GE Capital

Industry Research Monitor

Truck Transportation

The U.S. economy and freight indicators are holding steady. Truck and trailer orders continue improve due to aging equipment and improving carrier operating rates but we are moving into a period of more difficult comparisons. Although tonnage and pricing metrics are improving, carriers expect continued costs increases in 2012 which could erase any potential margin improvement.

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Current Economic Environment

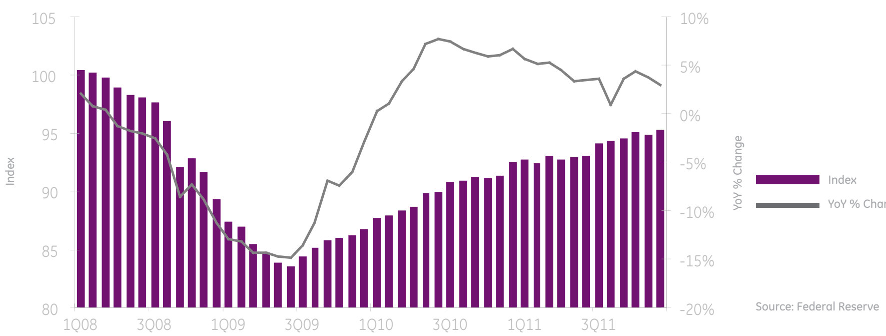
According to the Bureau of Economic Analysis, real gross domestic product (GDP) grew +2.7% in 4Q11 after increasing +1.8% in 2Q11.

Industrial Production and ISM

The Federal Reserve's Industrial Production Index continues to grow at above average rates. 4Q11 industrial production increased +3.7% year-over-year (YoY) and increased +0.8% over the prior quarter. For the year, the Index increased +4.1% over 2010 levels.

Capacity utilization increased +2.5% YoY and increased +0.5% quarter-over-quarter (QoQ) to 78.02 in 4Q11. This is the highest level since 2Q08.

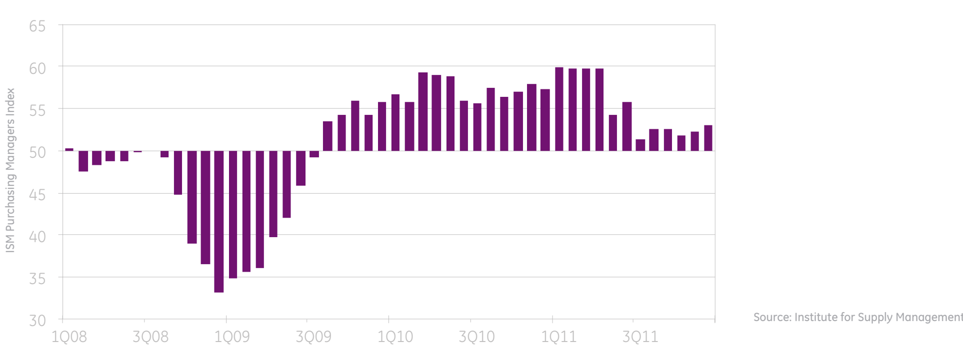
Industrial Production (seasonally adjusted)



The Institute for Supply Management's (ISM) Purchasing Manager's Index (PMI) held steady in 4Q11. PMI increased a slight +0.4% from 3Q11 but declined -8.8% YoY to an average of 52.4. In 2011, PMI averaged 55.2, a -3.6% decline from 2010.

A PMI reading above 50 indicates that the manufacturing economy is generally expanding; below 50 indicates that it is generally declining. A PMI in excess of 42.5, over a period of time, indicates that the overall economy or GDP, is generally expanding; below 42.5, it is generally declining.

