



## **ABF Freight System: Company Overview for Teamster Freight Meeting**

April 2010  
Prepared by the IBT Economics & Contracts  
Department, IBT  
Washington, DC

### Overview

- Current Economic Environment
- Trucking Industry Pressures
- ABF Recent Events and Corporate Overview
- Financial Outlook



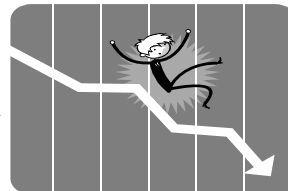
## Economic Indicators Still Mixed or Negative

VERY SLOW RECOVERY: 12-18 months to go:

- Unemployment High: 9.7%
- Family Incomes Down
- Foreclosures Rising: 1 in 7 homes
- Consumer Debt Still Near All-Time Highs

Some positives, but not many

- March trucking jobs up per DOL
- Class 8 truck orders up
- Modest tonnage growth 3.5% per ATA
- Capital goods exports up
- Freight bills up slightly



RANK	CARRIER NAME	2009 REVENUE (\$ million)
1	FedEx Freight	\$3,618
2	YRC National	\$3,177
3	Con-way Freight	\$2,574
4	UPS Freight	\$1,807
5	ABF Freight System	\$1,260
6	YRC Regional	\$1,226
7	Estes Express Lines	\$1,174
8	Old Dominion	\$1,158
9	R+L Carriers*	\$862
10	Saia	\$794
11	Southeastern *	\$628
12	Vitran Express	\$519
13	Averitt Express	\$471
14	AAA Cooper Transportation*	\$418
15	Central Transport International*	\$342

## L-T-L LANDSCAPE In 2009 Industry has gone from \$35 B to \$28 B During Recession

Only one carrier had positive earnings in all four quarters last year

### ANALYST JINDEL IS CALLING FOR A MODEST ECONOMIC RECOVERY:

"I'M NOT FINDING ANY HOPEFUL SIGNS THAT LIFE FOR LTL CARRIERS WILL GET BETTER ANY TIME SOON. IT WILL BE A VERY SLOW PROCESS IN IMPROVING TONNAGE LEVELS. THINGS ARE GETTING LIGHTER AND SMALLER; AND THAT DOES NOT PORTEND WELL FOR AN INDUSTRY

**THAT BASES ITS PRICING ON WEIGHT."**

Note: Revenues for LTL operations only, unless otherwise indicated

\*Revenues include truckload and other services

Source: Company reports and SJ Consulting Group estimates

--Logistics Management, 4/1/10

## What's Going on in Freight?

All Motor carriers have seen:

- 2-3 Years of Declining Results
- Heightened Pricing Competition from FDX, C-W, UPS Freight, Estes, R & L, YRC
- Significant Revenue Setbacks
- **OVERCAPACITY of 20%**

ABF: > Exposure to So. Housing/Retail Mkts  
> Credit Options Dried Up in 2009  
> Spent 1/2 of Parent's Total Cash



## ABF is a Unique Player in L-T-L

- Moved to Pure Play L-T-L Carrier after Tumultuous 1990's and Acquisitions
- Lots of Small Terminals – different model built on premium service
- Very Conservative Capital Structure
- Best Web Based LTL Services
- Quiet Leader in Industry





