


The 2005 Transport Topics

Logistics





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Mergers Are Creating Global Logistics Superpowers

The Scramble for Market Share Has Everyone Seeking More Global Capacity

By Daniel P. Bearth
Senior Features Writer

The recent wave of logistics mergers and acquisitions represents both a sign of the times and a sign of things to come, according to executives at logistics companies and industry analysts, as companies across the globe scramble to create logistics superpowers that can provide door-to-door global transportation management for shippers.

To gain share in a rapidly growing market, logistics service providers based in North America are bolstering the services they offer and extending their business into China and elsewhere, and European companies are looking to establish logistics operations in North America and Asia, transportation executives and industry analysts said.

"You have to have global capability and end-to-end solutions for clients in North America as well as in Europe and Asia," said Jim Ritchie, president of Meridian IQ, a unit of Yellow Roadway Corp.

That is one of the driving factors, analysts said, behind Germany's Deutsche Post World Net's planned \$6.7 billion purchase of London-based Exel PLC, the world's largest logistics company (9-26, p. 1).

Benjamin Gordon, a logistics industry consultant in Boston who specializes in mergers and acquisitions, said he expects merger activity to remain brisk — although the possible Deutsche Post/Exel combination might put a damper on some deals, since "two of the most likely buyers are doing something else in the next year."

Most merger activity will continue to come from overseas as foreign-based companies seek to establish a foothold in North America, he said. "The ability to offer a combination of warehousing and forwarding services lends itself to European forwarders buying U.S. firms," Gordon said.

The declining value of the dollar also makes it cheaper for foreign firms to buy U.S. firms, he said.

But North American companies do not intend to get shut out, transportation executives said.

Vicki O'Meara, president of U.S. Supply Chain Solutions for Ryder System in Miami, said Ryder is seeking permission from the Chinese government to expand into mainland China. Ryder's Asian logistics operations are currently based in Singapore.

"We're seeing our customer base demand . . . global capacity. Many international customers also want to reduce the total number of providers. Size does matter," she said.

Ryder, Schneider Logistics, Penske Logistics and Yellow Roadway are among the U.S. companies expanding their logistics operations into China and Asia to serve their key customers — especially in auto manufacturing and consumer prod-

ucts — who are outsourcing manufacturing to lower-cost countries.

"It is a global economy," said Jack Gross, general manager of Schneider Logistics, a unit of truckload carrier Schneider National Inc. in Green Bay, Wis. "If you are unable to mirror what the clients are doing, you're in trouble."

To enhance its ability to handle imported goods, for instance, Gross said that Schneider purchased American Port Services and plans to expand its warehousing and consolidation services to additional U.S. ports and inland rail terminals.

"Ports are the crucial place to be," Gross said. "As fuel gets more expensive, steamship lines and railroads want to keep containers near the port" where they can be easily reloaded with

export goods or returned empty, rather than being tied up for 20 or 30 days in separate locations around the country.

To increase its size, Yellow Roadway purchased the operations of GPS Logistics in Asia and set up a joint venture with Chinese freight forwarder JHJ International Transportation Co.

Yellow Roadway, Overland Park, Kan., is the nation's largest less-than-truckload general freight carrier and parent of logistics provider Meridian IQ.

Yellow also expanded its business in North America with the purchase of USF Corp. in May. The USF Logistics business of USF ranked No. 26 on the 2004 TRANSPORT TOPICS Logistics 50 list.

In addition, parcel carrier and logistics services provider UPS Inc. was rumored to be interested in acquiring Dutch freight forwarder and package carrier TNT NV, which operates TNT Logistics North

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Having operations in China has become critical for U.S. logistics companies because shippers are demanding end-to-end solutions from logistics providers.

Dave Kulik, group managing director, logistics, TNT NV, said he's not surprised at the size and pace of logistics mergers because of the need for broader coverage and more global services.

"The world is colored," he said, "It's brown for UPS, purple for FedEx, yellow for DHL and orange for TNT. These four integrators are putting together freight, logistics, rail, parcel and freight management — a complete suite of services."

TNT is moving parts, for instance, out

The largest market for logistics services in 2004 was North America, with revenue of \$117.4 billion, Armstrong said. U.S. logistics revenue totaled \$89.4 billion, a jump of 16.3% from \$76.9 billion in 2003 and nearly three times the 1996 level, with automobile manufacturers the top buyers of logistics services, Armstrong reported.

The initial appeal of outsourcing logistics was the ability of third-party logistics firms — 3PLs — to lower costs by consolidating shipments, negotiating favorable rates with

freight carriers and using information technology to optimize routing, said John Ficker, president of the National Industrial Transportation League, Arlington, Va.

"The low-hanging fruit is gone. That game is over," said Ficker, whose association is the largest organization representing shippers. "Capacity is all sucked up."

A new development, he said, is service providers that help shippers locate distribution and manufacturing facilities, coordinate delivery of raw materials and parts, and arrange for delivery of finished goods to

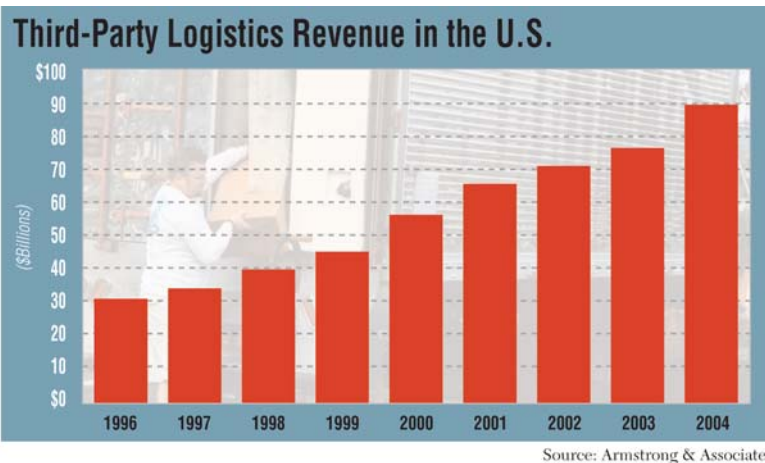
customers.

As a result, shippers now are looking at what they are paying logistics management providers and making demands, he said.

For instance, Wal-Mart Stores, the nation's largest retailer, requires its largest vendors to use radio frequency identification technology to help track shipments.

"Technology is playing a more important role, even down to the truck drivers," said Bill Tomasi, senior logistics consultant for Provia Software. The Grand Rapids, Mich.-based firm provides supply chain

(See LOGISTICS, p. 4)



Top 10 Buyers of Logistics Services

(ranked by number of 3PLs they use)

Number	Company
43	General Motors
32	DaimlerChrysler
30	Ford Motor
30	Wal-Mart Stores
28	Volkswagen
26	Hewlett-Packard
24	Unilever
22	Procter & Gamble
21	General Electric
19	Siemens

Source: Armstrong & Associates

America in Jacksonville, Fla.

Also, UPS plans to step up acquisitions in Europe in response to the announced Deutsche Post/Exel deal, said Michael Eskew, chief executive officer, and Kurt Kuehn, worldwide sales and marketing chief.

"It's no news that everybody is looking at everybody else," said UPS spokesman John Wheeler to reporters after the German newspaper Die Welt published Eskew's and Kuehn's comments.

"The industry is definitely fractured at the moment and definitely is in a consolidation mode," Wheeler said, as companies seek to gain share in a rapidly growing market.

of Belgium, Singapore, South Africa and Brazil for an automotive client in Michigan, providing end-to-end transportation, warehousing and tracking, Kulik said.

Worldwide spending on third-party logistics services — supply chain consulting and transportation management, warehousing, dedicated contract carriage, air and ocean freight forwarding and rail and truck brokerage — totaled \$339.4 billion in 2004, up from \$303 billion in 2003, according to Richard Armstrong, publisher of *Who's Who in Logistics: Armstrong's Guide to Global Supply Chain Management*.

U.S. Transportation Cost Advantage Is Slipping Away

By Daniel P. Bearth
Senior Features Writer

Within 10 years, the United States could lose most of the competitive edge it has in transportation costs because trucking productivity has bottomed out and because other nations, like China, are investing heavily in transportation infrastructure to move freight more efficiently.

The trend, if it is not reversed, could make it more difficult for U.S. firms to compete against companies in other parts of the world, some freight industry executives contend.

At a conference on freight transportation productivity held this fall in Atlanta, Schneider National Inc. executives predicted that U.S. transport costs, measured against the size of the nation's economy, will be about the same as Europe's — or about 7 cents per dollar of gross domestic product — in 10 years. China's transport costs, measured the same way, would decline from more than 16 cents per dollar of GDP now to about 8 cents per dollar of GDP in 2015, the company said.