ISM Purchasing Manager's Index



ECONOMIC ENVIRONMENT HEADLINES

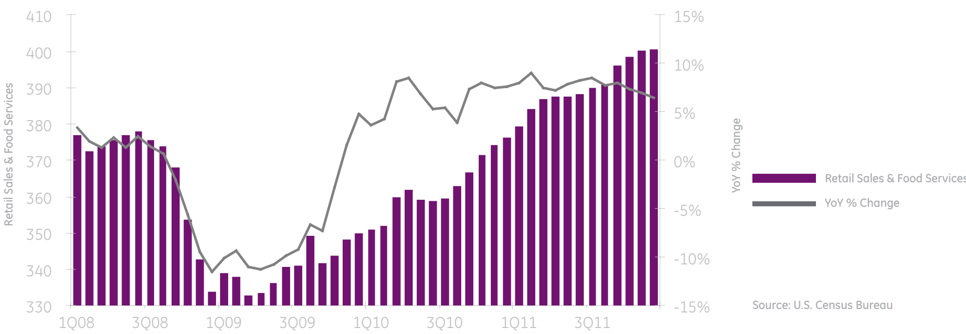
- Real GDP increased +2.7% in 4Q11 after increasing +1.8% in 2Q11.
- Industrial Production increased +3.7% YoY in 4Q11 after increasing +3.7% YoY in 3Q11.
- ISM Purchasing Manager's Index declined -8.8% YoY but increased +0.4% QoQ to average 52.4 in 4Q11.
- Retail Sales increase +6.9% YoY and +1.9% QoQ in 4Q11. Retail sales increased +8.1% in 3Q11.

Retail Sales

Another key indicator of truckload activity is retail sales as reported by the U.S. Census Bureau. Retail trade and food services increased +6.9% YoY in 4Q11 after increasing +8.1% in 3Q11. Excluding autos, retail sales increased +6.7% YoY indicating that growth in the auto sector is outpacing other retail.

In 2011, retail sales increased +7.7% over 2010 levels after increasing +6.4% in 2010.

Retail Sales (seasonally adjusted $Bn)



Source: U.S. Census Bureau

Other Indicators

The Fibre Box Association (FBA) reported flat containerboard or corrugated box shipments in 4Q11 after a slight increase in 3Q11.

According to the National Retail Federation's Global Port Tracker, import cargo volume at the nation's major retail container ports increased slightly YoY in 4Q11. They are forecasting 1Q12 volumes to increase +2.3% YoY with a strong March following flat to slightly down volumes in January and February.

Trucking Demand

Demand for trucking services continues to remain positive. Increased volumes and rising freight rates make way for improved company financials.

Truck Tonnage Index

According to the American Trucking Associations (ATA), the trucking tonnage index increased an impressive +7.7% YoY 4Q11 and increased +3.8% over 3Q11 to average seasonally adjusted rate of 119.1.

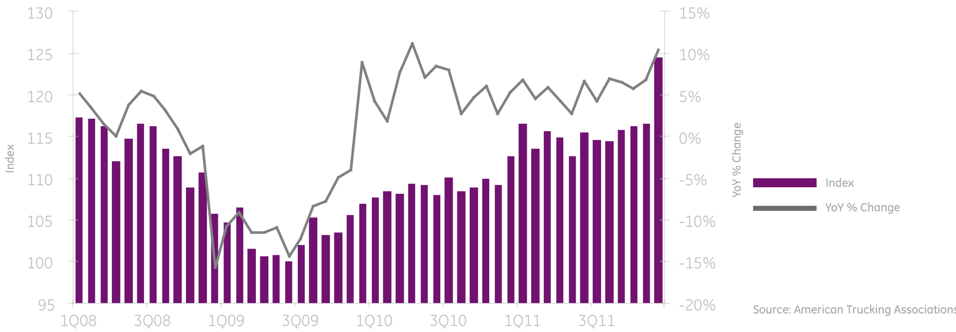
The ATA Truck Tonnage index increased +5.9% YoY in 2011, the largest increase since 1998.

In the January ATA Truck Tonnage press release, ATA Chief Economist Bob Costello states, "Not only did truck tonnage increase due to solid manufacturing output in December, but also from some likely inventory restocking. Inventories, especially at the retail level, are exceedingly lean, and I suspect that tonnage was higher than expected as the supply chain did some restocking during the month."

TRUCKING DEMAND HEADLINES

- ATA Truck Tonnage Index increased +7.7% YoY and increased +3.8% QoQ in 4Q11.
- Cass Freight Shipments Index decreased -0.1% YoY and decreased -7.8% QoQ in 4Q11.
- Cass Freight Expenditures Index increased +16.3% YoY resulting in an implied rate index that increase +6.0% YoY.

