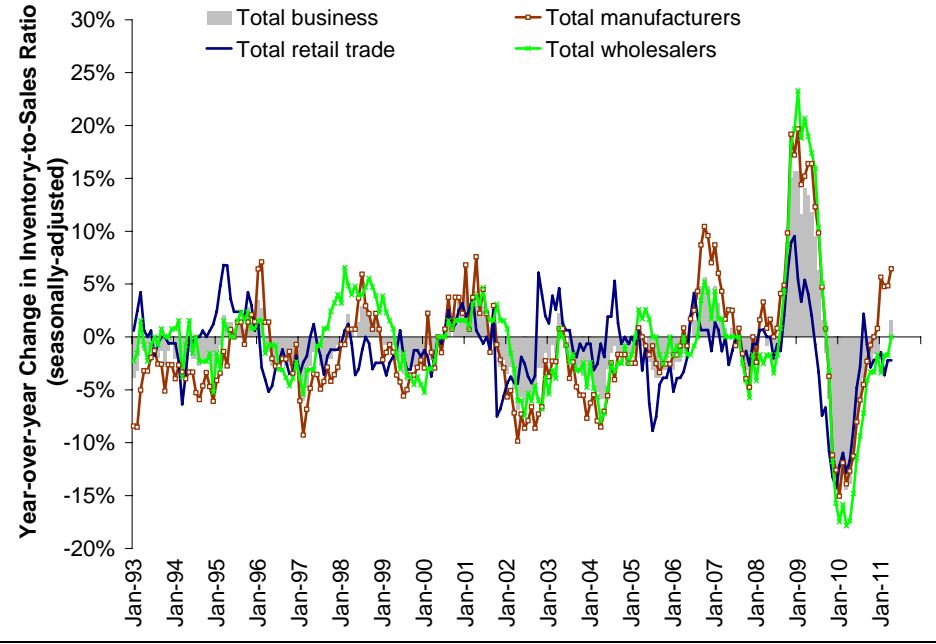
Business Inventory-to-Sales Ratios

Exhibit 25
Manufacturing and Trade Inventory-to-Sales Ratios, Seasonally Adjusted



Source: US Census, Morgan Stanley Research

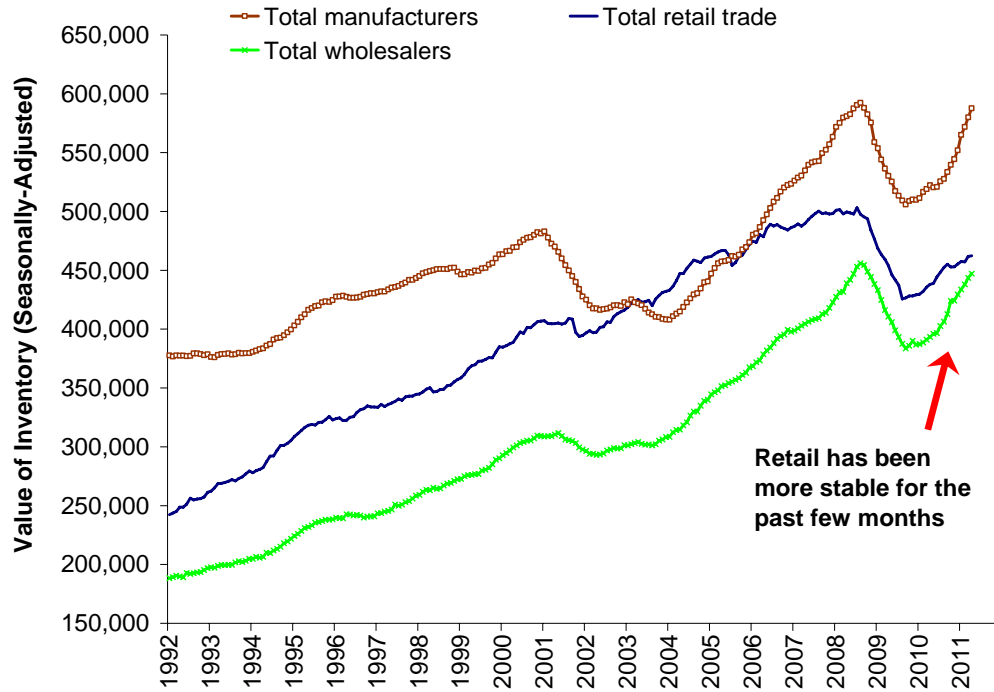
Exhibit 26
YoY Change in Manufacturing and Trade Inventory-to-Sales Ratios



Source: US Census, Morgan Stanley Research

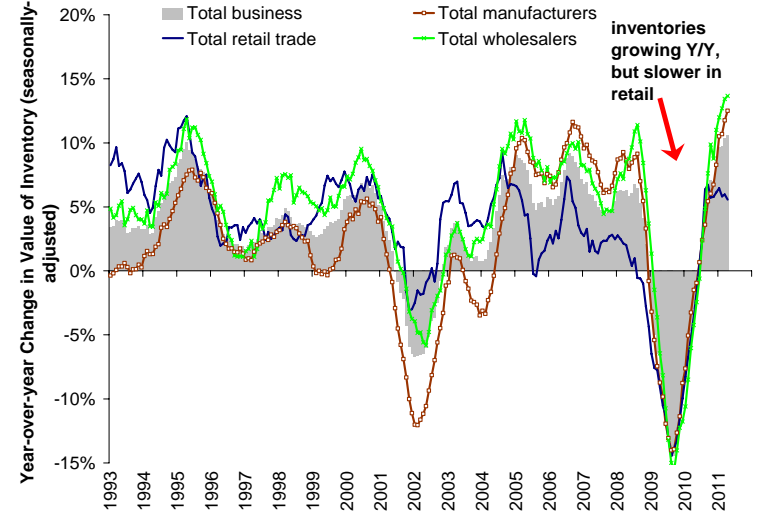
Business Inventories

Exhibit 27
Manufacturing and Trade Inventory Seasonally Adjusted



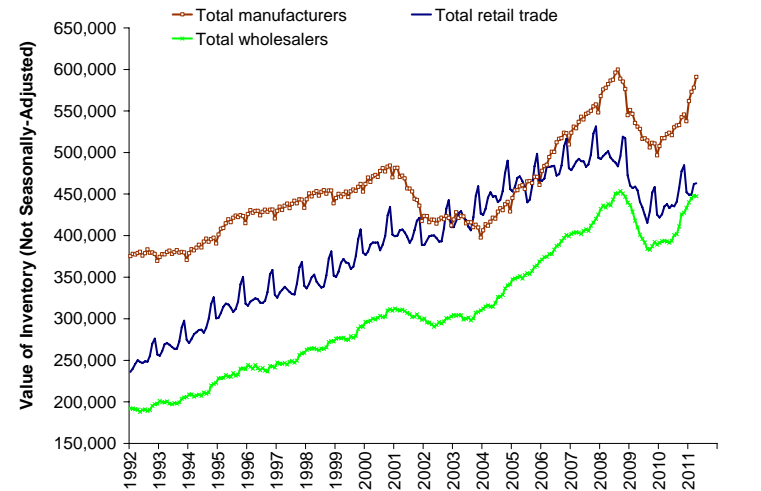
Source: US Census, Morgan Stanley Research

Exhibit 28
YoY Change in Seasonally Adj. Manufacturing and Trade Inventories



Source: US Census, Morgan Stanley Research

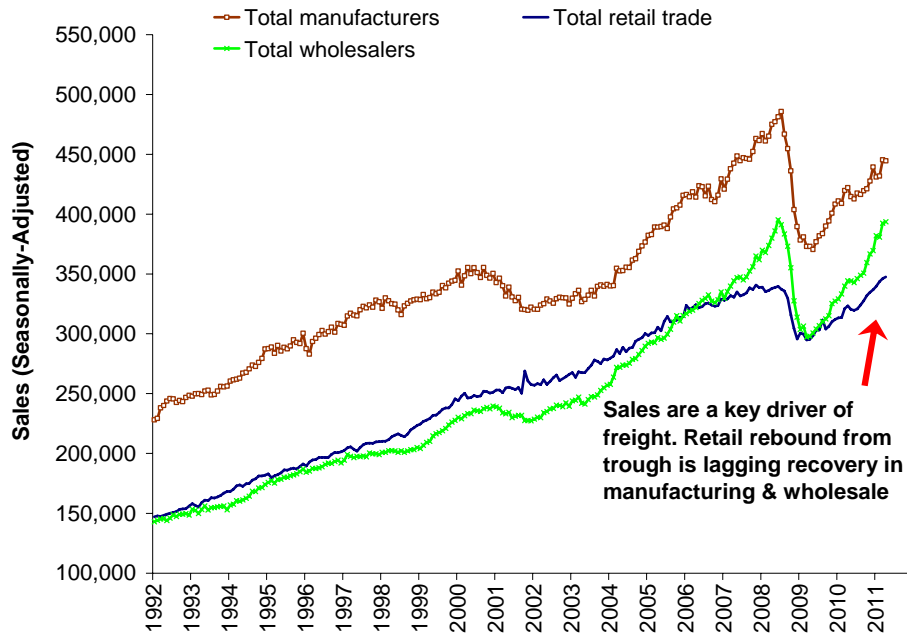
Exhibit 29
Manufacturing and Trade Inventories, Not Adjusted