"We are just past the inflection point of a historic shift," said Christopher Lofgren, president of Schneider National, Green Bay, Wis. "The U.S. logistics industry will have to work hard to . . . sustain our [cost] advantage as other



Infrastructure investments in China could erode the current U.S. advantage in transportation costs within 10 years.

ble that in China," he said.

Besides, transportation in China "is completely different" than it is in the United States, he said, as trucks are smaller and less efficient than those used in the U.S. In addition, there are significant bureaucratic hurdles to moving into that market, said Drumm.

David Kulik, group managing director, logistics of TNT NV, Amsterdam, The Netherlands, also cautioned against drawing too many comparisons between the transportation networks in China and the United States.

"In any country, infrastructure, regulations and human resources

capacity are making it harder to achieve additional productivity gains.

One example: ton-miles per active Class 8 truck — one measure of truck productivity — have declined since 1997 and fallen below 1992 levels, according to an analysis by Schneider National and FTR Associates, a transportation forecasting firm in Nashville, Ind.

But Bob Costello, chief economist of American Trucking Associations, said trucking still has at its disposal new tools to keep productivity moving upward.

Technology continues to be a "big driver" of productivity, allowing fleets to better manage assets, select better freight and reduce downtime and empty miles, he said.

"If — and it's a big if — there is a productivity slowdown, that is a concern," Costello said. "The U.S. economy relies on a safe, efficient and productive trucking industry. If we start to lose that, it's bad news for the entire economy."

Speaking at a conference in Thailand this past fall, Gil Carmichael, former Federal Railroad Administrator, said the U.S. needs to tie together disparate transportation infrastructures to make it work better.

"Although we have vast and productive networks of highways, railways, waterways, [airports] and port facilities, we . . . gave little thought to the value or need for intermodal connections" when that infrastructure was built, said Carmichael, who is senior chairman of the Intermodal Transportation Institute at the University of Denver.

"We also failed to perceive the value of a balanced transportation system," he said. "Other nations made similar errors, but the sheer size of the U.S. transport network has magnified" the effect of that imbalance.

In a telephone interview with TT, Carmichael said the United States needs to take "25% of the trucks off the highways to relieve stress on maxed-out highways," and move that traffic to railroads.

But he said he's concerned about the willingness of railroads to expand capacity. "Railroads have all the business they want. I'm afraid they are complacent."



Bottlenecks at a number of U.S. ports, including the Port of Los Angeles (above), are hampering transportation efficiency in the U.S.

economies mature and erode our historical [transportation cost] advantage. Without a broad effort, our prosperity will suffer."

While Lofgren's concerns were echoed by other conference participants, including executives from rail carrier CSX Corp. and Japanese shipping company NYK Lines and logistics managers for several large importers, other industry experts interviewed by TRANSPORT TOPICS downplayed the significance of transportation improvements in China. They also said an upswing in transportation costs in the United States wouldn't necessarily have dire consequences for U.S. businesses.

William Drumm, president of Establish Inc., a Fort Lee, N.J.-based firm that tracks logistics costs, said transportation costs in the United States amount to only about 3% to 4% of sales. "It's dou-

will dictate the competitiveness of transportation operations," he said.

"The battle for transportation revenue in the U.S. will be fought more between modes of transport" within the United States, rather than a battle emerging between China and the U.S. for transportation revenues, Kulik said.

Since 1950, according to Schneider National's analysis, trucking has been at the center of dramatic reductions in transportation costs.

For instance, deregulation increased competition and spurred intermodal cooperation between trucking and railroads, said Schneider. In addition, larger capacity trailers increased payloads and better highways reduced transit time, allowing shippers to cut inventories.

But now, longer supply chains, congestion at ports and on highways, and constraints on truck

Other speakers at the Atlanta conference voiced similar concerns about the nation's ability to handle the rapidly growing volume of international trade.

"A longer supply chain involves more participants and more transportation modes," said Clarence Gooden, executive vice president of CSX, Jacksonville, Fla. That is, as manufacturing and suppliers move offshore, moving supplies and goods is a more intricate and complex task that requires greater coordination and precision to prevent costs from rising, he said.

"These cost pressures have forced the reduction of inventories through the supply chain," Gooden said. "With less inventory cushion . . . any supply chain disruptions can have a greater economic [effect]."

In addition, the nation's ports and railroads need to do a better job of processing international cargo containers, said Peter

Keller, executive vice president of NYK Lines, Tokyo, which operates more than 600 ships worldwide and delivers freight containers to nearly all major U.S. ports.

At the ports of Los Angeles and Long Beach, for example, workers unload an average of 25 containers per hour from cargo ships, compared to an average of 40 per hour at foreign ports, said Keller.

Keller said the construction of additional container ships should hold down costs for ocean shipping, but that the larger vessels being built take more time to unload, creating a shortage of berths and increasing the time it takes to unload container ships.

"We've reached the point of diminishing returns on vessel costs," he said. "We have to focus on terminals, road and rail issues," to improve the efficiency of moving containers from ships to their final destination.

Logistics Changing

(Continued from p. 3)

execution programs for logistics companies.

Information about where trucks are, what is on them and arrival and departure times enables companies to use logistics resources more efficiently, he said.

In addition, 3PLs will look to technology to help them increase visibility for their customers, increase communication between customers, suppliers and 3PLs, automate

the warehouse and assist in labor management, Provia officials said.

Carol Davenport, information systems manager for NYK Logistics, Secaucus, N.J., agreed. She said shippers are pressuring 3PLs to automate supply chain processes to deal with the growing size and complexity of business.

"The [3PLs] that can react faster to demands, respond more accurately and cost less are those that will come out on top as the market leaders," she said.

Providers That Haul Freight Face Additional Hurdles

Logistics companies that are part asset-based transportation providers — like UPS Supply Chain Solutions (part of parcel carrier UPS Inc.) and Schneider Logistics (part of truckload carrier Schneider National Inc.) — must overcome additional hurdles to earn business because of the perception that most of the freight will flow to the parent company's freight-hauling businesses.

"It's hard to convince customers that what you're doing is in their best interest when you are recommending your own system," said Ted Scherck, president of The Colography Group, a company in Atlanta that does market research in the parcel and less-than-truckload and air express sectors.

"The customer asks, 'How do I know if I'm getting the best deal? I want a 3PL to play

one against the other,'" Scherck said. "It's a tough thing to straddle . . . because employees are obligated [to the company], and management has a fiduciary responsibility to the company."

There is evidence, though, that market separation and back-office integration does work, he said.

According to Scherck, Yellow Roadway Corp. remains the largest LTL service provider to UPS Supply Chain Solutions even though UPS now owns LTL carrier Overnite Transportation.

Yellow Roadway accomplished much the same feat when it merged back office functions of Yellow Transportation and Roadway Express, but kept the marketing and operations of the two LTL carriers separate.

"They've done a magnificent job," Scherck said.

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UPS Regains Top Spot On TT Logistics 50; Exel Americas at No. 2

By Daniel P. Bearth
Senior Features Writer

UPS Supply Chain Solutions, strengthened by the acquisition of Menlo Worldwide Forwarding, has reclaimed the top spot in TRANSPORT TOPICS' annual ranking of the largest logistics companies in North America.

With \$2.8 billion in net revenue from logistics operations in the United States and Canada in 2004, the logistics unit of UPS Inc. edged past last year's leader, Exel Americas, which fell to the No. 2 position, even though its revenue increased to \$2.7 billion in 2004 from \$2.5 billion the year before.

The two companies have traded places at the top of the TT Logistics 50 since the list was first published in 2002. Exel Americas was No. 1 in 2002 and 2004. UPS held the top spot in 2003.

Last December, UPS Inc. purchased Menlo Worldwide Forwarding, a unit of Menlo Worldwide, which was No. 10 on the TT Logistics 50 in 2004. The acquisition helped UPS Supply Chain Solutions increase the size and scope of its logistics operations and regain the top spot.

Additionally, the company last April restated results for the year to include Menlo's forwarding business and eliminate certain other revenues, such as shipping insurance, to create a new revenue category called freight services and logistics.

The changes were enough to pull UPS Supply Chain Solutions ahead of Exel Americas, the Westerville, Ohio-based logistics unit of Exel PLC in London.

Both companies have used acquisitions to gain market share and expand services in recent years, a trend that is expected to continue as companies try to create logistics superpowers with global reach (see related story, p. 3).