ATA Truck Tonnage Index



Source: American Trucking Associations

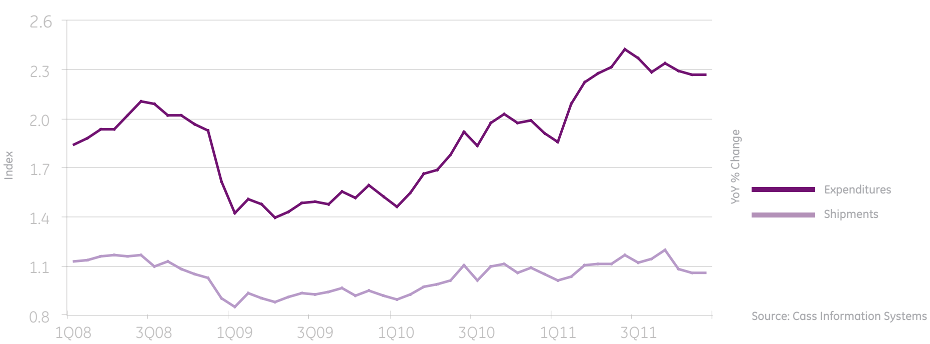
Cass Freight Index

The Cass Freight Index as reported by Cass Information Systems, Inc. shows a slightly different story. In 4Q11, the Shipments Index was essentially unchanged from 4Q10 and -7.8% lower than 3Q11. The Index increased +7.5% YoY in 3Q11.

The Expenditures Index increased +16.3% YoY in 4Q11 but declined -2.3% on a sequential basis. In 3Q11, the Expenditures Index increased +19.9%. This suggests a very healthy 2Q11 implied rate increase of +16.4% YoY and +6.0% QoQ.

The Cass Expenditures Index increased +24.1% YoY in 2011 bolstered by a +7.1% increase in shipments and a +16.1% increase in rates.

Cass Freight Index



Source: Cass Information Systems

Truck And Trailer Orders

High asset age, increased capacity utilization and improving used equipment valuations will continue to bolster truck and trailer orders through 2012.

Heavy-Duty Truck Orders

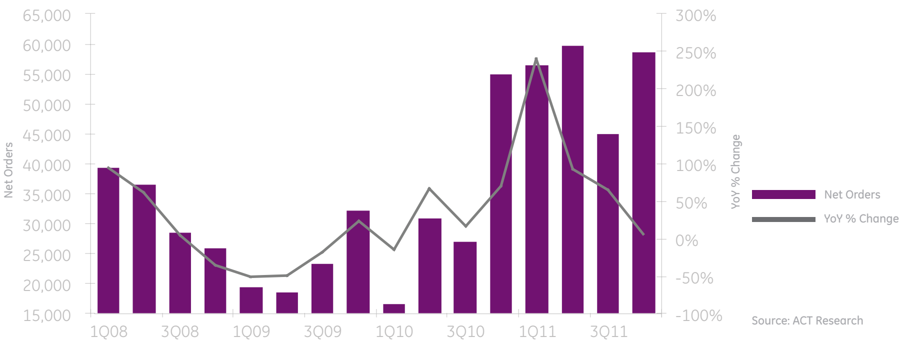
U.S. Class 8 truck net truck orders continued to exhibit strength in 2Q11. Net orders increased +6.7% YoY in 4Q11 to 59,000 on more difficult comparisons. Orders are significantly improved from the cyclical low of 17,000 orders in 1Q10 but well below the quarterly high of 107,000 in 1Q06.

2011 orders of 220,000 heavy-duty trucks is +69.6% more than 2010. Truck orders hit a cyclical low of 97,000 in 2009 and a cyclical high of 313,000 in 2004.

TRUCK AND TRAILER ORDER HEADLINES

- Heavy-duty net truck orders increased +6.7% YoY in 4Q11 on more difficult comparisons. Retail sales of heavy-duty trucks increased +82.2% YoY in the same period.
- Medium-duty net truck orders increased +2.5% YoY in 4Q11 with strength the Class 5 markets offset by a slight decline in Class 6-7 orders. Retail sales of medium-duty trucks increased +31.5% YoY in the same period.
- Trailer orders increased +17.8% YoY in 4Q11.

U.S. Class 8 Net Truck Orders



Retail sales increased +82.2% YoY in 4Q11 to 56,000 as very strong order volumes continue to make their way onto the road. Retail Sales increased +57.9% YoY in 2011 after increasing +13.4% in 2010.

