



Los Angeles Transportation Club

July 14, 2009

Brian Avery
SVP – Wholesale Business Unit
Hub Group, Inc.



Hub Group, Inc.



“Emperor, we’ll finish off the British
and be back in time for tea.”

-Napoleon Advisor (Waterloo 1803)



Hub Group, Inc.



“International will grow at a compounded annual growth rate of 7 to 9% through 2015”

- Railroad Executive (2007)



Hub Group, Inc.



Treasury Secretary Timothy Geithner 7/10/2009

- “Rate of decline has slowed.”
- “Will take a while to grow out of recession.”
- “Have been substantial improvements in arresting what was the worst recession globally we’ve seen in generations.”

Source:MSNBC.com





Some Macro Economic Tidbits

- Imports Down For 10 Straight Months
- Nominal Gain in Exports (Principally Agricultural)
- June Trade Deficit \$26 Billion - Lowest Level in 9 Years
- 2008 Trade Deficit Was \$696 Billion
- 2009 Trade Deficit Run Rate = \$350 Billion
- US Exports 25% Below July 2008 Record





More Macro Economic Tidbits

- 80% of U.S. Economy is Consumer Spending
- June 2009 Consumer Confidence at 70.8%
- Fell to 64.6% in July
- First Fall in Consumer Confidence Index Since February
- Unemployment at 9.5% is Highest in 26 Years
- 2,000,000 Jobs Lost Since February





The Economy Affects Southern California in a Big Way

- Port of Los Angeles -16% January through April 2009
- Port of Long Beach Essentially at 2003 Volume Levels
- Los Angeles and Long Beach Estimated to Handle 40% of U.S. Container Trade
- All U.S. Ports Projected to Be Down 10% in 2009 – 27 Million Fewer Containers Than 2008

Source: Journal of Commerce





June 2009 Same Store Sales vs. 2008

TJX	+ 4%
Ross Stores	+ 1%
Costco	- 6%
Target	- 6%
Stein Mart	- 8%
Gap, Inc.	-10%
Limited Brands	-12%
Dillard's	-14%
Neiman Marcus	-21%
Abercrombie & Fitch	-32%