Last year, Exel acquired the Tibbett & Britten Group, a move that bolstered its warehousing and distribution business in Canada, Great Britain and Europe.

But now Exel itself is part of a proposed deal that would create the world's largest logistics provider. Deutsche Post World Net announced in September (9-26, p. 1) that it had reached an agreement to purchase Exel PLC. That would make Germany's Deutsche Post, also the parent of DHL Solutions (No. 22), the world's largest transportation services company.

By contrast, UPS added another logistics weapon to its arsenal in August, completing the acquisition of less-than-truckload carrier Overnite Corp. — a move that will be reflected in next year's rankings.

Four newcomers were added to the TT Logistics 50:

■ Meridian IQ, a unit of Yellow Roadway, debuted at No. 18. Its operations were combined with those of USF Logistics (No. 26 in 2004) following Yellow Roadway's purchase of USF Corp. in May 2005.

■ U.S. Xpress Enterprises, No. 33, is a diversified truckload carrier that provides dedicated contract carriage and rail intermodal service. It owns Xpress Global Systems, a company that specializes in warehousing and distribution for the floor-covering industry.

■ APX Logistics, a parcel and mail distribution specialist, claimed the No. 37 position, with its October 2004 acquisition of RR Donnelley Logistics — which was No. 22 on the TT Logistics 50 list in 2004 — and its subsequent merger with APX's package consolidation business.

■ Transervice Logistics, an equipment leasing specialist that provides dedicated contract carriage services, appears for the first time as No. 49.

Many of the companies on the TT Logistics 50 also appear on the Top 25 lists of the largest freight forwarders and freight brokerage firms worldwide.




Britain's Exel PLC and Dutch-based TNT Logistics again top the list of freight forwarders, as they did a year ago. Germany's Schenker Inc. moved up to No. 3, from sixth in 2004, and German-owned and Swiss-based DHL Danzas Air & Ocean was No. 4.

The U.S.-based forwarders include UPS Supply Chain Solutions, BAX Global, Expeditors International of Washington, Eagle Global Logistics, Ryder System, Penske Logistics, C.H. Robinson Worldwide and FedEx Supply Chain Solutions.

C.H. Robinson tops the list of freight brokerage firms again in 2005, with intermodal specialists Hub Group and Pacer Global Logistics second and third, respectively, as they were in 2004.

The 2005 Transport Top

N. AMERICAN REVENUE (in millions)

RANK 2004	RANK 2003	COMPANY	NET GROSS (e) = estimate N/A = Not Applicable	EMPLOYEES
1	2	 UPS Supply Chain Solutions¹ Alpharetta, Ga. NYSE: UPS (UPS Inc.) Bob Stoffel, Senior Vice President, Supply Chain Group Rocky Romanella, President (Americas) <i>www.ups-scs.com</i>	\$2,800 \$5,100	N/A
2	1	 Exel Americas² Westerville, Ohio (Exel PLC, London) Bruce Edwards, CEO <i>www.exel.com</i>	\$2,725 ^(e) \$4,256 ^(e)	27,000
3	3	 Ryder System Miami NYSE: R Gregory Swienton, Chairman and CEO <i>www.ryder.com</i>	\$1,860 \$3,800	26,300
4	5	 Caterpillar Logistics Services Morton, Ill. NYSE: CAT (Caterpillar Inc.) Mary Bell, Chairman Ron Kruse, President, Client Services Division <i>www.catlogistics.com</i>	\$1,400 \$2,000 ^(e)	9,100
5	4	 Schneider Logistics Green Bay, Wis. (Schneider National Inc.) Tom Escott, President <i>www.schneiderlogistics.com</i>	\$1,342 ^(e) \$3,475 ^(e)	10,650
6	6	 Penske Logistics Reading, Pa. (Penske Truck Leasing Co.) Vince Hartnett, President <i>www.penskelogistics.com</i>	\$866 \$3,250	8,800
7	8	 APL Logistics Oakland, Calif. (NOL Group, Singapore) David Lim, interim CEO <i>www.apllogistics.com</i>	\$840 \$1,170 ^(e)	5,500
8	7	 TNT Logistics North America³ Jacksonville, Fla. NYSE: TP (TNT NV, The Netherlands) David Kulik, CEO <i>www.tntlogistics.us</i>	\$780 N/A	6,150
9	9	 J.B. Hunt Dedicated Contract Services Lowell, Ark. (J.B. Hunt Transport Services) Nasdaq: JBHT John Roberts, President <i>www.jbhunt.com</i>	\$760 N/A	N/A
10	11	 FedEx Supply Chain Services Memphis, Tenn. NYSE: FD (FedEx Corp.) Douglas Witt, CEO <i>www.fedex.com</i>	\$700 ^(e) N/A	650

INDUSTRY EXPERTISE/KEY CUSTOMERS	DESCRIPTION OF SERVICES
<p>Computers and electronics, telecommunications, automotive, retail, consumer goods, health care</p> <p>Customers include: Toshiba, Deer Stags, Dell, Tokyo Electron America, Honeywell, Nikon, Ford Motor, DaimlerChrysler, General Motors, Abbott Diabetes Care, Anchor Blue</p>	<p>Air and ocean freight forwarding, customs brokerage, transportation management, warehousing and distribution, supply chain consulting, dedicated contract carriage, freight brokerage, service parts delivery and repair services, order fulfillment, returns management</p>
<p>Consumer goods, retail, computers and electronics, automotive, chemical, industrial equipment, health care</p> <p>Customers include: Becton Dickinson, Adolph Coors, DaimlerChrysler, Exxon Mobil, Goodyear Tire & Rubber, Sun Microsystems, Unilever, Maytag, Home Depot, Wal-Mart</p>	<p>Warehousing and distribution, transportation management, air and ocean freight forwarding, freight brokerage, supply chain consulting, customs brokerage, returns management, home delivery</p>
<p>Automotive, aerospace, industrial equipment, telecommunications, computers and electronics, food and beverage, pharmaceuticals, building materials, utilities, consumer goods, retail, newspaper distribution</p> <p>Customers include: Atlanta Journal-Constitution, General Motors, DaimlerChrysler, Haverty's Furniture, Hewlett-Packard, Philips Consumer Electronics, Toyota, Whirlpool, Xerox</p>	<p>Transportation and distribution management, supply chain consulting, dedicated contract carriage, freight brokerage, air and ocean freight forwarding, freight payment and auditing, returns management, warehousing and assembly, order fulfillment, service parts logistics, customs brokerage, insurance, intermodal, home delivery</p>
<p>Automotive, manufacturing and industrial equipment, aerospace and defense, energy, computers and electronics, consumer goods</p> <p>Customers include: Ford Motor, Bombardier Aerospace, Hyundai, Saab USA, Kodak, Delphi, U.S. Navy, CNH Corp.</p>	<p>Warehousing and distribution, transportation management, manufacturing subassembly, returns management, supply chain consulting</p>
<p>Consumer goods, retail, automotive, heavy equipment, computers and electronics, food and beverage, chemicals, health care</p> <p>Customers include: CHN Corp., Castrol, Dow Chemical, Ford Motor, General Motors Service Parts, John Deere & Co., Kimberly-Clark, Kraft, Miller Brewing, PolyOne, Sears, Thomson Multimedia, Wal-Mart, Shell Oil</p>	<p>Transportation management, supply chain consulting, dedicated contract carriage, event management, freight consolidation and port services, freight payment and auditing</p>
<p>Automotive, chemical, consumer goods, electronics, food and beverage, health care, manufacturing, retail</p> <p>Customers include: Amcor Sunclipse, Baxter HealthCare, Coleman, Eaton, Emerson Electric, Evian, Ford Motor, General Motors, Ingersoll-Rand, International Truck and Engine, Knoll Inc., Longs Drug Stores, Mission Foods, Panasonic, Pepsi-Cola, Procter & Gamble/Iams, Scania, Sealy, Whirlpool</p>	<p>Transportation management, warehousing and distribution, supply chain consulting, dedicated contract carriage, home delivery</p>
<p>Automotive, retail/apparel, consumer goods, computers and electronics, industrial equipment</p> <p>Customers include: General Motors, Bobcat, ArvinMeritor, Nike, Dell, Yamaha, Colgate-Palmolive, Procter & Gamble, NewellRubbermaid, Target, Wal-Mart, Dow Corning</p>	<p>Ocean and air freight forwarding, customs brokerage, warehousing and distribution, transportation and inventory management, dedicated contract carriage, product assembly, supply chain consulting</p>
<p>Automotive, electronics, rail, tire, consumer goods, utilities, heavy machinery</p> <p>Customers include: Andersen Corp., BMW, Hewlett-Packard, CSX, DaimlerChrysler, Ford Motor, General Motors, Michelin Tire, Home Depot, Sears, Honda, Nacco Materials Handling Group</p>	<p>Manufacturing support and subassembly, transportation management, supply chain consulting, dedicated contract carriage, warehousing and distribution, returns management</p>
<p>General merchandise and specialty retail, building materials, food and beverage, forest and paper products, rubber and plastic products, automotive, pharmaceuticals</p> <p>Customers include: Circuit City, Family Dollar, Gambro Renal Products, Orchard Supply Hardware, PPG Industries, Standard Furniture, Home Depot, Weyerhaeuser</p>	<p>Dedicated contract carriage</p>
<p>Apparel, automotive, health care, computers and electronics, industrial equipment, retail</p> <p>Customers include: Philips Semiconductor, Ford Motor, DirecTV, Mitsubishi, Hewlett-Packard</p>	<p>Transportation management, customs brokerage, warehousing and distribution, air and ocean freight forwarding, supply chain consulting, returns management, dedicated contract carriage, intermodal</p>