Source: US Census, Morgan Stanley Research

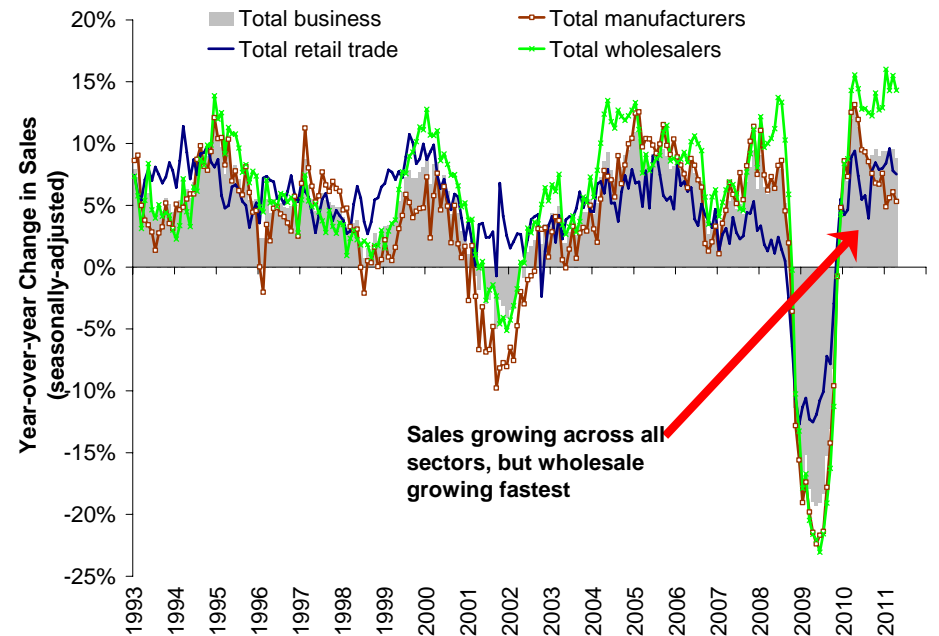
Business Sales

Exhibit 30
Manufacturing and Trade Sales, Seasonally Adjusted



Source: US Census, Morgan Stanley Research

Exhibit 31
YoY Change in Seasonally Adjusted Manufacturing and Trade Sales



Source: US Census, Morgan Stanley Research

Exhibit 32

Key Facts – Truckload Industry Overview

	Truckload (TL)	Less-Than-Truckload (LTL)
Major Carriers	J.B. Hunt, Schneider National, Werner Enterprises, Landstar, Heartland Express, Knight Transportation, Covenant Transport, US Xpress, USA Truck, Celadon	FedEx Freight, YRC National/Regional, Con-Way Freight, UPS Freight, ABF Freight System, Old Dominion Freight Line, Estes Express, Saia
Estimated Market Size (Revenues)*	\$250-300 Billion for-hire market Roughly 61% of US intercity tons and 31% of domestic intercity ton-miles	~\$35-40 Billion
Competitors	Highly fragmented – Hundreds of thousands of carriers, most with less than 100 trucks. 96% of carriers have 20 or fewer trucks. Public carriers make up ~10% of the market	Fairly concentrated – Top 25 carriers account for 85-90% of revenue. Public carriers make up >60% of the market
Operational Environment	Movement of predominantly full trailer loads directly from shipper's dock to receiver's dock on irregular schedule	Regional 1–2 day movements (or National 2–5 day movements) of highly variable-sized shipments through carrier's sorting facilities (usually hub-and-spoke system) on regularly scheduled runs Shipments are usually less than 10,000 pounds and generally involves the use of terminal facilities to break and consolidate shipments
Capital Intensity	Low – primary assets are tractors and trailers. No fixed cost network. Terminals are a small % of PP&E	High –Significant infrastructure required for hub-and-spoke network (terminals, bays, tractors, trailers, break bulk facilities, land, etc.).
Cost Structure	Highly variable – up to 60-70% of costs. Limited fixed cost. Most costs incurred per mile.	High fixed costs – Network infrastructure, local pickup and delivery, and labor create high fixed costs.
Labor Characteristics	Non-union, high turnover (typically in excess of 100% annually)	Predominantly (and increasingly) Non-union, low turnover
Labor Cost as a % of Revenue	~40%	~60% or higher when including outsourced linehaul
Average Shipment Size	20,000 lbs	~1,200 lbs
Customer Base	Concentrated (10-30 key customers)	Broad and diverse

Inter-city For-hire Trucking market. Source: ATA, ENO, Company Data, Morgan Stanley Research

Exhibit 33

Truckload Thesis Summary

Ticker	Investment Thesis	Investment Positives	Investment Negatives
JBHT.O EW	JBHT is a low risk play on higher fuel prices and tighter TL capacity. As the premier intermodal carrier, JBHT should be able to take share and participate in any truckload pricing upside without facing the same potential cost constraints (esp. driver wages). That said, we are admittedly less bullish given valuation. Moreover, JBHT's intermodal revenue sharing agreements and longer-term dedicated contracts may limit leverage to TL and intermodal pricing.	<ol style="list-style-type: none"> 1. Mgmt historically more aggressive capturing TL pricing opportunities. 2. Taking share. Truck to rail conversion still a big opty, especially with tighter TL capacity 3. Intermodal may see pricing and volume benefits of driver shortage w/o the costs 4. Shifting to more differentiated, less capital intensive businesses helps FCF 	<ol style="list-style-type: none"> 1. Valuation suggests market already giving credit for some degree of re-rating 2. Intermodal revenue sharing agreements, dedicated contracts limit pricing leverage 3. As TL capacity tightens, intermodal likely to see more benefit through volume than price. 4. Aging fleet and market share gains could test new capex discipline
WERN.O UW	WERN is a de-risking story where transformation initiatives and reduced capital intensity should produce better mid-cycle margins and FCF. However, this should also reduce leverage to the cycle. Valuation suggests a re-rating has already occurred, so estimates need to be revised materially for the stock to outperform. Longer-term, we worry about WERN's growth beyond the cyclical recovery given large scale and a reluctance to reinvest.	<ol style="list-style-type: none"> 1. Lower margins at WERN offer more opportunity from improved freight mix and pricing 2. Price and cost focus + asset allocation strategy should produce better mid-cycle margins. 3. Asset light strategy, lack of fleet growth reduces capex and could create FCF story 4. Current use of EOBR's suggests fewer IT / regulatory headwinds to utilization vs. peers 	<ol style="list-style-type: none"> 1. Shift to stable businesses & limited fleet growth may limit pricing upside & EPS growth. 2. Price-focused strategy highly dependent on the market (may not be sustainable). 3. Expectations already high, but TL pricing & margin strategy limited by what market will bear 4. Questions about long-term growth potential may weigh on multiple.
SWFT.N EW	SWFT is a levered play on the TL cycle. With TL rates set to rise further in 2011 and SWFT showing a impressive cost discipline, we like the fundamental story. However, the stock is already discounting a fairly robust pricing environment and margin improvement. As a result, investors need to believe in the bull case or a possible re-rating to see compelling upside from here.	<ol style="list-style-type: none"> 1. Largest TL carrier with greater EPS momentum than peers 2. Financial leverage offers more upside to the TL pricing cycle 3. Owner operators are a key part of the strategy 4. Growth in asset-light services should help ROIC 	<ol style="list-style-type: none"> 1. Solid margin improvement, large scale imply less room to go. 2. Cost inflation, non-asset growth could lead to margin disappointment. 3. Owner operator strategy could be challenged by new industry regulations 4. Pricing unlikely to surprise near-term, and leverage works both ways.
HTLD.O UW	HTLD is already back near peak underlying margins leaving less leverage to improved pricing. Recent investments and higher driver pay may help HTLD manage upcoming cost headwinds, but HTLD must also overcome utilization challenges from new on-board recorders. With limited operating and pricing leverage and a lofty growth stock valuation, we need to see aggressive fleet growth (possibly an acquisition) for notable upside - an unlikely scenario.	<ol style="list-style-type: none"> 1. Best-in-class pure play carrier with premium margins and management discipline 2. Early fleet upgrade may create cost advantage; reduce inflation, capex in recovery 3. Room to grow - limited exposure to western US, modest size and strong balance sheet. 4. Strong balance sheet, discipline, and limited operating leverage make HTLD defensive 	<ol style="list-style-type: none"> 1. Consensus already assumes a rather rapid return to near-peak margins 2. With margins already the best in the industry, less room for margin expansion vs. peers 3. Newer fleet, higher driver pay are less of an advantage when utilization is still recovering 4. Higher growth multiple, but fleet and EPS growth unlikely to match historical levels.
KNX.N UW	KNX is a growth company in transition with multiple impairment likely to persist. KNX is investing in less capital intensive, low margin segments, but given limited transparency into the impact of these initiatives, investors may be disappointed in margin performance over coming months. Second, with KNX's fleet size growing and mgmt signaling its intent to slow fleet growth from 15% to 10% long-term, KNX is losing some of its growth stock premium.	<ol style="list-style-type: none"> 1. Not just a cyclical play: Plans to resume significant fleet growth 2. Market share gains: Expanding into new markets (brokerage, drayage, more refrigerated) 3. Potential Acquisitions: Mgmt looking for distressed assets and has plenty of cash 4. New intermodal and brokerage initiatives may lead to faster growth in high ROIC segments. 	<ol style="list-style-type: none"> 1. Higher growth multiple, but fleet and EPS growth unlikely to match historical levels. 2. Faster growth in new lower margin segments could weigh on reported margin recovery 3. New investments and on-board recorders could weigh on utilization and costs in 2011. 4. Negative CSA scores may be indicative of aggressive cost culture that has to ease.