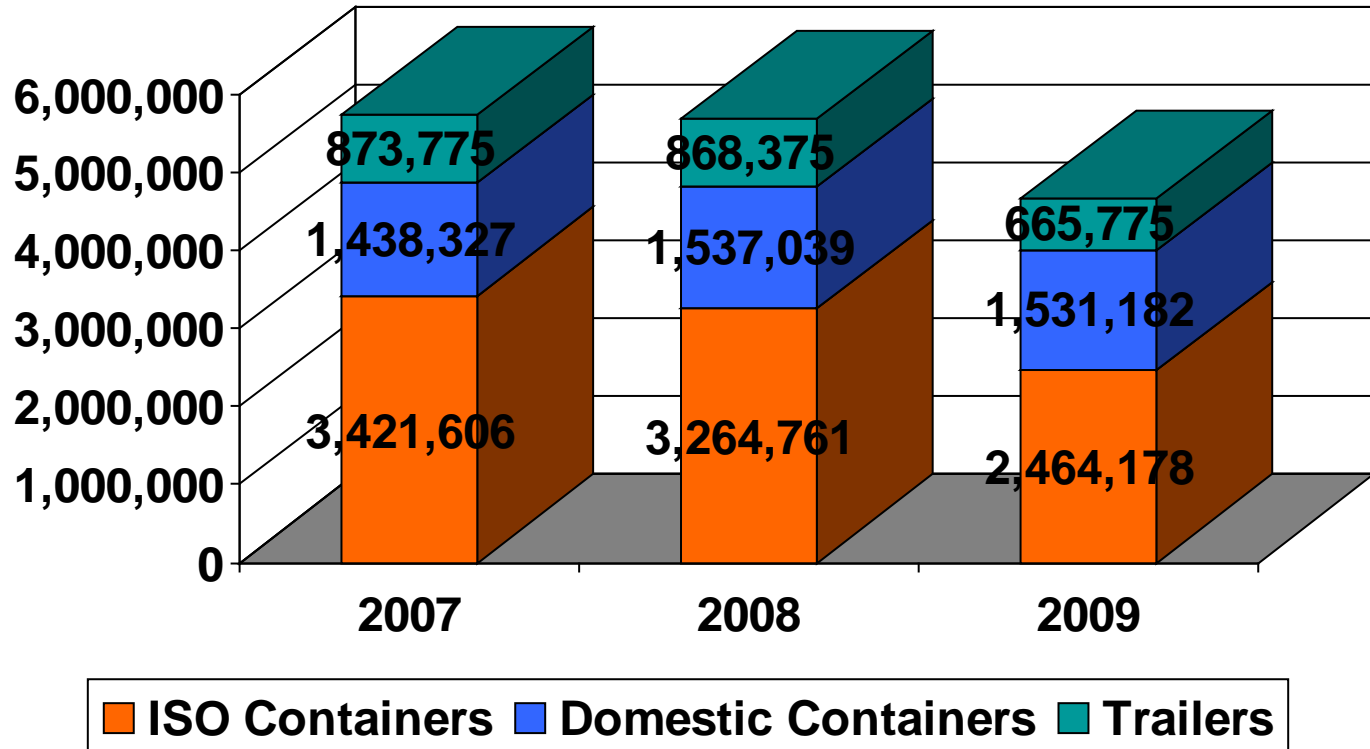
Transportation Effects

- Approximately 25% of the Doublestack Car Fleet is Idle
- Many Domestic Equipment Operators Have Thousands of Containers Stored
- No Announced Domestic Capacity Acquisitions This Year
- 1/6 of Ocean Capacity May be Retired in 2009