Transport Topics Logistics 50

- 1 UPS Supply Chain Solutions
- 2 Exel Americas
- 3 Ryder System
- 4 Caterpillar Logistics Services
- 5 Schneider Logistics
- 6 Penske Logistics
- 7 APL Logistics
- 8 TNT Logistics North America
- 9 J.B. Hunt Dedicated Contract Services
- 10 FedEx Supply Chain Services
- 11 C.H. Robinson Worldwide
- 12 Werner Enterprises
- 13 BAX Global
- 14 Menlo Worldwide
- 15 Maersk Logistics USA
- 16 AmeriCold Logistics
- 17 Kuehne + Nagel Contract Logistics
- 18 Meridian IQ
- 19 Eagle Global Logistics
- 20 Total Logistics Control
- 21 Genco
- 22 DHL Solutions
- 23 NFI Interactive Logistics
- 24 Expeditors International
- 25 Ruan Transport Corp.
- 26 Pacer International
- 27 Swift Transportation
- 28 Schenker Logistics
- 29 UTI Worldwide
- 30 DSC Logistics
- 31 Ozburn-Hessey Logistics
- 32 Cardinal Logistics Management
- 33 U.S. Xpress Enterprises
- 34 Logistics Insight Corp.
- 35 IM-Logistics
- 36 Jacobson Cos.
- 37 APX Logistics
- 38 Kenco Logistics Services
- 39 New Breed
- 40 NYK Logistics Americas
- 41 Hub Group/Unyson Logistics
- 42 Averitt Express
- 43 PBB Global Logistics
- 44 Saddle Creek Corp.
- 45 Kane is Able Inc.
- 46 Landstar Logistics
- 47 NAL Worldwide
- 48 Stonepath Group
- 49 Transervice Logistics
- 50 Arnold Logistics

How TT Developed The Logistics 50 List

The companies on the TT Logistics 50 provide a broad range of logistics services, including dedicated contract carriage, warehousing and distribution, freight forwarding and freight brokerage services.

The logistics rankings are based on the amount of business generated in North America as measured by net and gross revenue.

In cases where revenue numbers were not available from public sources or company management, TRANSPORT TOPICS used estimates from industry consultant and researcher Richard Armstrong of Armstrong & Associates, Stoughton, Wis.

Armstrong publishes an annual directory of logistics companies called *Who's Who in Logistics: Armstrong's Guide to Global Supply Chain Management*.

Members of the Transportation Intermediaries Association also provided data that was used in compiling the Top 25 freight brokerage firms.

Net revenue is defined as gross revenue minus the cost of purchased transportation. Net revenue — also called gross profit — is the money available to hire staff and operate the business after paying for air, ocean, and rail or truck transportation. For companies that provide dedicated contract carriage, warehousing and customs brokerage services, there is usually no difference between net and gross revenue. For companies that provide transportation management, freight brokerage and freight forwarding services, net revenue generally ranges from 10% to 25% of gross revenue, according to industry analysts.

N. AMERICAN REVENUE

RANK 2004	RANK 2003	COMPANY	(in millions) NET GROSS	EMPLOYEES	INDUSTRY EXPERTISE/KEY CUSTOMERS	DESCRIPTION OF SERVICES
11	14	 C. H. Robinson Worldwide Eden Prairie, Minn. Nasdaq: CHRW D.R. "Sid" Verdoorn, Chairman John Wiehoff, CEO <i>www.chrobinson.com</i>	\$661 \$4,342	5,300	Food and beverage, retail, building materials, paper, manufacturing, chemicals and metals, entertainment, printing and publishing Customers include: Wal-Mart, Best Buy, Cargill, PepsiCo, Anheuser-Busch, Applica Inc., James Hardie Building Products, Verizon, Imperial Sugar, Blue Ridge Paper Products, PetSmart, Atrium Windows & Doors	Freight brokerage, transportation management, air and ocean freight forwarding, warehousing, produce distribution, information technology
12	13	 Werner Enterprises ⁴ Omaha, Neb. Nasdaq: WERN Clarence Werner, Chairman and CEO Larry Williams, Vice President Value-Added Services <i>www.werner.com</i>	\$654 ^(e) \$806 ^(e)	211	N/A Customers: N/A	Dedicated contract carriage, freight brokerage, transportation management, intermodal
13	24	 BAX Global Irvine, Calif. NYSE: BCO (The Brink's Co.) Joseph Carnes, President Dennis Eittrheim, President (Americas) <i>www.baxglobal.com</i>	\$638 ^(e) \$1,162	12,000	Computers and electronics, automotive, aerospace, airlines, health care, retail, telecommunications, printing and publishing, government Customers include: Microsoft, Raytheon, Siemens, Subaru, Liz Claiborne, Isle of Arran Distillery, Scania, Samsung	Air and ocean freight forwarding, customs brokerage, transportation management, warehousing and distribution, supply chain consulting
14	10	 Menlo Worldwide San Mateo, Calif. NYSE: CNF (CNF Inc.) Robert Bianco, President <i>www.menloworldwide.com</i>	\$633 ^(e) \$1,103	4,300	Automotive, computers and electronics, pharmaceuticals, chemicals, aerospace Customers include: ADM, Cisco Systems, Dow Chemical, General Motors, LAM Research, NCR, Ricoh, Sears, Takata Global, Tower Automotive, IBM, Hewlett-Packard, Nike, Boeing	Transportation management, warehousing and distribution, dedicated contract carriage, supply chain consulting, assembly and packaging, order fulfillment, returns management
15	19	 Maersk Logistics USA ⁵ Madison, N.J. (A.P. Moller-Maersk Group, Copenhagen) Michael White, President (effective February 2006) <i>www.maersk-logistics.com</i>	\$591 ^(e) \$805 ^(e)	N/A	Retail, consumer goods, footwear, apparel, sporting goods, electronics, food and beverage, health care Customers include: Wal-Mart, Target, Hudson's Bay Co., Macy's, Footstar, Home Depot, IBM, IKEA, Liz Claiborne, Adidas, Nike, Reebok, Starbucks, Procter & Gamble, Heineken, Williams-Sonoma, The Gap, Sears/Kmart, Toys R Us	Air and ocean freight forwarding, transportation management, warehousing and distribution, customs brokerage, supply chain consulting
16	12	 AmeriCold Logistics (Yucaipa Companies, Crescent Operating Inc., Vornado Operating Company) Atlanta Tom Schnug, CEO <i>www.americold.net</i>	\$573 ^(e) \$685 ^(e)	N/A	Food and groceries, consumer goods Customers include: ConAgra, General Mills, Gold Kist, Gorton's, Heinz, J.R. Simplot, Jack in the Box, Johnson & Johnson, Kraft Foods, Lamb-Weston, McCain Foods, Nestlé, Norpac Foods, Pillsbury, Rich Products, Sara Lee	Refrigerated warehousing and distribution, transportation management, facility engineering and design
17	15	 Kuehne + Nagel Contract Logistics Naugatuck, Conn. (Kuehne + Nagel International AG, Switzerland) Dan DeSoto, Managing Director <i>http://logistics.kuehne-nagel.com</i>	\$572 ^(e) \$2,230 ^(e)	1,100	Health care, pharmaceuticals, electronics, retail, consumer goods, industrial equipment Customers include: Nortel Networks, Sun Microsystems, Roche, Allergan, Wal-Mart	Warehousing and distribution, supply chain consulting, air and ocean freight forwarding
18	26	 Meridian IQ ⁶ Overland Park, Kan. Nasdaq: YELL (Yellow Roadway Corp.) Jim Ritchie, President <i>www.meridianiq.com</i>	\$500 ^(e) \$858	2,600	Retail, publishing, manufacturing, chemical, oil and gas, energy, automotive Customers include: Arch Chemical, Robert Bosch, Scholastic, The Gap, Target, JCPenney, Samsung, The Sports Authority, Dollar Tree, Dreyers	Warehousing and distribution, transportation management, supply chain consulting and network design, facility engineering, assembly and packaging, dedicated contract carriage, freight brokerage, air and ocean freight forwarding, customs brokerage, technology services
19	16	 Eagle Global Logistics Houston Nasdaq: EAGL (EGL Inc.) James Crane, Chairman and CEO <i>www.eaglegl.com</i>	\$541 \$1,312	10,200	Automotive, aerospace, trade shows, telecommunications, computers and electronics, pharmaceuticals, printed materials, oil and gas, apparel, entertainment equipment Customers include: Amdahl, Neiman Marcus, Visteon Automotive Services, Military Surface Deployment and Distribution Command	Air and ocean freight forwarding, transportation management, warehousing and distribution, customs brokerage, expedited transportation, project management
20	33	 Total Logistic Control ⁷ Zeeland, Mich. NYSE: SVU (Supervalu Inc.) Bob Koerner, President and CEO <i>www.totallogistic.com</i>	\$470 N/A	4,600	Food and beverage, retail, consumer products, groceries Customers include: Diageo, Kellogg's, General Mills, Rich Products, Sara Lee, Campbell's, Meijer, Stryker, Lamb Weston, Dean Foods, Maple Leaf	Transportation management, warehousing and distribution, contract manufacturing, supply chain consulting
21	17	 Genco Pittsburgh Herb Shear, Chairman and CEO <i>www.genco.com</i>	\$459 \$535 ^(e)	5,500	Consumer electronics, automotive, cosmetics, health care, appliances, food and groceries, pharmaceuticals, home furnishings, apparel, health and beauty, footwear, airports, toys, paper products, flooring, liquor, publishing, retail Customers include: Unilever, Sears/Kmart, Target, Hershey Co., Dell, Best Buy, Whirlpool, Reebok, Reckitt Benckiser, Kraft/Nabisco, Heinz, Becton Dickinson, Kimberly Clark, Playtex, Hewlett-Packard, Revlon, Levi Strauss, IKEA, Harley Davidson, U.S. Department of Defense	Warehousing and distribution, returns management, asset recovery, transportation management, supply chain consulting, parcel management, damaged goods research, facilities engineering