Source: Company data, Morgan Stanley Research

Exhibit 34

Broker Thesis Summary

Ticker	Investment Thesis	Investment Positives	Investment Negatives
ECHO.O OW	If ECHO can achieve its growth targets, the stock could be a compelling multi-year story. There is evidence that growth and leverage are gaining traction. Consensus estimates have also come in and appear more achievable. But as a growth stock, ECHO needs to beat estimates to outperform, and we wouldn't classify estimates as conservative. We also don't expect large EPS revisions near-term, and thus don't see enough near-term upside to compensate for liquidity risk.	<ol style="list-style-type: none"> 1. Rapidly growing revenue stream, large market opty, ability to growth through acquisition 2. Highly scalable non-asset based model has potential to produce high ROIC 3. With gross profit per shipment rising in 2011, operating leverage should improve 4. Multi-faceted growth strategy offers opportunities for growth with minimal investment 	<ol style="list-style-type: none"> 1. Consensus assumes strong improvement in operating leverage and margins. 2. Reinvestment and reduced earn out benefits may limit positive op. leverage. 3. Top line growth likely to slow. Acquisition-related growth will limit FCF and returns. 4. Liquidity risk: microcap with limited float.
CHRW.O EW	CHRW's risk-reward isn't bad, but we feel the risk of downward EPS revisions exceeds the probability of upward revisions near-term. There are a number of headwinds near-term including tighter TL capacity, higher fuel prices, and cost headwinds from increased hiring and stock comp. Moreover although expectations have come in, we still see risk of multiple contraction. The bull case, where liability concerns drive better top line growth isn't compelling.	<ol style="list-style-type: none"> 1. EPS growth has accelerated and rising GP/unit should help incremental margins 2. Gross margins near historical average limit magnitude of gross margin risk. 3. Shipper concerns over CSA liability and tighter capacity could drive better top line 4. Non-asset, variable cost model offers more downside protection in a market correction 	<ol style="list-style-type: none"> 1. Possible multiple contraction: CHRW trading above historical averages. 2. GM likely peaking: Improving macro, fuel, & tighter capacity could pressure GM again 3. Operating margin expansion story mostly over. Will need top-line growth to drive EPS 4. With rebounding earnings growth, hiring and return of stock comp vesting will limit leverage.

Source: Company data, Morgan Stanley Research

Exhibit 35

Truckload Historical Valuation Multiples

Company Name	Ticker	Price-to-earnings				Relative P/E				EV / EBITDA			
		Current	10-Yr Hist. Avg.			Current	10-Yr Hist. Avg.			Current	10-Yr Hist. Avg.		
			Trough	Median	Peak		Trough	Median	Peak		Trough	Median	Peak
Heartland Express	HTLD	18.9	16.3	20.4	26.6	157%	93%	130%	217%	7.4	6.4	8.3	11.0
JB Hunt	JBHT	19.5	11.3	17.5	26.2	161%	59%	107%	173%	7.7	3.5	6.7	9.5
Knight Transportation	KNX	18.5	17.5	22.3	31.0	153%	97%	143%	221%	6.5	6.2	7.8	10.2
Swift Corporation	SWFT*	14.3	10.3	15.3	30.1	119%	70%	96%	142%	6.1	5.8	6.4	6.6
Werner Enterprises	WERN	16.5	12.5	17.0	23.2	137%	70%	102%	169%	5.1	3.4	4.5	5.7
Premium Average		17.5	13.6	18.5	27.4	145%	78%	116%	185%	6.6	5.1	6.8	8.6
Premium Median		18.5	12.5	17.5	26.6	153%	70%	107%	173%	6.5	5.8	6.7	9.5
Celadon Group	CGI	14.9	7.6	16.2	69.4	124%	43%	104%	569%	4.3	3.0	5.1	8.8
Covenant Transportatio	CVTI	14.9	11.1	17.6	180.2	124%	71%	113%	1346%	4.0	3.1	4.1	6.2
Marten Transportation	MRTN	16.0	8.8	16.0	26.9	133%	48%	97%	212%	4.2	2.4	4.3	5.7
P.A.M. Transportation	PTSI	107.3	6.8	15.4	1,033.0	889%	35%	90%	6637%	2.7	2.1	3.4	5.2
Quality Distribution	QLTY	16.1	5.2	12.8	397.0	133%	39%	85%	2551%	7.9	4.7	6.9	9.4
USA Truck	USAK	26.9	9.3	19.3	1,219.0	223%	56%	101%	8545%	3.4	3.1	3.8	5.3
Industry Average		25.8	10.6	17.3	278.4	214%	62%	106%	1889%	5.4	4.0	5.6	7.6
Median		16.5	10.3	17.0	31.0	137%	59%	102%	221%	5.1	3.4	5.1	6.6
S&P 500	SPX	12.2	10.2	15.9	24.1								

*SWFT Historical multiples for P/E, Relative P/E, and P/B include pre-LBO trading history. Source: Factset, Morgan Stanley Research

Exhibit 36

Truckload Historical Valuation Multiples

Company Name	Ticker	EV / Sales				Price-to-Book				EV / EBIT			
		Current	10-Yr Hist. Avg.			Current	10-Yr Hist. Avg.			Current	10-Yr Hist. Avg.		
			Trough	Median	Peak		Trough	Median	Peak		Trough	Median	Peak
Heartland Express	HTLD	2.23	1.79	2.23	3.20	4.3	3.0	3.9	4.8	11.3	9.2	11.9	16.6
JB Hunt	JBHT	1.19	0.36	1.08	1.40	9.7	1.0	4.4	11.8	10.9	7.4	10.7	15.2
Knight Transportation	KNX	1.46	1.46	2.10	2.97	2.7	2.2	3.7	5.5	10.7	9.0	12.5	15.9
Swift Corporation	SWFT*	1.02	1.02	1.10	1.14	(187.3)	1.6	2.1	2.9	10.0	9.1	10.5	10.7
Werner Enterprises	WERN	0.83	0.47	0.75	0.98	2.6	1.3	1.9	2.9	9.6	7.1	9.6	12.8
Premium Average		1.35	1.02	1.45	1.94	(33.6)	1.8	3.2	5.6	10.5	8.4	11.0	14.2
Premium Median		1.19	1.02	1.10	1.40	2.7	1.6	3.7	4.8	10.7	9.0	10.7	15.2
Celadon Group	CGI	0.49	0.28	0.54	1.01	1.9	0.5	1.9	4.2	8.4	5.2	9.8	26.6
Covenant Transportatio	CVTI	0.48	0.21	0.45	0.70	1.3	0.1	1.1	1.8	10.7	7.5	11.7	578.6
Marten Transportation	MRTN	0.71	0.42	0.74	1.03	1.5	0.8	1.6	2.6	9.1	7.4	10.2	17.0
P.A.M. Transportation	PTSI	0.26	0.21	0.55	1.15	0.7	0.2	1.1	2.4	30.5	7.3	10.3	184.5
Quality Distribution	QLTY	0.75	0.44	0.64	1.17	(2.3)	1.2	3.1	10.2	10.1	6.5	9.9	16.0
USA Truck	USAK	0.38	0.38	0.55	0.88	0.8	0.8	1.1	2.8	20.6	7.1	17.4	51.5
Industry Average		0.89	0.64	0.97	1.42	(14.9)	1.2	2.3	4.7	12.9	7.5	11.3	85.9
Median		0.75	0.42	0.74	1.14	1.5	1.0	1.9	2.9	10.7	7.4	10.5	16.6

*SWFT Historical multiples for P/E, Relative P/E, and P/B include pre-LBO trading history. Source: Factset, Morgan Stanley Research