## ABF OPERATING RESULTS: LAST 5 YEARS

### Summary Financials

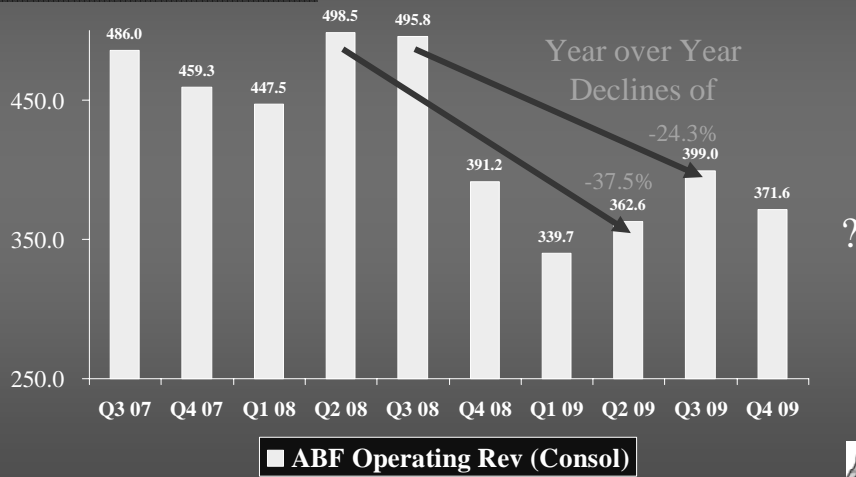
	2005	2006	2007	2008	2009
ABF Freight System Revenues	1,707.5	1,810.3	1,764.5	1,758.8	1,384.4
Total Revenues	1,860.3	1,886.1	1,830.7	1,833.1	1,472.9
Revenue Growth (YOY)	8.4%	6.3%	-2.9%	0.1%	-19.6%
ABF Freight System Operating Income	152.8	134.7	85.9	48.4	(100.1)
Total Operating Income	152.8	134.7	86.2	48.5	(100.3)
Total Operating Income Growth (YOY)	18.5%	-11.8%	-36.0%	-43.7%	-306.7%
Total Operating Ratio	91.8%	92.9%	95.3%	97.4%	106.8%

Source: SEC documents and company reports

## ABF Operating Revenues: Last 10 Quarters

Revenue is Hard to Replace in Down Economy

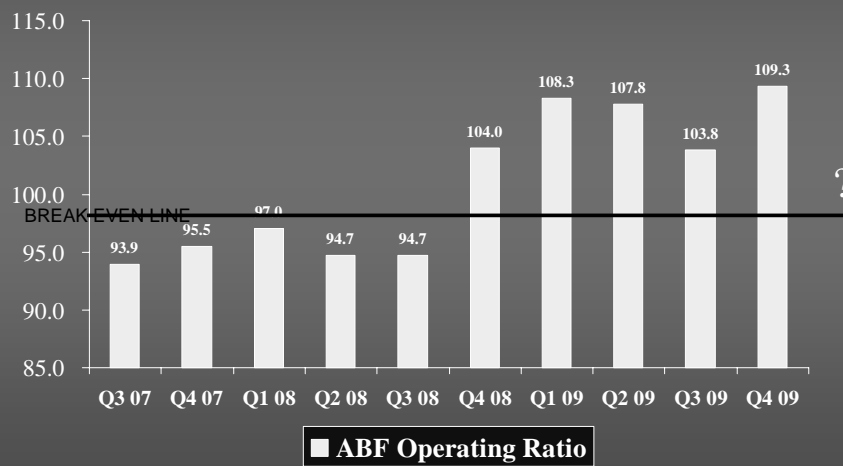
(in millions)