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N. AMERICAN REVENUE

RANK 2004	RANK 2003	COMPANY	(in millions) NET GROSS	EMPLOYEES	INDUSTRY EXPERTISE/KEY CUSTOMERS	DESCRIPTION OF SERVICES
22	21	 DHL Solutions Plantation, Fla. (Deutsche Post World Net, Bonn, Germany) John Mullen, CEO www.dhl-usa.com	\$411 ^(e) \$1,864	N/A	Computers and electronics, retail, consumer goods, pharmaceutical, apparel, entertainment Customers include: IBM, Dell, Eastman Kodak, Fry's Electronics, Time Warner, Procter & Gamble, Technicolor, Hewlett-Packard, Siemens, Xerox	Air and ocean freight forwarding, customs brokerage, transportation management, warehousing and distribution, supply chain consulting, order fulfillment, service parts logistics, home delivery
23	27	 NFI Interactive Logistics Cherry Hill, N.J. Bernard Brown, Chairman Sid Brown, CEO Joe Roeder, COO www.nfiindustries.com	\$408 ^(e) \$603	4,200	Food and groceries, beverage, retail, consumer goods, computers and electronics Customers include: Staples, Trader Joe's, Colgate-Palmolive	Warehousing and distribution, transportation management, dedicated contract carriage, expedited transportation, intermodal, supply chain consulting
24	20	 Expeditors International of Washington Seattle Nasdaq: EXPD Peter Rose, Chairman and CEO Glenn Alger, President www.expeditors.com	\$406 \$780	N/A	Automotive, electronics, retail, chemicals, health care Customers include: Ace Hardware, Costco, Ford Motor, General Motors, Motorola, Trane	Air and ocean freight forwarding, customs brokerage, transportation management, warehousing and distribution, supply chain consulting
25	18	 Ruan Transport Corp. Des Moines, Iowa Michael Kandris, President www.ruan.com	\$400 \$600	3,800	Retail, manufacturing, food and groceries, automotive, paper and related products, furniture, metals Customers include: Target, Johnson Controls, Polaris, ConAgra, Kroger	Dedicated contract carriage, supply chain consulting, freight brokerage, warehousing and distribution
26	40	 Pacer International Concord, Calif. Nasdaq: PACR Donald Orris, Chairman and CEO Michael Uremovich, Vice Chairman Jeffrey Brashares, Vice Chairman www.pacer-international.com	\$395 \$1,808	1,752	Automotive, food and beverage, retail, paper and printing, consumer durable goods and electronics Customers include: AEP Industries, Big Lots, Continental General Tire, Del Monte, GE, Ford Motor, Heinz, Mariani Food, Owens Corning, Sony, Scotts, Toyota, W.R. Grace, Wal-Mart, Whirlpool	Rail intermodal, freight brokerage, warehousing and distribution, ocean freight forwarding, dry van and flatbed truckload, drayage and heavy specialized transportation, supply chain consulting
27	23	 Swift Transportation Co. Phoenix Nasdaq: SWFT Jack Patton, Chairman Robert Cunningham, CEO www.swiftrans.com	\$324 ^(e) N/A	N/A	Food and groceries, retail, health care, paper, metals, transportation Customers include: Quaker Oats, Wal-Mart, Target, Dollar Tree, Lowe's, FedEx Corp., Ryder System	Dedicated contract carriage
28	38	 Schenker Logistics Inc. Greensboro, N.C. (Schenker AG, Germany) Heiner Murmann, President www.schenkerlogisticsusa.com	\$300 ^(e) \$1,000 ^(e)	1,800	Automotive, chemicals, consumer goods, furniture, cosmetics and personal care products Customers include: Goodyear Tire & Rubber, DuPont, Summerfield Furniture, Procter & Gamble, Coty	Warehousing and distribution, dedicated contract carriage, transportation management
29	29	 UTi Worldwide[®] Rancho Dominguez, Calif. Nasdaq: UTIW Roger MacFarlane, CEO William Gates, CEO, UTi Integrated Logistics www.go2uti.com www.utiintegratedlogistics.com	\$287 \$563	12,795	Pharmaceutical, apparel, chemical, automotive, computers and electronics Customers include: BASF, Bristol-Meyers Squibb, Case New Holland, Dow Chemical, DuPont, Fuji, Georgia-Pacific, Milliken, Owens Corning, Home Depot, Sam's Club, Wal-Mart	Air and ocean freight forwarding, customs brokerage, warehousing and distribution, transportation management, order fulfillment, freight brokerage, supply chain consulting
30	25	 DSC Logistics Des Plaines, Ill. Ann Drake, CEO www.dscllogistics.com	\$285 N/A	2,400	Food and groceries, consumer goods, building materials, computers and electronics, paper, health care Customers include: Georgia Pacific, Kellogg's, Kimberly Clark, Philip Morris, Pioneer Electronics, Yamaha, J.M. Smucker, Turtle Wax	Warehousing and distribution, packaging and order fulfillment, transportation management, supply chain consulting
31	30	 Ozburn-Hessey Logistics Brentwood, Tenn. Scott McWilliams, CEO www.ohlogistics.com	\$269 ^(e) \$395	2,700	Apparel, automotive, beverages, candy and confections, computers and electronics, food and groceries, furniture, health and beauty products, hospital and medical supplies, industrial parts, office supplies, packaging and paper, plastics, rubber, trade show displays, pharmaceutical, consumer goods Customers include: Hospira Inc., DuPont, FedEx Corp., Hewlett-Packard, Honeywell, International Paper, Remington Arms, Siemens, Overstock.com, Red Bull, Phillips-Van Heusen, Chef Solutions	Warehousing and distribution, transportation management, order fulfillment
32	32	 Cardinal Logistics Management Concord, N.C. Vin McLoughlin, Chairman Tom Hostetler, CEO Jerry Bowman, President www.cardlog.com	\$265 \$280 ^(e)	1,703	Retail, manufacturing, automotive, pulp and paper products Customers include: Kraftmaid Cabinetry, Mill's Pride, 7-Eleven, Home Depot, Georgia-Pacific, Lowe's, Best Buy, IKEA	Store delivery and installation, dedicated contract carriage, transportation management, information technology consulting, warehousing and distribution