June 17, 2011

Freight Transportation

Exhibit 37

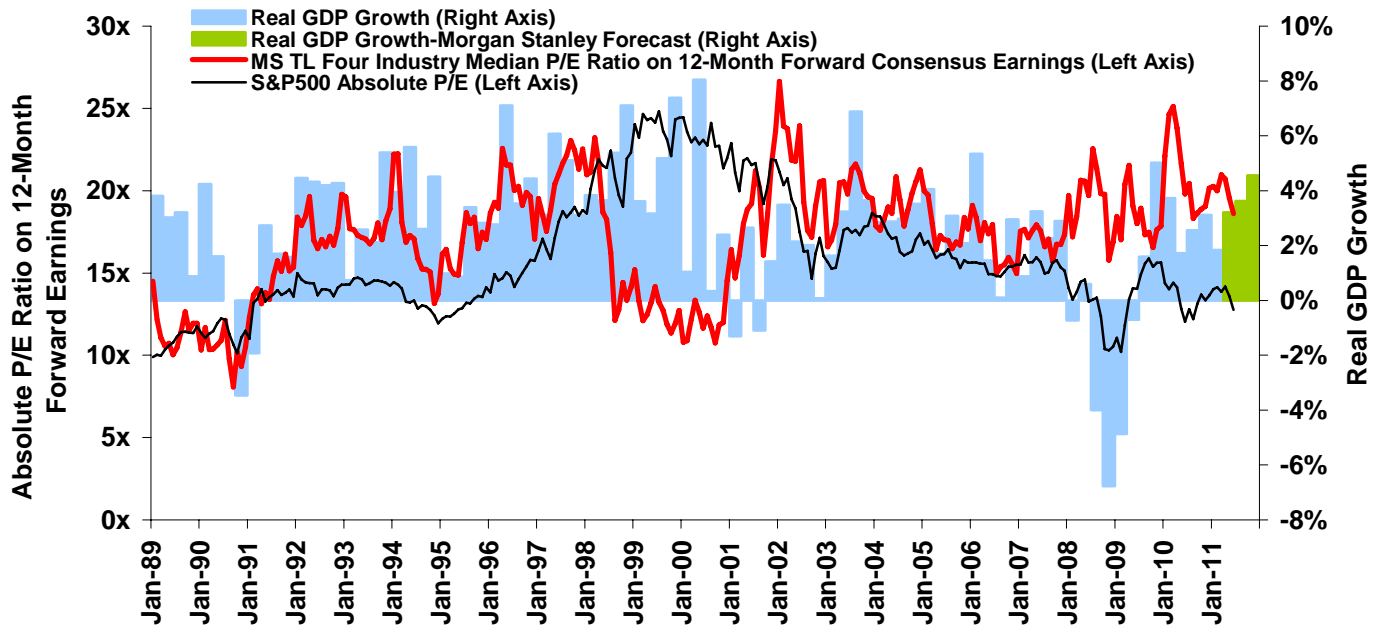
Truckload Historical Valuation Multiples

Company Name	Ticker	EV / FCF				FCF Yield				Net Debt / EBITDA (TMF)			
		Current	10-Yr Hist. Avg.			Current	10-Yr Hist. Avg.			Current	10-Yr Hist. Avg.		
			Trough	Median	Peak		Trough	Median	Peak		Trough	Median	Peak
Heartland Express	HTLD	18.8	11.6	18.2	29.5	4.8%	3.3%	5.3%	7.1%	(0.8)	(2.1)	(1.4)	-
JB Hunt	JBHT	23.1	15.5	24.5	40.3	4.9%	1.9%	4.6%	7.2%	0.9	(0.1)	0.8	1.4
Knight Transportation	KNX	31.7	26.1	39.3	NMF	3.0%	0.0%	2.1%	3.7%	(0.4)	(0.6)	(0.2)	-
Swift Corporation	SWFT*	31.6	28.7	32.0	36.0	4.8%	4.2%	4.5%	4.8%	2.9	2.9	3.1	3.2
Werner Enterprises	WERN	15.1	10.3	16.8	NMF	6.3%	0.1%	6.2%	12.0%	(0.1)	(0.5)	(0.2)	0.2
Premium Average		24.1	18.5	26.2	35.3	4.8%	1.9%	4.5%	7.0%	0.5	(0.1)	0.4	1.0
Premium Median		23.1	15.5	24.5	36.0	4.8%	1.9%	4.6%	7.1%	(0.1)	(0.5)	(0.2)	0.2
Celadon Group	CGI	11.0	7.0	11.7	74.0	9.4%	5.6%	10.3%	20.1%	(0.1)	(0.2)	0.6	2.0
Covenant Transportatio	CVTI	77.2	3.9	27.0	464.1	3.7%	0.6%	12.1%	186.3%	2.6	0.5	2.5	4.0
Marten Transportation	MRTN	16.1	N/A	N/A	N/A	6.1%	0.2%	6.5%	21.5%	(0.1)	(0.2)	0.3	1.2
P.A.M. Transportation	PTSI	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.1	(0.1)	0.3	1.5
Quality Distribution	QLTY	18.1	12.4	25.1	NMF	12.8%	0.1%	13.6%	39.4%	4.0	3.3	4.3	7.1
USA Truck	USAK	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.7	0.8	1.5	2.0
Industry Average		27.0	14.4	24.3	128.8	6.2%	1.8%	7.3%	33.6%	1.0	0.4	1.1	2.1
Median		18.8	12.0	24.8	40.3	4.9%	0.6%	6.2%	12.0%	0.1	(0.1)	0.6	1.5

*SWFT Historical multiples for P/E, Relative P/E, and P/B include pre-LBO trading history. Source: Factset, Morgan Stanley Research

Exhibit 38

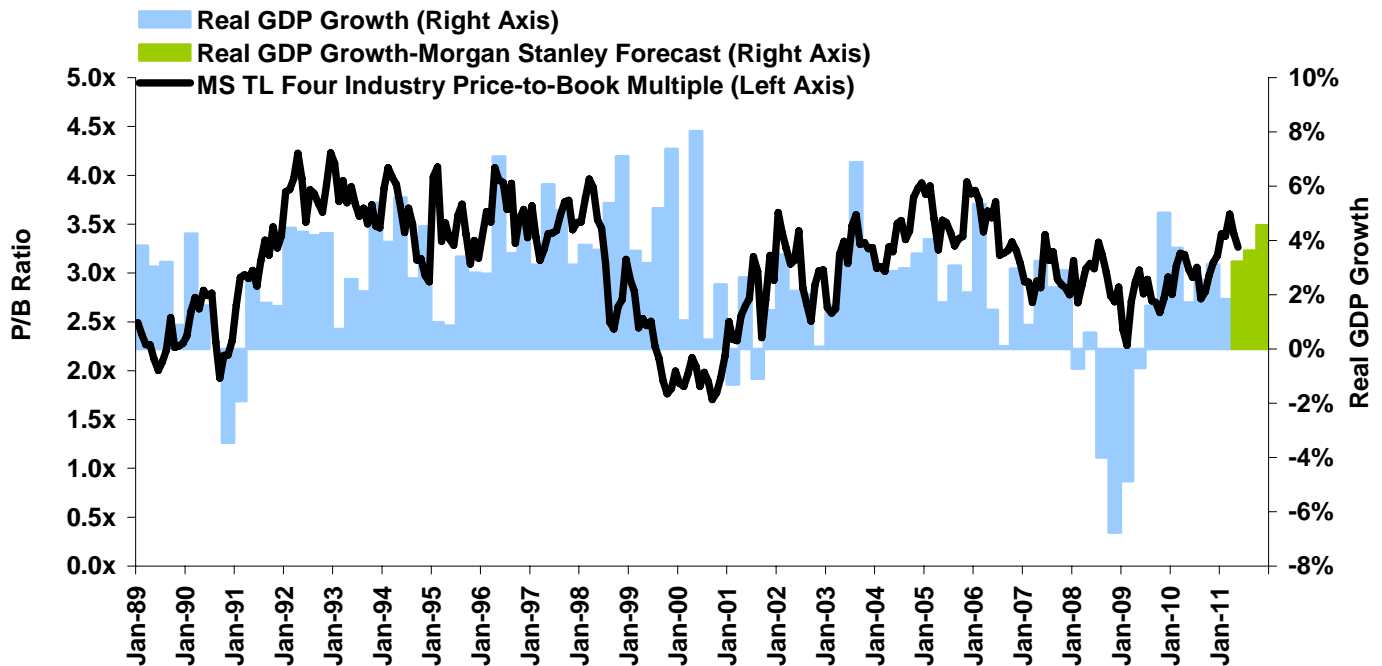
MS Truckload Four: Absolute Price-to-Earnings Ratio on 12-Month Forward Earnings vs. Real GDP and S&P500



Includes: HTLD, JBHT, KNX, and WERN. Source: Factset, Morgan Stanley Research

Exhibit 39

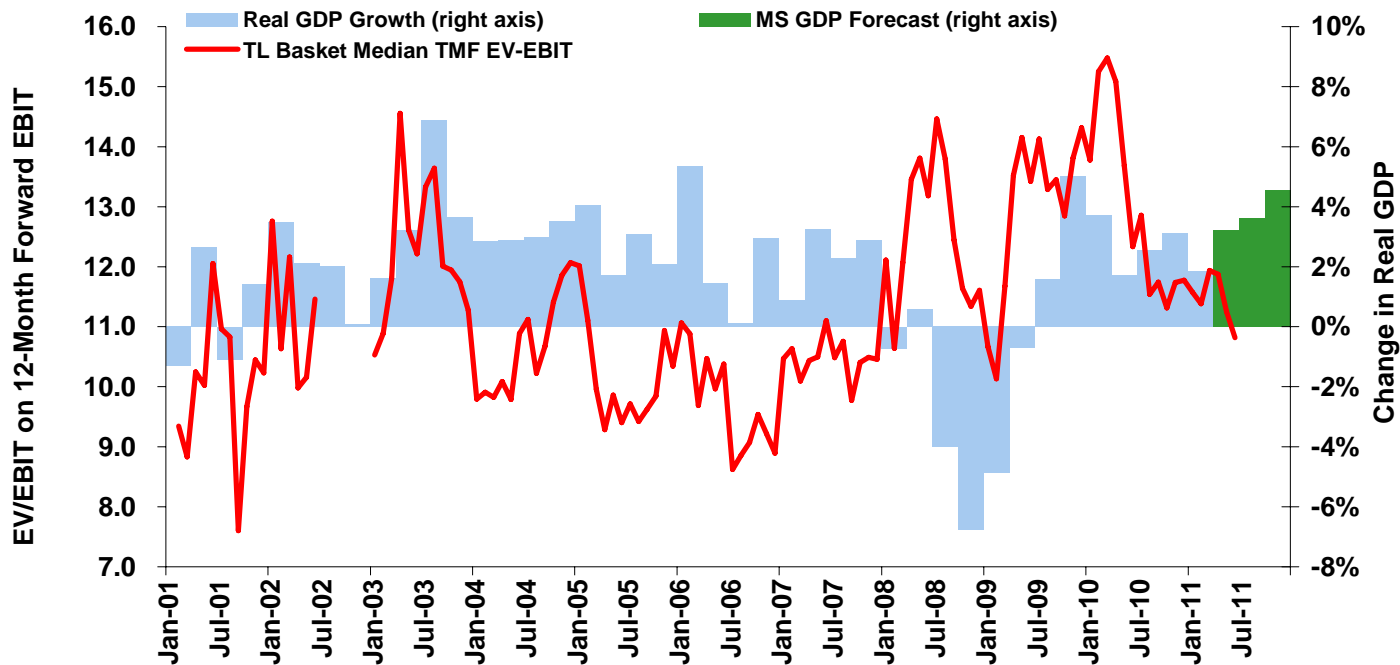
MS Truckload Four: Absolute Price-to-Book Ratio vs. Real GDP