Source: SEC documents



## ABF Operating Ratio: Last 10 Quarters

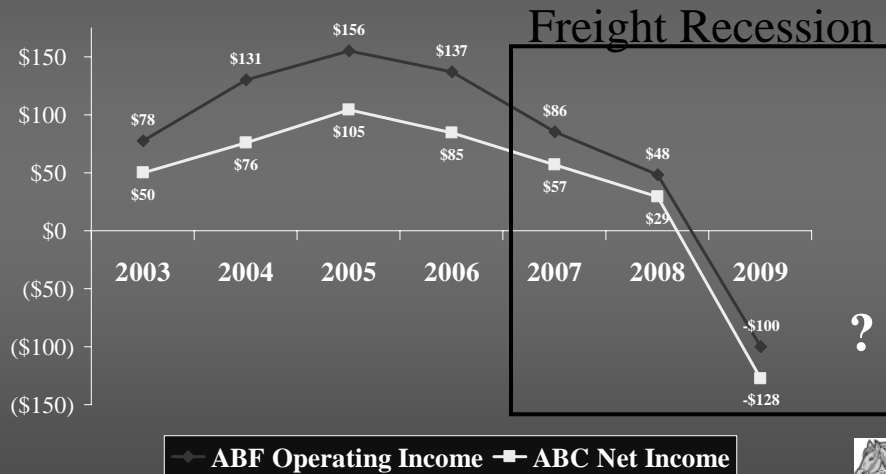


Source: SEC documents

Break even OR leaves room for certain non-operating expenses to be paid



## ABF & ABC Income: 2003-2009 (in millions)



Source: SEC documents and analysts reports



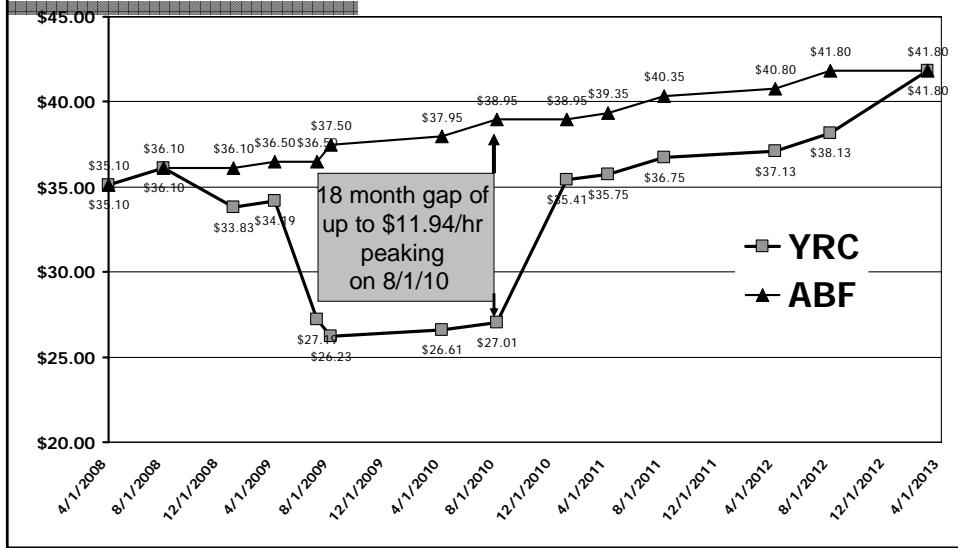
## Company's Projections for 2010

- >> Broadly assume that market conditions are similar to those of 2009
- >> Pricing: continued rate war
- >> Tonnage: comparable levels
- >> Operating ratios: still high (poor)
- >> Loss: Negative Cash /EBITDA

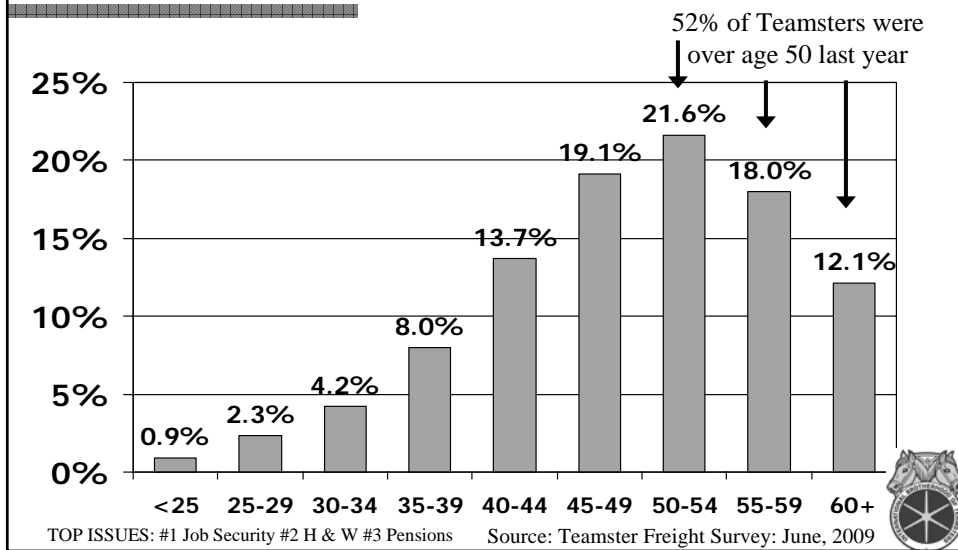


*NO LIGHT AT END OF TUNNEL*

### Changes in Total Compensation for Local Cartage Driver Under 2008-2013 NMFA CSLCSA S-T Hourly Wages + Benefit Rate



### NMFA TEAMSTERS: Age Groupings by % All Job Classifications: 2009



## The Freight Future:

- End of L-T-L Freight Industry's Economic Crash is Not Yet Clear
- Potential Union Market Share Loss is Dramatic without Turnaround
- ABF Has Resources for 2010 But No More
- Time to Act is Now –very mixed signals in economy and L-T-L is particularly shaky

*PROLONGED UNCERTAINTY*  
*CONTINUES in 2010-11*