N. AMERICAN REVENUE

RANK 2004	RANK 2003	COMPANY	N. AMERICAN REVENUE (in millions)		EMPLOYEES	INDUSTRY EXPERTISE/KEY CUSTOMERS	DESCRIPTION OF SERVICES
			NET GROSS				
33	Not Ranked	U.S. Xpress Enterprises Chattanooga, Tenn. Nasdaq: XPRSA Patrick Quinn, Co-Chairman and President Max Fuller, Co-Chairman and CEO <i>www.usxpress.com</i>	\$265 \$397		N/A	Retail, floor coverings, building materials, food and beverage Customers include: Dollar General, Nissan, Georgia-Pacific, Wal-Mart, Reckitt Benckiser, Formica, Meijer, Coca-Cola	Dedicated contract carriage, warehousing and distribution, intermodal
	31	Logistics Insight Corp. (GenTra Inc.) Warren, Mich. H.E. Wolfe, CEO <i>www.4linc.com</i>	\$257 \$530		3,670	Automotive and parts manufacturing Customers include: General Motors, Ford Motor, DaimlerChrysler, Nissan, Auto Alliance, Delphi, Lear, Savino Del Bene, Polycon	Dedicated contract carriage, transportation management, intermodal, assembly and packaging, expedited transportation, air freight forwarding, container management
	28	IM-Logistics Santa Ana, Calif. NYSE: IM (Ingram Micro Inc.) Bryan Moynahan, General Manager <i>www.im-logistics.com</i>	\$254 ^(a) N/A		N/A	Computers and electronics Customers include: Intuit, Microsoft, Gateway	Warehousing and distribution, order fulfillment
	36	Jacobson Cos. Des Moines, Iowa Dick Jacobson, Chairman Craig Petermeier, CEO <i>www.jacobsonco.com</i>	\$250 N/A		3,562	Consumer goods, food, chemicals and hazardous materials, paper, plastics Customers include: Philip Morris, Bombay, BASF, Bayer, Farmland Industries, Fleming Foods, Heinz, John Deere, Maytag, Monsanto, Dow AgroScience, American Standard, Wells' Blue Bunny, Ciba Specialty Chemicals	Warehousing and distribution, packaging and assembly, dedicated contract carriage, freight brokerage, transportation management, customs brokerage, supply chain consulting, information technology services, freight payment and auditing, industrial staffing
	22	APX Logistics⁹ Santa Fe Springs, Calif. Brad Garberich, Chairman and CEO <i>www.shipapx.com</i>	\$245 \$705		1,853	Catalog and Internet retailing, direct marketing, order fulfillment, manufacturing, book and magazine publishing, health care Customers include: Nordstrom, JCPenney, Charming Shoppes, Fingerhut	Package consolidation, home delivery, returns management, merchandise management
	34	Kenco Logistics Services Chattanooga, Tenn. Gary Mayfield, CEO <i>www.kencogroup.com</i>	\$219 N/A		3,300	Automotive, food and groceries, appliances, consumer goods, chemicals, health care, industrial equipment, hospitality Customers include: Brach's Confections, Carpenter Technology, Cummins, Frigidaire, General Electric, General Mills, GlaxoSmithKline, Marriott, Maytag	Warehousing and distribution, transportation management, intermodal
	39	New Breed Greensboro, N.C. Louis DeJoy, CEO <i>www.newbreed.com</i>	\$200 N/A		2,600	Service parts, cellular phones, electronics, consumer goods, retail Customers include: Verizon Wireless, Siemens Medical Solutions, Boeing, Panasonic, U.S. Marine Corps, U.S. Postal Service	Warehousing and distribution, returns management, product refurbishment and repair, supply chain consulting
	35	NYK Logistics Americas Secaucus, N.J. (NYK Group, Tokyo) Saburo Yamagata, CEO Thomas Perdue, Chief Operating Officer <i>www.nyklogistics.com</i>	\$190 \$750		11,000	Retail, consumer electronics, automotive, food and groceries, beverage, health care, chemicals, building materials Customers include: Subaru, Toyota, Wal-Mart, Target, Kohl's, JCPenney, Pioneer, JVC, Albertson's, Home Depot, Ford Motor, Puma	Intermodal, freight brokerage, warehousing and distribution, air and ocean freight forwarding, returns management
	37	Hub Group/Unyson Logistics Downers Grove, Ill. Nasdaq: HUBG Phillip Yeager, Chairman David Yeager, Vice Chairman and CEO Mark Yeager, President and Chief Operating Officer <i>www.hubgroup.com</i>	\$179 \$1,427		1,176	Retail, food and beverage, apparel, electronics, automotive, consumer goods Customers include: Sears, Target, Kraft Foods, Hussmann, Unilever, Procter & Gamble, Home Depot, Reckitt Benckiser, Diageo	Intermodal marketing, freight brokerage, transportation management, supply chain consulting
	50	Averitt Express Cookeville, Tenn. Gary Sasser, President <i>www.averittpress.com</i>	\$142 \$146		1,030	Automotive, retail, food products, utilities, computers and electronics, apparel, building materials Customers include: BMW, Collins & Aikman, Cracker Barrel, Georgia Power, Lexmark, Mercedes-Benz, Saturn, William Bonnell, M-Tek	Transportation management, dedicated contract carriage, warehousing and distribution, air and ocean freight forwarding, freight brokerage
	44	PBB Global Logistics¹⁰ Fort Erie, Ontario TSE: PBB.UN Ken Wong, Chairman Mike Scott, CEO <i>www.pbb.com</i>	\$132 \$450		1,350	Retail, computers and electronics, chemicals, industrial equipment Customers include: Sears, Starbucks, Purolator Courier, GTI Canada, Future Shop, Eddie Bauer, Dow Chemical	Customs brokerage, freight forwarding, freight brokerage, warehousing and distribution, intermodal
	41	Saddle Creek Corp. Lakeland, Fla. David Lyons, Chairman Bruce Abels, President <i>www.saddlecrk.com</i>	\$116 N/A		1,100	Retail, beverage, food and groceries, consumer goods, paper, computers and electronics Customers include: Anheuser-Busch, Cadbury Schweppes, Corona, Dial Corp., Del Monte Foods, Disney, E&J Gallo Winery, Eagle Family Foods, Home Depot, International Paper, Liggett Group, Lorillard Tobacco, Nestlé, Owens-Illinois, Philip Morris, Pillsbury, Sam's Club	Warehousing and distribution, transportation management, dedicated contract carriage, packaging

N. AMERICAN REVENUE

RANK 2004	RANK 2003	COMPANY	NET GROSS (in millions)	EMPLOYEES	INDUSTRY EXPERTISE/KEY CUSTOMERS	DESCRIPTION OF SERVICES
45	47	 Kane is Able Inc. Scranton, Pa. Eugene Kane Sr., Chairman <i>www.kaneisable.com</i>	\$102 N/A	950	Food and confectionery, beverage, retail, apparel, consumer goods, healthcare Customers include: Sanofi Aventis, E&J Gallo Winery, Hershey Foods, Kimberly-Clark, Kraft Foods, Pennsylvania Liquor Control Board, Procter & Gamble, Sam's Club, PepsiCo, Wal-Mart	Warehousing and distribution, dedicated contract carriage, returns management, order fulfillment, packaging, contract manufacturing
46	49	 Landstar Logistics Jacksonville, Fla. Nasdaq: LSTR (Landstar System) Jim Handoush, President <i>www.landstar.com</i>	\$101 \$691	400	Building materials, retail, beverage, computers and electronics, plastics and fibers, printing and publishing, transportation Customers include: Celotex, Cost Plus, Empire Distributors, FedEx Freight, Glazers Wholesale, Hitachi, Honeywell, Kohler, Max Packaging, Pennsylvania Liquor Control Board, Phillips Automotive Lighting, Rooms-To-Go, Shipco Transport, Southwestern Bell Direct	Intermodal, freight brokerage, transportation management, returns management, dedicated contract carriage, air and ocean freight forwarding
47	42	 NAL Worldwide ¹¹ Westmont, Ill. Doug Christensen, President <i>www.nalworldwide.com</i>	\$97 N/A	N/A	Telecommunications, computers and electronics, office equipment and copying products, retail, medical Customers: N/A	Transportation and inventory management, warehousing and distribution, returns management, order fulfillment and product assembly, call center, information technology, facilities engineering and design
48	46	 Stonepath Group Seattle Amex: STG Dennis Pelino, Chairman Jason Totah, CEO <i>www.stonepath.com</i>	\$85 \$367	1,100	Retail, apparel, government, automotive Customers include: Target, Home Depot, Best Buy, Kmart, GE Industrial Systems, General Motors	Transportation management, air and ocean freight forwarding, customs brokerage, freight brokerage, supply chain consulting, warehousing and distribution, order fulfillment, store delivery, project logistics
49	Not Ranked	 Transervice Logistics Lake Success, N.Y. Edward Flannigan, President <i>www.transervice.com</i>	\$75 N/A	1,050	Retail pharmacy, food, bakery, industrial products, industrial gases Customers include: Exide Technologies, Kroger, Wakefern Food, Sara Lee, Five Star Group	Dedicated contract carriage
50	45	 Arnold Logistics Camp Hill, Pa. E.H. Arnold, Chairman Douglas Enck, CEO <i>www.arnoldlogistics.com</i>	\$70 N/A	1,200	Food, consumer electronics, publications and software Customers include: Quaker Oats, Hershey Foods, Cadbury Adams, ACH Food Companies, Coors Brewing, Atari, Simon & Schuster, IBM, Pitney Bowes, Fuji Film, Pfizer	Warehousing and distribution, contract manufacturing and packaging, order fulfillment, dedicated contract carriage, returns management