Backlogs increased +58.1% YoY but have been relatively stable the last three quarters of the year. The backlog-to-build ratio averaged 5.3 months in the quarter, down from 3Q11. 4Q11 build rates of 56,000 are now at their highest level since 1Q07. The industry is still running shy of the 78,000 trucks built in 3Q06.

Absolute levels of inventories increased +12.9% YoY in 4Q11, rebounding significantly off historic lows in 3Q10. The inventory-to-sales ratio continues to decline from an average of 2.32 months in 1Q11 to an average of 1.72 months in 4Q11 due to strong retail sales volumes.

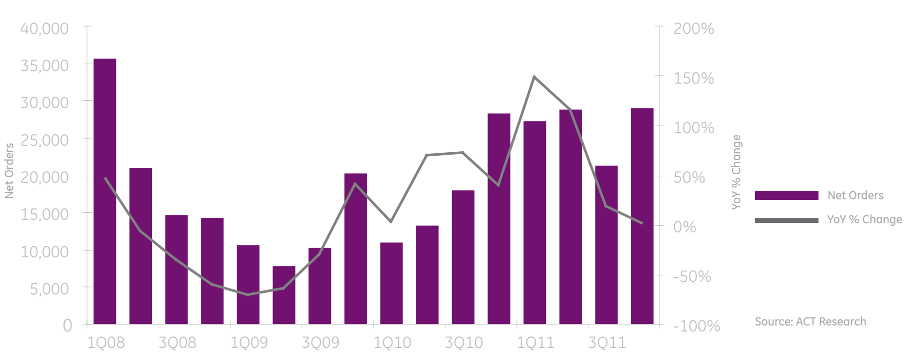
Medium-Duty Truck Orders

Net orders of U.S. Class 5-7 trucks increased +2.5% YoY in 4Q11 to 29,000 off more difficult comparisons. Medium-duty net truck orders are significantly improved from the cyclical low of 8,000 orders in 2Q09 but are significantly below the cyclical high of 60,000 orders in 1Q06. Net orders of Class 6-7 trucks declined -2.9% YoY while net orders of Class 5 trucks increased +11.7% YoY.

2011 orders of 107,000 medium-duty trucks is +51.1% more than 2010. Truck orders hit a cyclical low of 49,000 in 2009.

Retail sales increased +31.5% YoY in 4Q11 to 26,000 after increasing +43.4% YoY in 3Q11. Class 5 retail sales increased +19.5% YoY in 4Q11 while retail sales in the Class 6-7 market increased +43.4% YoY.

U.S. Class 5-7 Net Truck Orders



Backlogs declined -6.0% YoY and the backlog-to-build ratio continues to decline from 2.6 months in 3Q11 to 2.3 months in 4Q11.

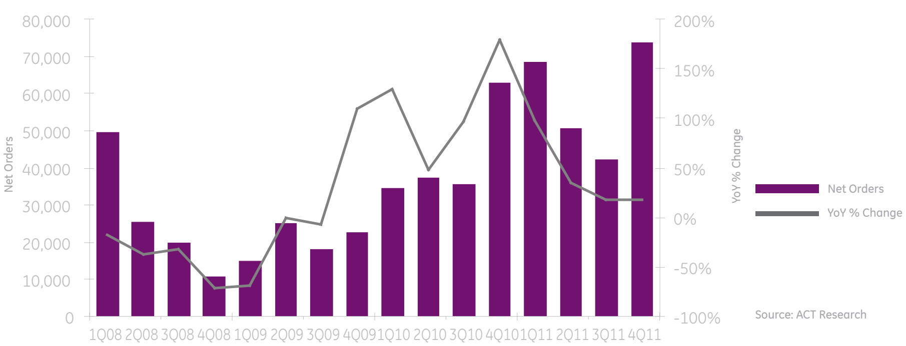
Absolute levels of inventory increased +65.3% YoY of easy comparisons in 4Q10 but increased +9.8% QoQ. On a relative basis, the inventory-to-sales ratio declined from 3.2 months in 3Q11 to 3.1 months in 4Q11.

Trailer Orders

Trailer net orders increased +17.8% YoY to 74,000 in 4Q11. Trailer orders are significantly improved from cyclical lows of 11,000 orders in 4Q08 but are still below cyclical highs of 102,000 orders in 1Q06. 2011 trailer orders increased +38.0% from 2010 levels.

Orders of dry bulk tank trailers showed significant YoY growth in 4Q11, more than doubling last year's volumes. Orders of platform trailers increased +66.7% YoY, dump trailer orders increased +57.2% YoY and dry van orders increased +47.9% YoY.