Includes: HTLD, JBHT, KNX, and WERN. Source: Factset, Morgan Stanley Research

Exhibit 40

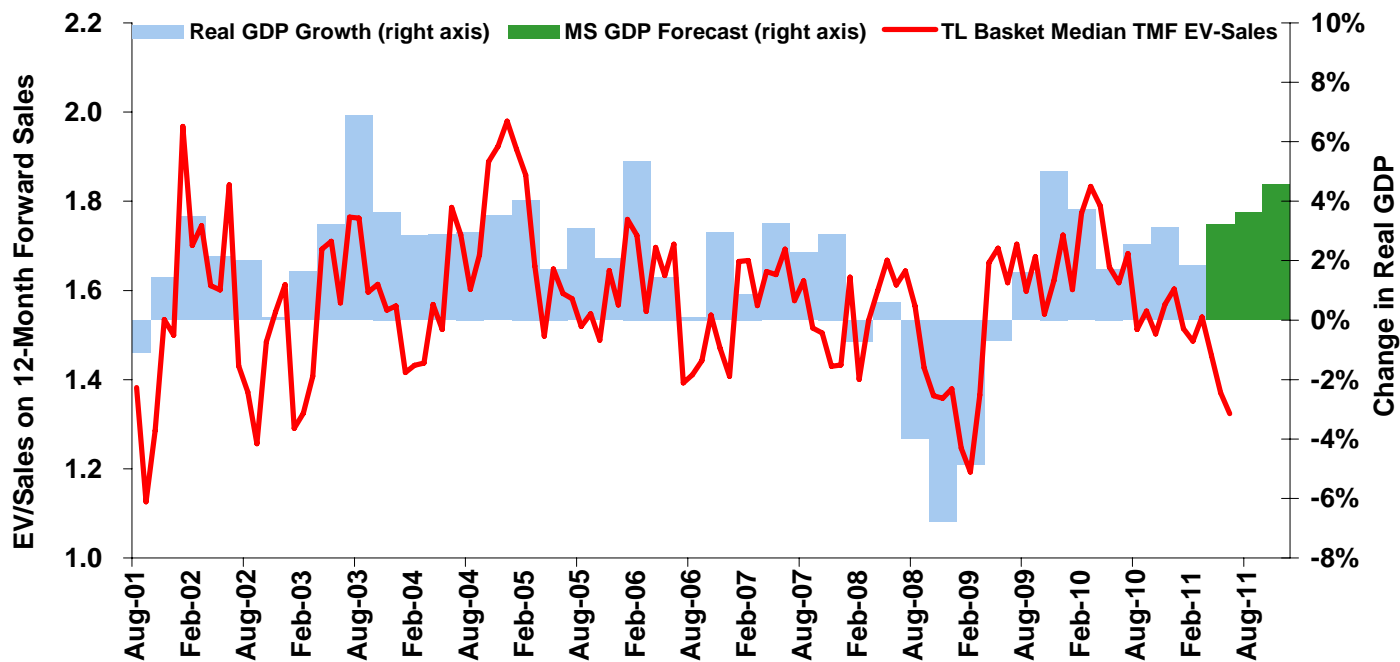
Truckload EV / EBIT Ratio vs. Real GDP



Includes: HTLD, JBHT, KNX, and WERN, USAK. Source: Factset, Morgan Stanley Research

Exhibit 41

Truckload EV / Sales Ratio vs. Real GDP

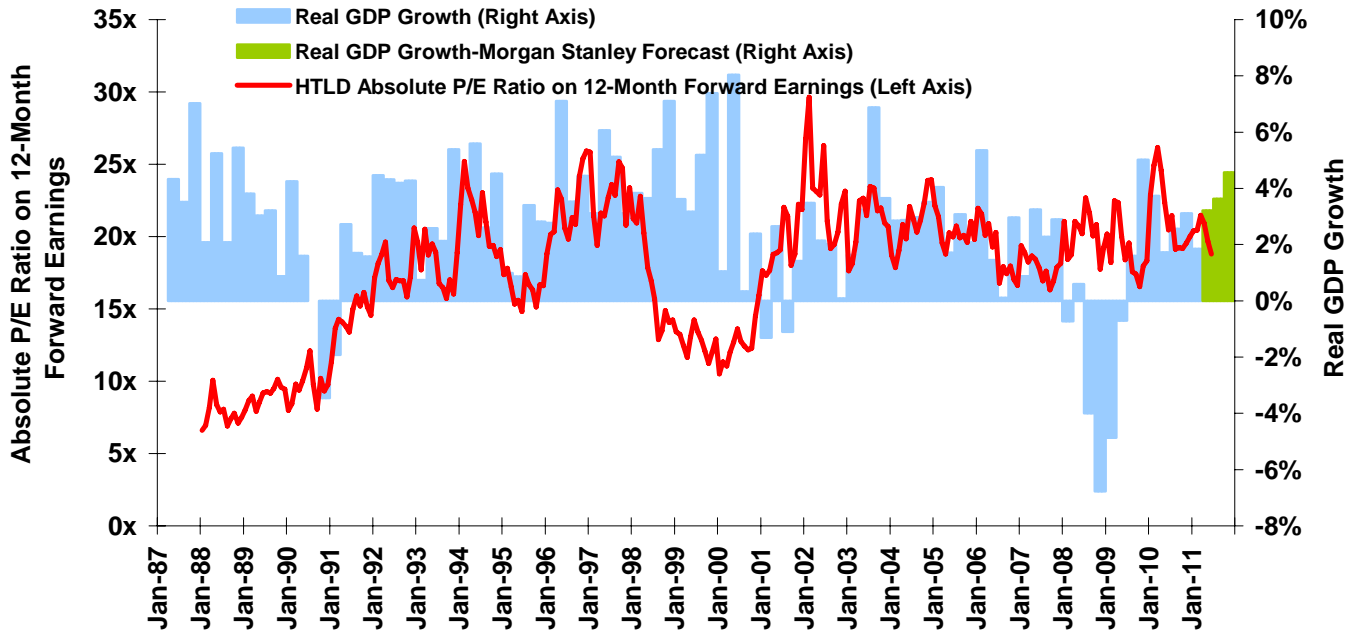


Includes: HTLD, JBHT, KNX, and WERN, USAK. Source: Factset, Morgan Stanley Research

HTLD: Heartland Express

Exhibit 42

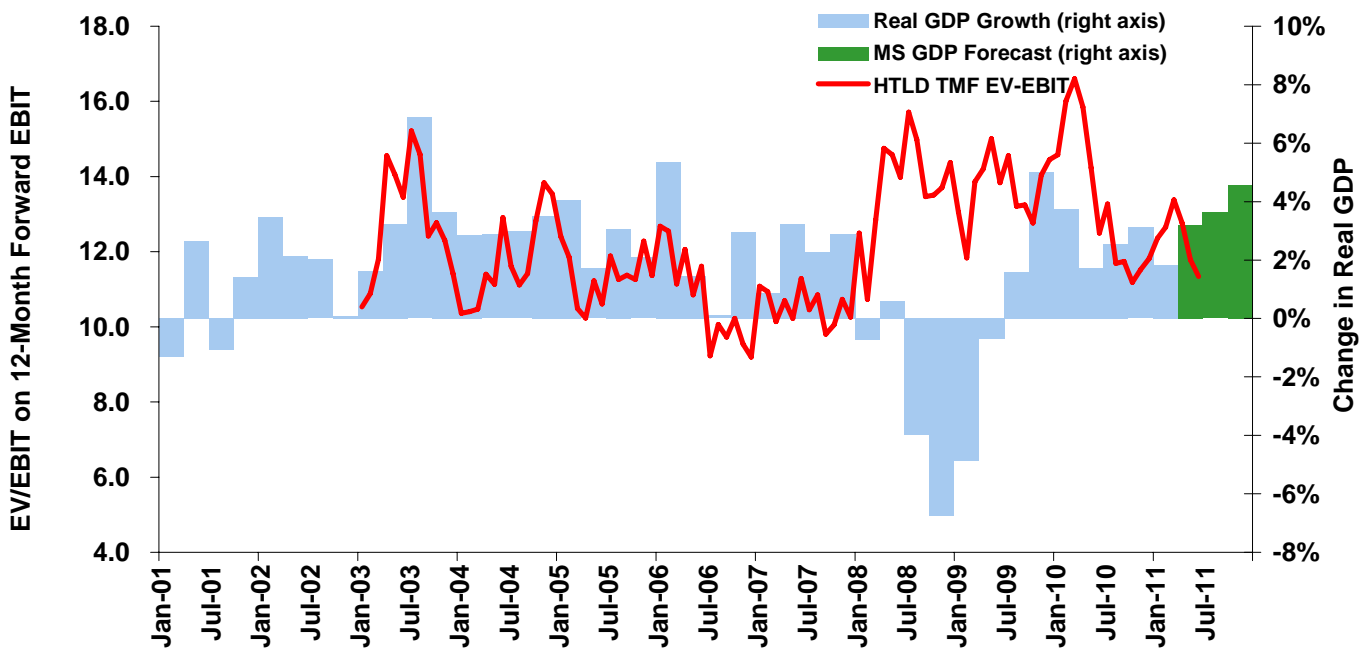
HTLD Absolute Price-to-Earnings Ratio on 12-Month Forward Earnings vs. Real GDP