FOOTNOTES:

- 1 UPS Supply Chain Solutions net revenue is revised from prior years to reflect freight services and logistics and includes Menlo Worldwide Forwarding business acquired in December 2004.
- 2 Exel Americas net and gross revenue include North American operations of Tibbett & Britten Group, acquired in August 2004.
- 3 TNT Logistics North America net revenue includes North American operations of Wilson Logistics, acquired in August 2004.
- 4 Werner Enterprises employees do not include dedicated contract carriage operations.
- 5 Maersk Logistics USA revenue includes operations of P&O Nedlloyd Logistics, acquired in August 2005.
- 6 Meridian IQ revenue includes operations of USF Logistics, acquired in May 2005.
- 7 Total Logistics Control revenue includes the logistics business of parent company Supervalu Inc.
- 8 UTi Worldwide revenue includes operations of Unigistix Inc., acquired in October 2004.
- 9 APX Logistics revenue includes operations of R.R. Donnelley Logistics, acquired in October 2004.
- 10 PBB Global Logistics revenue includes operations of Unicity Integrated Logistics and Unicity Customs Services, acquired in March 2005.
- 11 NAL Worldwide revenue includes operations of Sirva Logistics, acquired in August 2005.

Freight Forwarders Consolidating, Offering More Logistics Services

By Jonathan S. Reiskin
Associate News Editor

Robust international trade, complex customs regulations and the ability to shield themselves from high fuel prices because of their non-asset-based business model are combining to make for a strong business climate for freight forwarders, said industry executives and analysts.

However, the forwarders also said their industry — which coordinates numerous long-distance movements of large amounts of freight via air and ocean — is in the process of consolidation. Smaller forwarders, they said, are trying to get bigger, and larger forwarders are trying to offer a variety of logistics services, including warehousing and truck-based distribution, so they can branch into becoming lead logistics providers as well as freight forwarders.

"The big guys are trying to become more integrated," said logistics consultant Evan Armstrong, a vice president at Armstrong & Associates of Stoughton, Wis. "They're developing integrated capabilities to handle international customers with needs in warehousing, distribution and transportation management. Being able to do all of these things in North America, Europe and Asia makes it a lot easier when you're putting together a request for proposal for a customer," he said.

At BAX Global, Vice President Gary Osterbach said the Irvine, Calif., company is trying to amass a substantial array of logistics services to complement its freight forwarding business.

"We want to manage the client's entire supply chain, not just its Hong Kong-to-Los Angeles shipments," said Osterbach of BAX, once the air-express division of railroad Burlington Northern Santa Fe, but now a subsidiary of the Brinks Co. "We have to bring not just the ability to move freight, but the ability to offer information down the SKU level [of product analysis]. That is very much a long-term trend for us."

John McDonald, president of U.S. Traffic, Mississauga, Ontario, said he attended an international freight forwarders' conference in Moscow earlier this year and that at least 1,000 firms were represented. He described many of those firms as small businesses. However, he also said some of that is changing.

"There are lots of mergers and acquisitions going on, so the resulting companies can better compete," he said. "Like trucking, it's a very entrepreneurial business."

A prominent example of such recent acquisitions was made by UPS Inc., which purchased Menlo Worldwide Forwarding from CNF Inc. last year. Menlo specializes in air freight forwarding and that capacity can complement the ocean forwarding expertise of the Fritz Cos., which UPS purchased in 2001 and UPS' long-standing offerings on the transportation management side of contract logistics.

The Menlo acquisition helped UPS Supply Chain Solutions jump to No. 5 on the TRANSPORT TOPICS list of freight forwarders that accompanies this story, from No. 9 last year. Exel PLC, the London-based 3PL that dropped to No. 2 on the TT Logistics 50, also remains

(See FORWARDERS, p. 14)

Top 25 Freight Forwarders

2004 Rank	Company	Net Revenue (in millions)	Gross Revenue (in millions)	Country of Origin
1	Exel PLC	\$7,424	\$11,600	United Kingdom
2	TNT NV	4,510	5,500	Netherlands
3	Schenker Inc.	3,000	6,400	Germany
4	DHL Danzas Air & Ocean	2,560	8,538	Switzerland
5	UPS Supply Chain Solutions	2,400	5,300	USA
6	ABX Logistics	1,900	2,800	Belgium
7	Kuehne + Nagel International	1,872	9,325	Switzerland
8	NYK Logistics	1,600	3,000	Japan
9	Ryder System	1,548	1,860	USA
10	BAX Global	1,341	2,441	USA
11	Panalpina Inc.	1,068	4,268	Switzerland
12	Expeditors International of Washington	906	3,318	USA
13	APL Logistics	900	1,170	Singapore
14	Penske Logistics	866	3,250	USA
15	Eagle Global Logistics	846	2,700	USA
16	Nippon Express	800	4,000	Japan
17	UTi Worldwide	774	2,260	British Virgin Islands
18	C.H. Robinson Worldwide	661	4,342	USA
19	Kintetsu World Express	630	1,920	Japan
20	Maersk/P&O Nedlloyd	591	805	Denmark
21	Hellman Worldwide Logistics	520	2,600	Germany
22	PWC/GeoLogistics	310	1,400	Kuwait
23	DFDS Transport Solutions	210	1,000	Denmark
24	Yusen Air & Sea Service	200	1,100	Japan
25	FedEx Supply Chain Services	150	700	USA

NOTE: Freight forwarders' revenue numbers are provided by Armstrong & Associates and in some cases includes revenue from non-forwarding activities.

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As an independent Landstar Carrier Group agent, you can move from company employee to successful business owner.

Barb and Brent Antil knew they wanted to own their own business. "I went to school to get a job and that's what I got – a job," said Brent, a former CPA. "But I wanted to do something I was passionate about."

The couple looked at several options in several industries, including transportation, where Barb had experience. "The name I heard the most often, and the competitor we lost the most business to, was Landstar," said Barb.

"It's a big risk starting out on your own," said Brent. "I did the research and nobody offers what Landstar offers – weekly settlements, credit, regional field support and a solid reputation in the marketplace. We run our business our way but we're not alone. Landstar provides us with the tools and support we need to be successful."

In April 2004, the couple opened their Landstar Carrier Group agency in St. Cloud, Minnesota, and began cold calling out of their home. In just 8 months, the Antils had brought in \$1 million in Landstar revenue. Their 2005 forecast is for more than \$2 million.

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Driver Shortages, Carrier Closings Have Freight Brokers Concerned

By Daniel W. Guido
Staff Reporter

Even though some freight brokers are reporting record profits for the second straight year, industry executives said trucking capacity constraints caused by driver shortages and fleet closings could adversely affect their business.

In addition, freight brokers said they are also concerned about the way imports are consuming most of

the available railroad capacity and about the shrinking number of trucking companies.

When you combine "the number of small trucking companies . . . going out of business because of the skyrocketing fuel charges with the lack of new companies taking their place, capacity is tight," said Chris O'Brien, vice president for transportation for C.H. Robinson Worldwide, North America's largest truck freight broker.

More trucking fleets failed in the first nine months of this year than

closed their doors in all of 2004 (10-17, pp. 1 and 80).