Net Trailer Orders



Factory shipments increased +39.1% YoY in 4Q11 to 55,000 after increasing +65.8% YoY in 3Q11. Absolute backlogs increased +41.7% YoY in 4Q11 but and increased +23.8% from 3Q11. The backlog-to-build ratio creeped up from 4.4 months in 3Q11 to 5.6 months in 4Q11.

Absolute levels of inventory in 4Q11 increased +42.5% from a year ago but declined slightly 3Q11.

Costs

Trucking fleets are facing higher cost pressures from the rising cost of diesel fuel and recruiting and retaining quality drivers to complying with regulatory requirements.

Con-way announced anticipated 2012 cost increases to include a wage increase, higher pension expense, increased depreciation expense and an estimated 5% increase in healthcare expense. This amounts to an estimated $23.7 million in increased expenses per quarterly or roughly 47% of 4Q11 Operating Income.

Diesel Fuel

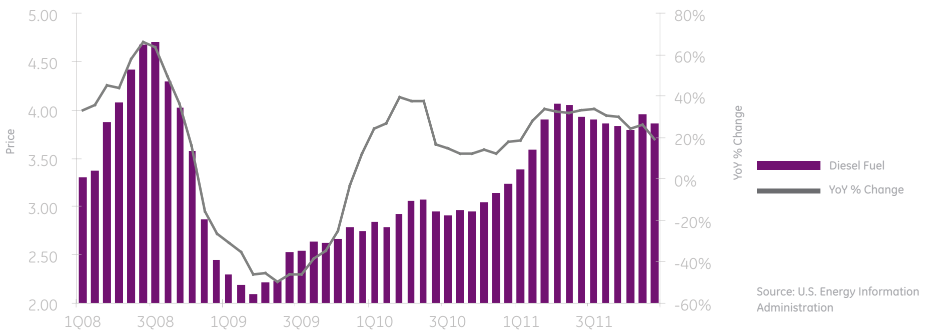
The price of on-highway diesel fuel increased +18.9% YoY in 4Q11 but remained unchanged from 3Q11 to an average of $3.87 per gallon. Diesel averaged $3.85 per gallon in 2011, a +28.6% increase over 2010.

In its Short-Term Energy Outlook, the Energy Information Administration (EIA) increased its projection of diesel and gasoline prices. The EIA now expects diesel to increase +1.7% to an average $3.91 per gallon in 2012 and increase another +2.0% to average $3.99 per gallon in 2013. Diesel averaged $3.83 per gallon in January 2012.

COST HEADLINES

- Average price of diesel fuel increased +18.9% YoY in 4Q11 and remained unchanged from the third quarter. The EIA expects diesel to increase +1.7 % to $3.99 per gallon in 2012.
- In 4Q11, truck transportation employment increased by 61,400 persons or +4.5% YoY.

On-Highway Diesel Fuel ($/gallon)



Meanwhile, the average price of gasoline (all grades) increased +12.8% YoY in 4Q11 but declined from 3Q11 to an average of $3.43 per gallon. December marks the seventh consecutive month of sequential declines. The EIA expects gasoline to increase +0.6% to $3.55 per gallon in 2012 and another +1.1% to $3.59 in 2013. Regular gasoline averaged $3.44 per gallon in January 2012.

Equipment, Parts, Supplies and Maintenance

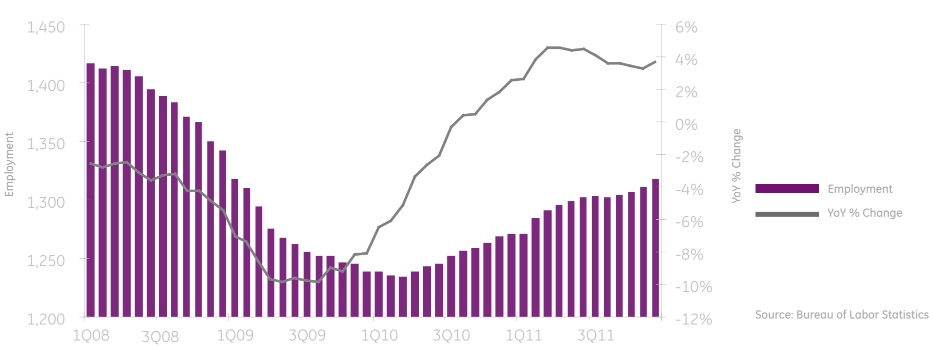
As a result of an aging fleet and increased maintenance intervals, carriers may continue to experience increased maintenance costs in 2012. The greatest impact to overall costs will likely come from the increased frequency of repairs as a direct result of deferred vehicle replacement. Older fleets will likely experience larger effects. In addition, there may be spike in unscheduled, higher-cost maintenance which impacts not only maintenance dollars but also increases driver downtime.