Source: Factset, Morgan Stanley Research

Exhibit 43

HTLD EV / EBIT Ratio vs. Real GDP

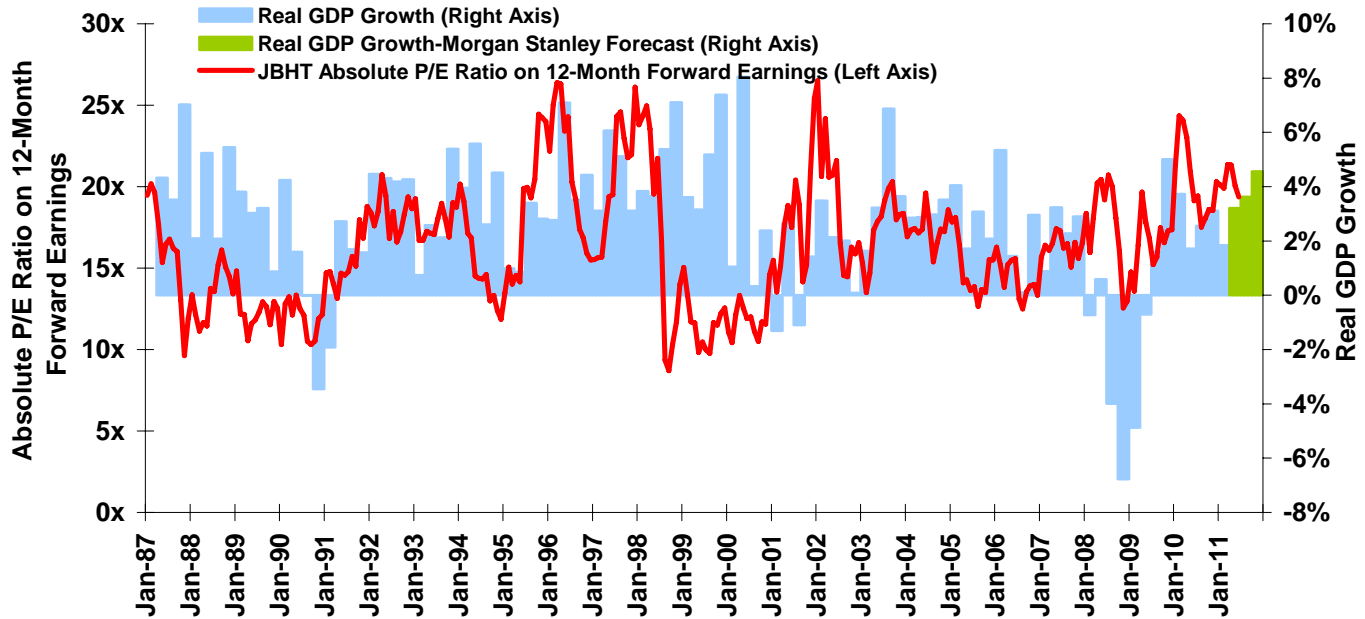


Source: Factset, Morgan Stanley Research

JBHT: J.B. Hunt Transportation Services

Exhibit 44

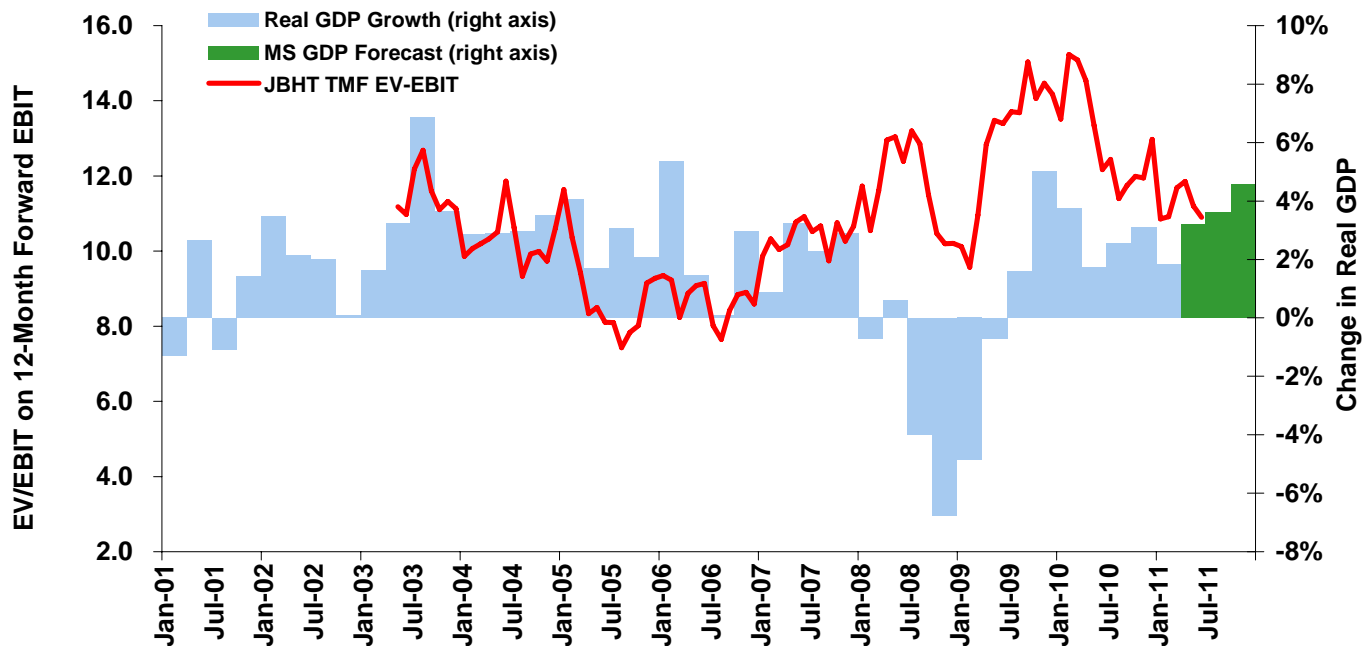
JBHT Absolute Price-to-Earnings Ratio on 12-Month Forward Earnings vs. Real GDP