Plus, "we didn't count on something like the hurricanes taking away even more capacity in an already super-tight market," said O'Brien, pointing to the trucks that have been diverted from regular freight-hauling to run relief and reconstruction supplies into areas of the Gulf Coast hit hard by hurricanes Katrina and Rita.

But because many shippers do not have the resources to tap smaller carriers and are turning to

freight brokers, industry profitability has yet to be affected, said Robert Voltmann, president of the Transportation Intermediaries Association.

In July, C. H. Robinson Worldwide, Eden Prairie, Minn., announced its net income for the second quarter soared 52.6% to \$49.3 million from \$32.3 million in the second quarter in 2004. For the first six months of 2005, net income rose 48.5% to \$91.1 million, as revenues from transportation rose 48.6% in the same time frame, the company said.

C.H. Robinson is No. 11 on the TRANSPORT TOPICS Logistics 50 and No. 1 on the TT Top 25 list of freight brokerage firms.

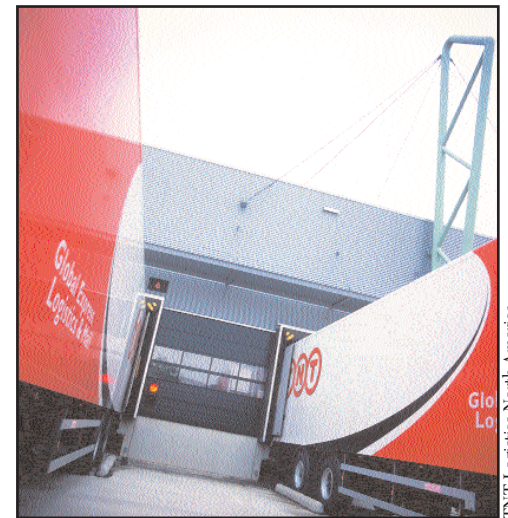
Third-quarter net income at Landstar System Inc., which includes Landstar Logistics, was a record \$35.6 million, compared with \$21.6 million in the third quarter a year ago. For the first three quarters of 2005, net income at the Jacksonville, Fla.-based company was \$77 million, compared with \$47.3 million, as revenues rose 20% to \$1.72 billion, compared with \$1.43 billion in the same period a year ago.

Landstar Logistics is No. 46 on the TT Logistics 50 and No. 6 on the TT Top 25 list of freight brokerage firms.

Critically, Landstar said that revenue generated by truck brokerage firms in the third quarter increased 58%, compared with a year ago, and that it had increased the number of approved trucker-brokers by 1,400 in the third quarter to meet the needs of its customers.

One solution to the capacity shortage would be for more shippers to develop arrangements with private fleets to carry general freight on backhauls, Voltmann said.

C.H. Robinson, for example, works with more than 25,000 carriers — most of them very small — to meet customer demand and



Availability of trucking capacity concerns executives at freight brokerage firms.

uses private fleets whenever possible to haul loads on what would otherwise be empty backhauls, O'Brien said.

"With rates going up, more and more private fleets are interested" in hauling other loads as long as it works out and does not tie up their trucks when they need them to deliver their own goods, O'Brien said. "Timing is crucial when you use private fleets," he said.

As Voltmann explained, a manufacturer that needs a regular delivery six days a week could arrange to have a truck from a private fleet with an empty load deliver those goods.

"I have heard . . . that the post office . . . runs 50% of its backhauls empty," he said. "That is not the greatest [solution], but in this market, capacity is capacity. It could be a natural fit."

Freight brokers also said they need to address the reality that many owners of small trucking companies are nearing retirement age and that there are not enough potential buyers interesting in taking over those companies, said Steve Fernlund, president of Generation Three Logistics of Las Vegas.

"There is a roll-up going on . . . as owners near retirement and other companies merge with them," that will affect the freight brokerage business, he said.

Top 25 Freight Brokerage Firms

2004 Rank	Company	Net Revenue (in millions)	Gross Revenue (in millions)	Type of Freight
1	C.H. Robinson Worldwide	\$575.7	\$3,597.2	Dry van, flatbed and refrigerated TL, LTL, rail, air and ocean
2	Hub Group	180.0	1,240.0	Rail, dry van and flatbed TL
3	Pacer Global Logistics	123.5	882.0	Rail, dry van and flatbed TL, heavy specialized
4	NYK Logistics/GST	120.0	800.0	Rail, dry van, flatbed and refrigerated TL, LTL, expedited, air
5	Exel Transportation Services	100.0 ^(e)	800.0 ^(e)	Rail, dry van and flatbed TL
6	Landstar Logistics	93.4	662.7	Rail, dry van and flatbed TL, LTL, air
7	Meridian IQ	57.0 ^(e)	380.0	Rail, dry van, refrigerated and flatbed TL, air
8	Schneider Brokerage Services	53.0 ^(e)	481.0 ^(e)	Dry van and flatbed TL, LTL, rail, heavy specialized
9	Pittsburgh Logistics Systems	44.0 ^(e)	248.0	Flatbed TL
10	Allen Lund Co.	37.5	250.0	Dry van, flatbed and refrigerated TL, LTL
11	Transplace	36.0	300.0	Dry van, flatbed and refrigerated TL, LTL
12	Matson Integrated Logistics	35.0	377.0	Rail, dry van and flatbed TL
13	Market Transport Services	31.0	206.0	Rail, dry van, flatbed and refrigerated TL
14	Cornerstone Systems	27.0 ^(e)	134.0	Rail, dry van and flatbed TL, heavy specialized
15	Union Pacific Distribution Services	23.0	405.0	Rail, dry van and flatbed TL
16	Champion Logistics Group	21.0 ^(e)	60.0	Dry van TL, LTL, air, rail
17	Turbo Logistics	20.2	112.0	Dry van and refrigerated TL, expedited, rail
18	Trinity Transport	17.0	108.0	Dry van TL, LTL, air, ocean, rail
19	England Logistics	17.0	95.1	Dry van and refrigerated TL
20	BNSF Logistics	16.0 ^(e)	175.0	Dry van and flatbed TL, rail
21	CRST International	16.0	100.0	Dry van and flatbed TL
22	Total Quality Logistics	13.9	101.2	Dry van and refrigerated TL
23	Freightquote.com	12.5	83.2	Dry van, flatbed TL and LTL
24	ATS Logistics Services	12.1	72.0	Dry van and flatbed TL, heavy specialized
25	TBB Global	11.3	53.0	Dry van TL, LTL, expedited, air

(e) = estimate

Source: Armstrong & Associates, Transportation Intermediaries Assn. and company management

Forwarders Move Into Logistics Markets

(Continued from p. 12)

the largest forwarder.

Similarly, Wako Logistics Group of Chicago — a company started in 2003 to make acquisitions — most recently acquired Asean Cargo Services of Australia, a freight forwarder and logistics provider that serves clients who ship between the U.S. and Asia.

Steve Fernlund, president of Generation Three Logistics of Las Vegas, said the industry will see more such combinations as more corporations concentrate on making products and outsource logistics, requiring logistic companies that are large enough to provide a high level of service.

Ron MacDonald, senior vice president of logistics provider Cornerstone Systems, Memphis, Tenn., agreed: "I see more and

more logistics firms adding people and increasing in size" through mergers and buyouts.

One merger that logistics consultant Armstrong said he would find intriguing would be if C.H. Robinson Worldwide and Seattle-based Expeditors International of Washington Inc. were to join together. Robinson is North America's largest broker of truck freight and Expeditors is a classic air and ocean forwarder that also does customs brokerage.

"This has been bandied around for a while and would make sense. It would be a nice marriage," Armstrong said.

At the conference he attended in Moscow, John McDonald said freight forwarders were concerned about keeping up with the onslaught of customs and security regulations from the world's governments. While the United States has made

clear, he said, that security is its top priority, other nations want their customs agencies to concentrate on collecting tax duties or protecting against drug smuggling.

"It depends upon the country," he said.

But while the regulatory complexity may generate worries for freight forwarders, it can also help them generate revenue and profits, Armstrong said.

"For a company involved in domestic U.S. transportation and warehousing, logistics are relatively simple," Armstrong said. "But when your supply chain goes international, the complexity really becomes greater and can lead to a need for outsourcing logistics, especially for customs work, and a freight forwarder is often the first place a company will go if it is starting to outsource."



Freight forwarders said they are concerned about keeping up with security and customs regulations at ports in the U.S. and overseas.

Hub Group Highway Services...

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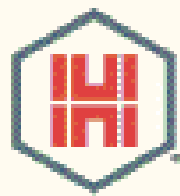
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