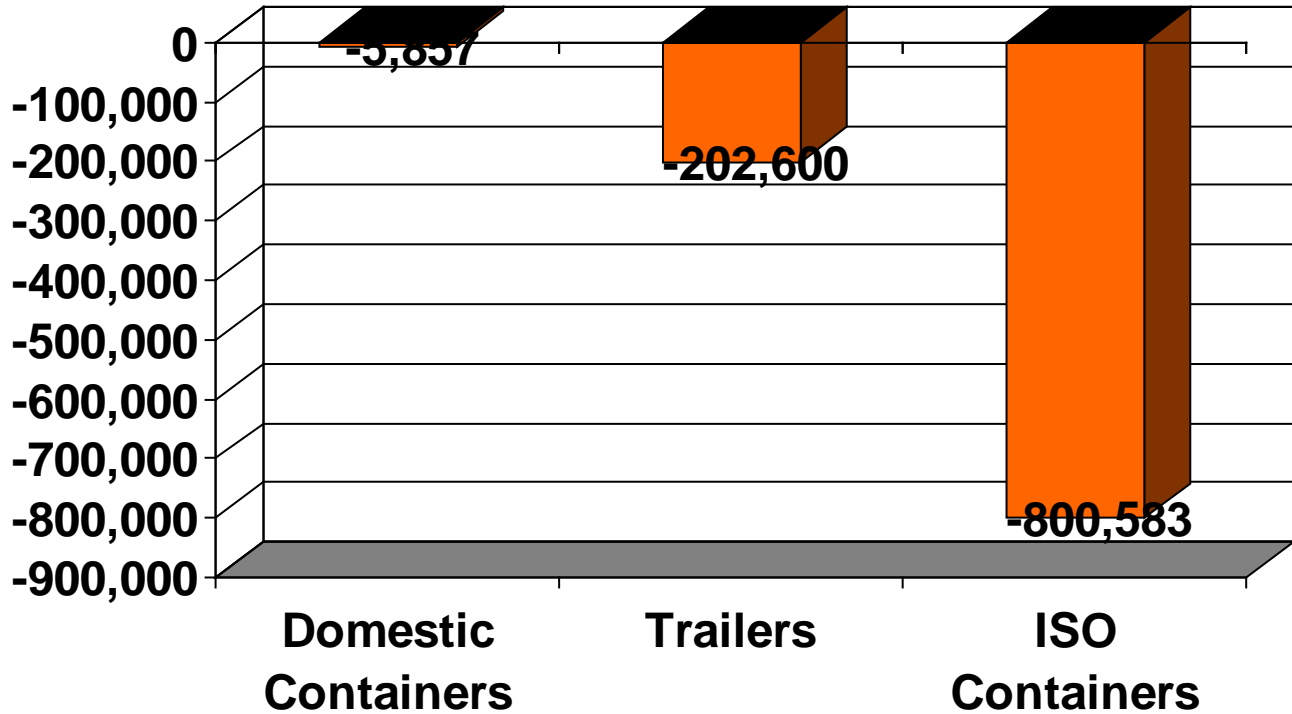


Volume by Equipment Type January - May



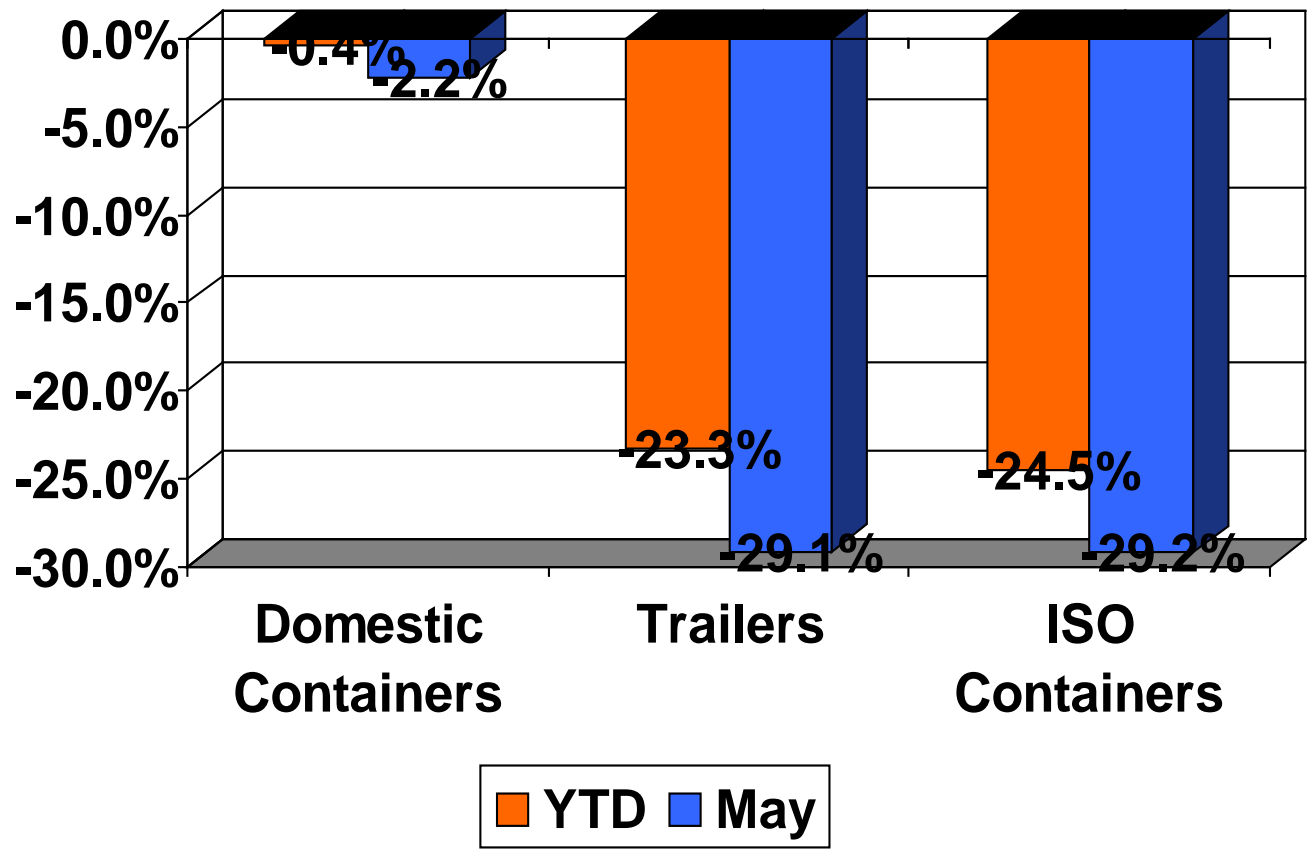


May 2009 vs. May 2008 YTD



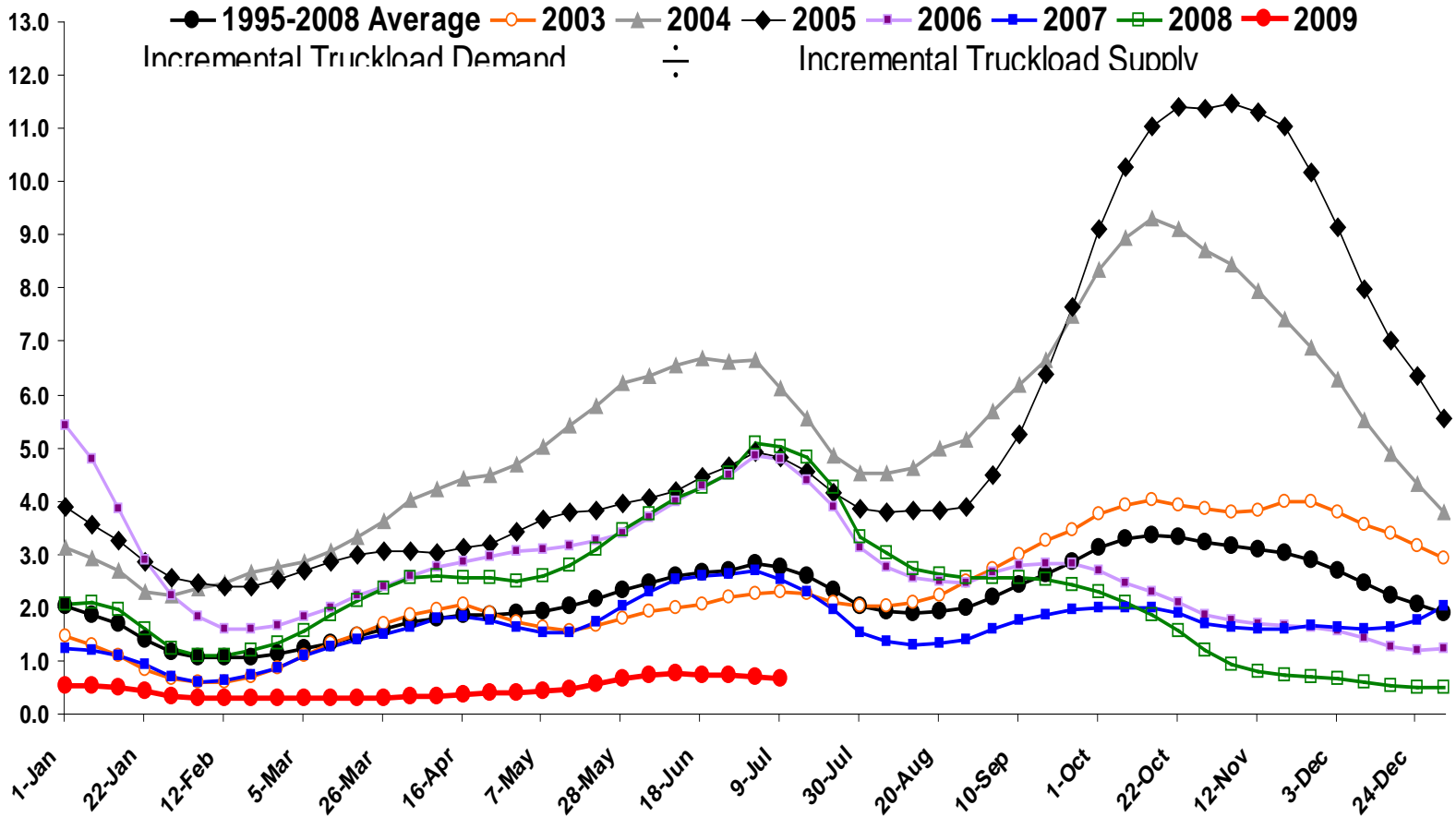


Intermodal Volume Comparison 2009 vs. 2008





Morgan Stanley Incremental Truckload Demand Index





Watch Oil Prices

- Excellent Indicator of Economic Sentiment
- Record Price was \$147.00 Per Barrel in 2008
- In June was at \$70.00+
- Oil Fell \$1.54 / -2.2% Last Friday to \$58.87
- The International Energy Agency Predicts Consumption Negative in 2009 and Rebounding by 1.7% in 2010
- Any Economic Recovery Will Stimulate Demand and Increase Prices





Are There Some Domestic “Green Shoots?”

- Week of July 4th:
 - Rail Carloads Down 15.6% vs. 2008
 - Intermodal Down 12.8% vs. 2008
- Not Good, But the Best Showing Since March 21 For Carloads and March 7 For Intermodal

Source: Journal of Commerce





Is Intermodal All Gloom And Doom?

- Of Course Not!
- Economic Fundamentals Are Sound
- Available Capacity
- Highest Historic Service Levels
- Fuel Efficiency
- Green





Thank You For Inviting Me

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