Source: Factset, Morgan Stanley Research

Exhibit 45

JBHT EV / EBIT Ratio vs. Real GDP

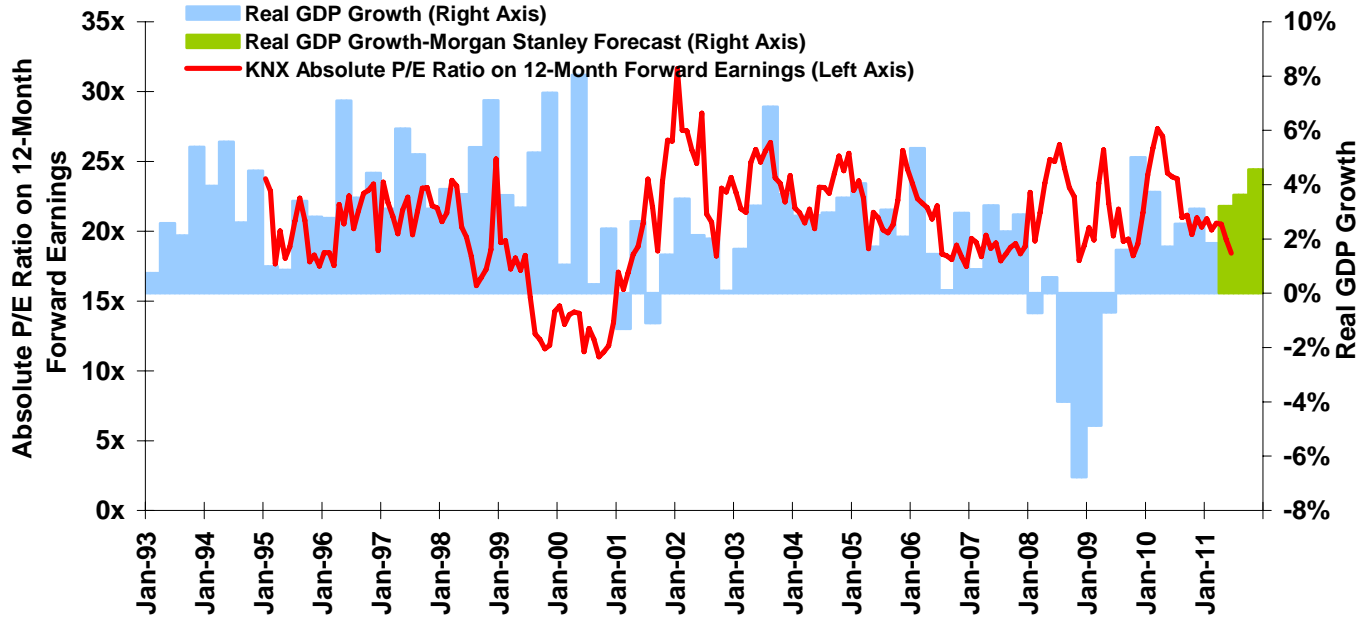


Source: Factset, Morgan Stanley Research

KNX: Knight Transportation

Exhibit 46

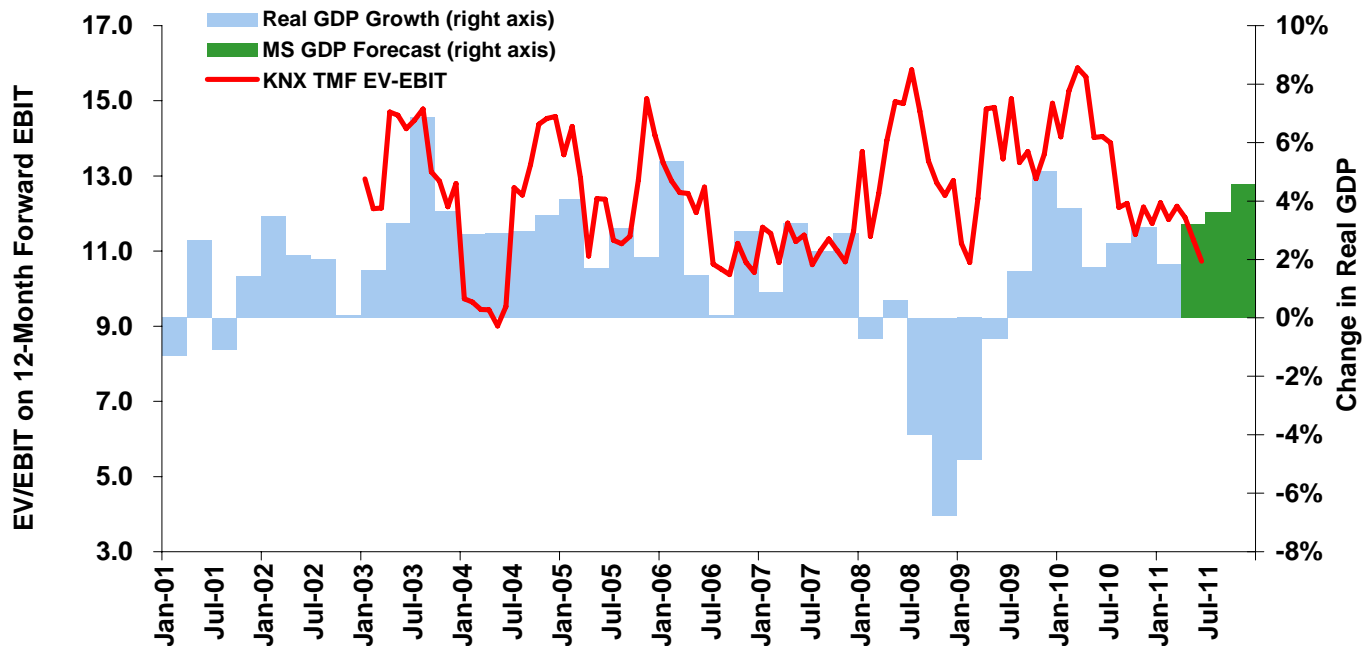
KNX Absolute Price-to-Earnings Ratio on 12-Month Forward Earnings vs. Real GDP



Source: Factset, Morgan Stanley Research

Exhibit 47

KNX EV / EBIT Ratio vs. Real GDP

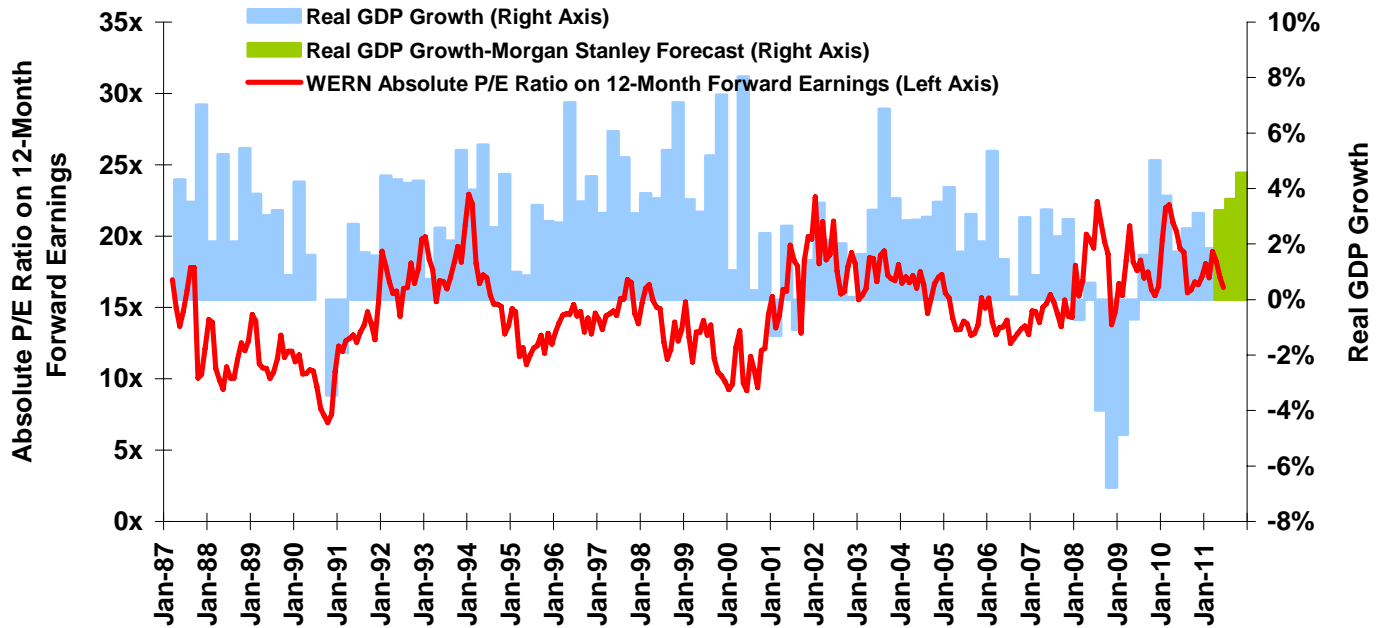


Source: Factset, Morgan Stanley Research

WERN: Werner Enterprises

Exhibit 48

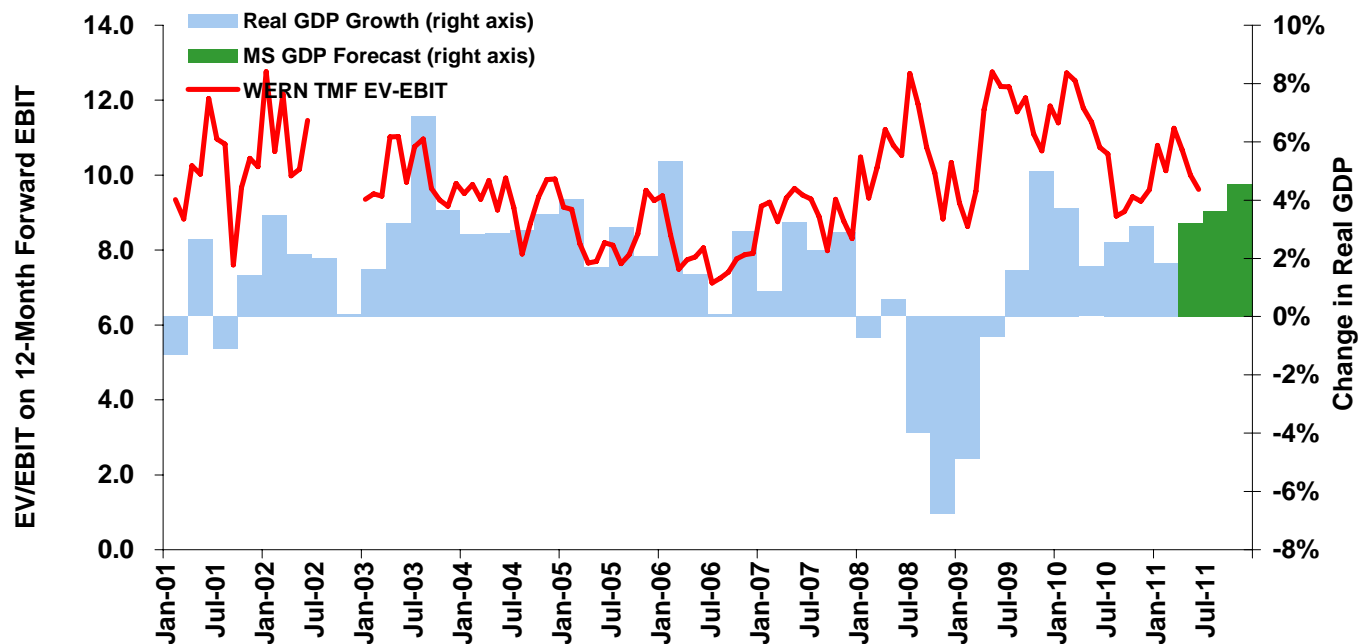
WERN Absolute Price-to-Earnings Ratio on 12-Month Forward Earnings vs. Real GDP