Employment

According to the Bureau of Labor Statistics, the trucking industry employed 61,400 more people in December 2011 than it did a year ago. Actual truck transportation employment increased +4.5% YoY in 4Q11 after increasing +4.4% YoY in 3Q11.

Sequentially, employment increased +0.7% (or 8,500 jobs) on a seasonally adjusted basis. This marks the seventh consecutive quarter that truck transportation has seen QoQ seasonally adjusted employment gains.

Truck Transportation Employment (seasonally adjusted)



4Q11 and 2011 Earnings Summary

4Q11 Earnings Summary

	Operating Rate	YoY % Change Revenue	Revenue ex Fuel Surcharge	Net Income
TL Carriers				
Celadon Group	94.0	6.3%	0.7%	90.6%
C.H. Robinson	93.3	10.4%	3.4%	5.9%
Heartland Express	79.5	1.5%	N.A.	11.3%
J.B. Hunt	89.9	18.1%	11.5%	25.4%
Knight Transportation	87.0	19.0%	14.6%	24.6%
Landstar System	92.9	22.1%	N.A.	36.7%
Patriot Transportation Holding (1)	94.2	8.0%	N.A.	44.8%
Quality Distribution (1)	92.6	7.4%	N.A.	N.M.
USA Truck	104.6	3.4%	-11.9%	N.M.
Werner Enterprises	90.3	9.7%	0.4%	21.8%
LTL Carriers				
Arkansas Best (1)	99.4	4.0%	N.A.	N.M.
Con-way Freight	96.2	8.7%	N.A.	N.M.
Old Dominion Freight Line	86.9	21.6%	N.A.	80.8%
Saia	97.6	12.7%	N.A.	250.8%
YRC Freight				
OEMS				
Cummins		18.9%		21.2%
Daimler Trucks		20.1%		6.4%
Navistar (2)		28.2%		479.5%
PACCAR (3)		117.3%		93.0%
Volvo (4)		46.0%		40.6%
Wabash National		41.5%		53.3%

2011 Earnings Summary

	Operating Rate	YoY % Change Revenue	Revenue ex Fuel Surcharge	Net Income
TL Carriers				
Celadon Group	94.2	-14.2%	-1.9%	76.2%
C.H. Robinson	93.3	11.5%	11.2%	11.5%
Heartland Express	79.8	5.8%	N.A.	12.4%
J.B. Hunt	90.2	19.3%	12.2%	28.7%
Knight Transportation	88.5	18.5%	13.3%	2.9%
Landstar System	93.1	10.4%	N.A.	30.4%
Patriot Transportation Holding (1)	92.5	-26.0%	N.A.	6.2%
Quality Distribution (1)	92.4	9.8%	N.A.	N.M.
USA Truck	102.4	12.9%	6.2%	225.8%
Werner Enterprises	91.3	10.3%	1.8%	28.4%
LTL Carriers				
Arkansas Best (1)	99.7	14.6%	N.A.	N.M.
Con-way Freight	96.1	6.8%	N.A.	N.M
Old Dominion Freight Line	87.6	27.1%	N.A.	84.4%
Saia	97.3	14.1%	N.A.	N.M.
YRC Freight				
OEMS				
Cummins		36.5%		77.7%
Daimler Trucks		19.7%		40.8%
Navistar (2)		14.9%		672.6%
PACCAR (3)		153.7%		127.8%
Volvo (4)		38.0%		80.6%
Wabash National		85.4%		-110.6%

N.A. = Not Available
N.M. = Not Material
(1) Revenue and operating rate includes transportation segment only.
(2) For the quarter and year ended October 31.
(3) Revenue includes truck and other revenue and excludes financial services.
(4) Revenue includes North America truck segment revenue. Net Income includes total truck segment operating income.

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