Source: Factset, Morgan Stanley Research

Exhibit 49

WERN EV / EBIT Ratio vs. Real GDP

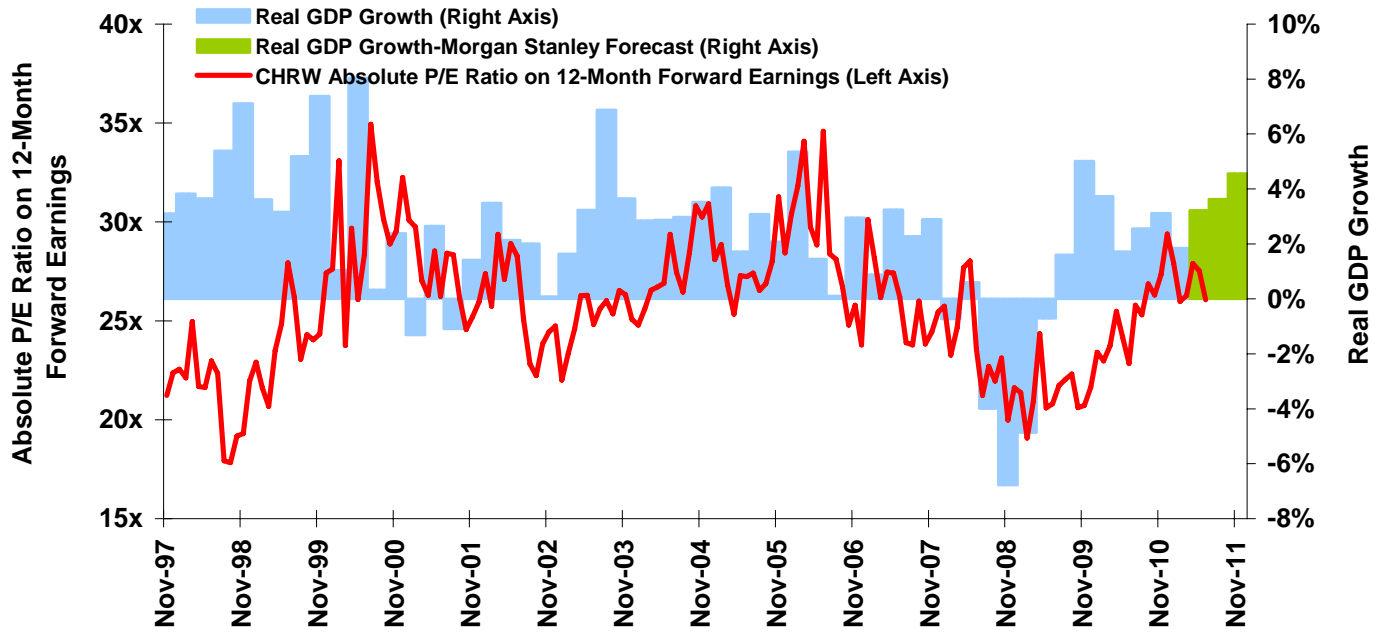


Source: Factset, Morgan Stanley Research

CHRW: C.H. Robinson Worldwide

Exhibit 50

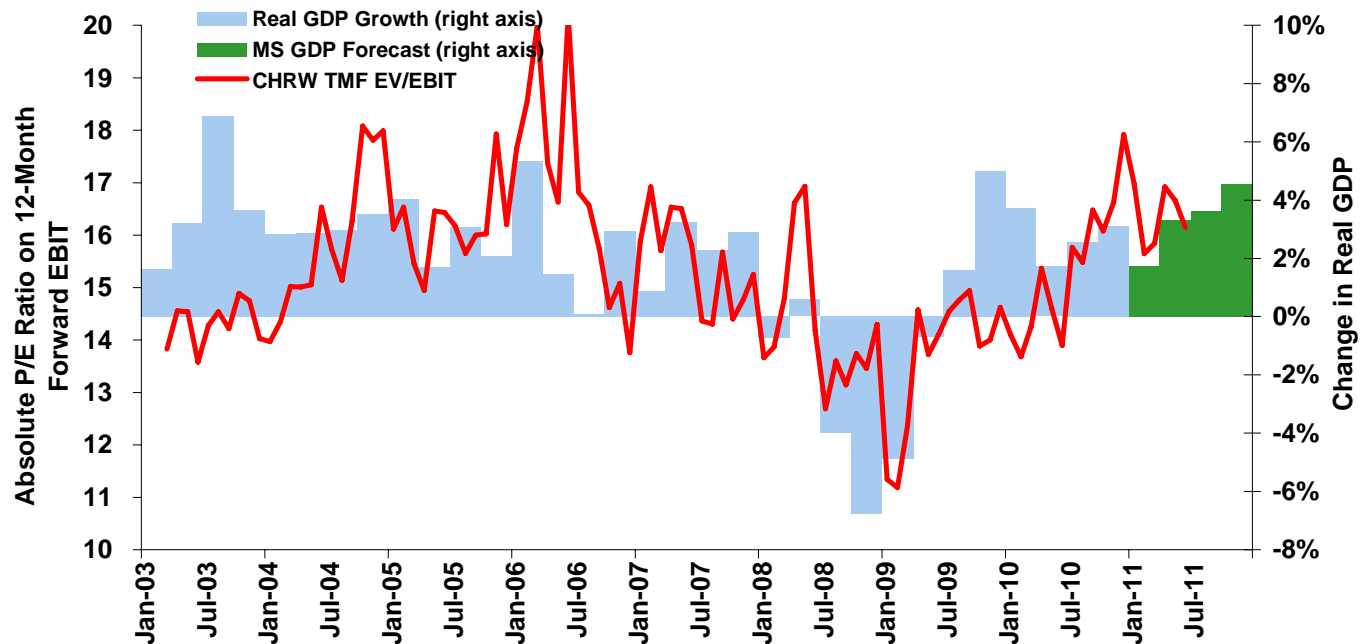
CHRW Absolute Price-to-Earnings Ratio on 12-Month Forward Earnings vs. Real GDP



Source: Factset, Morgan Stanley Research

Exhibit 51

CHRW EV / EBIT Ratio vs. Real GDP



Source: Factset, Morgan Stanley Research

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Global Stock Ratings Distribution

(as of May 31, 2011)

For disclosure purposes only (in accordance with NASD and NYSE requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

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Freight Transportation

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	1153	41%	464	48%	40%
Equal-weight/Hold	1140	41%	365	38%	32%
Not-Rated/Hold	108	4%	20	2%	19%
Underweight/Sell	390	14%	108	11%	28%
Total	2,791		957		

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

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The Americas

1585 Broadway
New York, NY 10036-8293
United States
Tel: +1 (1) 212 761 4000

Europe

20 Bank Street, Canary Wharf
London E14 4AD
United Kingdom
Tel: +44 (0) 20 7 425 8000

Japan

4-20-3 Ebisu, Shibuya-ku
Tokyo 150-6008
Japan
Tel: +81 (0) 3 5424 5000

Asia/Pacific

1 Austin Road West
Kowloon
Hong Kong
Tel: +852 2848 5200

Industry Coverage: Freight Transportation

Company (Ticker)	Rating (as of)	Price* (06/16/2011)
William J. Greene, CFA		
Atlas Air Worldwide Holdings (AAWW.O)	E (03/19/2010)	\$56.38
C.H. Robinson Worldwide Inc. (CHRW.O)	E (06/11/2009)	\$76.23
CSX Corporation (CSX.N)	O (06/11/2009)	\$24.3
Canadian National Railway Co. (CNI.N)	E (10/31/2008)	\$74.44
Canadian Pacific Railway Ltd. (CP.N)	E (03/09/2010)	\$59.93
Echo Global Logistics Inc (ECHO.O)	E (11/08/2010)	\$15
Expeditors International of Washington I (EXPD.O)	U (03/22/2010)	\$47.35
FedEx Corporation (FDX.N)	O (04/01/2011)	\$86.48
Genesee & Wyoming Inc. (GWR.N)	E (11/23/2009)	\$54.21
Heartland Express Inc. (HTLD.O)	U (05/06/2011)	\$16.01
J.B. Hunt Transport Services Inc. (JBHT.O)	E (05/06/2011)	\$44.84
Kansas City Southern (KSU.N)	O (05/10/2010)	\$52.02
Knight Transportation Inc. (KNX.N)	U (05/06/2011)	\$16.5
Norfolk Southern Corp. (NSC.N)	E (01/15/2008)	\$70.21
Railamerica, Inc. (RA.N)	O (11/23/2009)	\$14.22
Swift Transportation (SWFT.N)	E (01/26/2011)	\$13.2
UTi Worldwide (UTIW.O)	E (03/22/2010)	\$19.35
Union Pacific Corp. (UNP.N)	O (05/07/2007)	\$98.79
United Parcel Service (UPS.N)	E (04/28/2010)	\$69.05
Werner Enterprises (WERN.O)	U (06/11/2009)	\$24.3

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