



# COWAN SYSTEMS



DEPARTMENT OF TRANSPORTATION

# FREIGHT COSTS AND CONGESTION



# INTRODUCTION



**JOSEPH COWAN  
PRESIDENT**



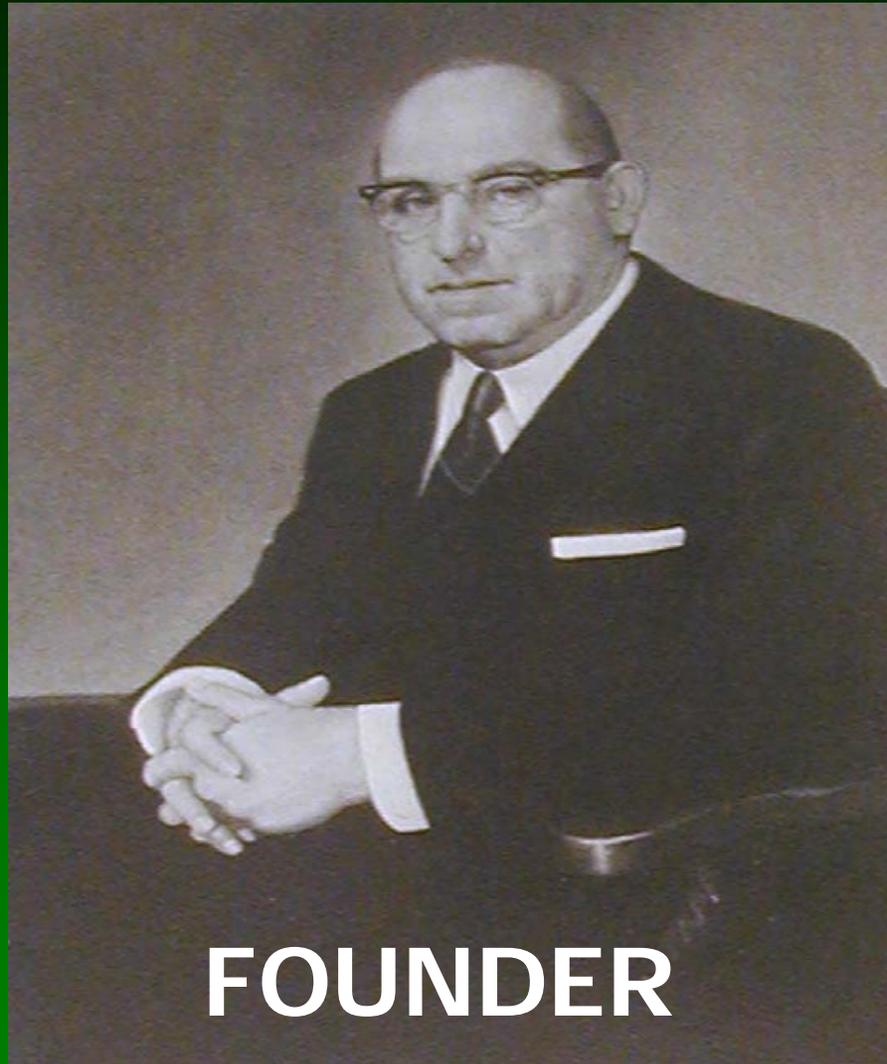


# OUR HISTORY





# W.T. COWAN



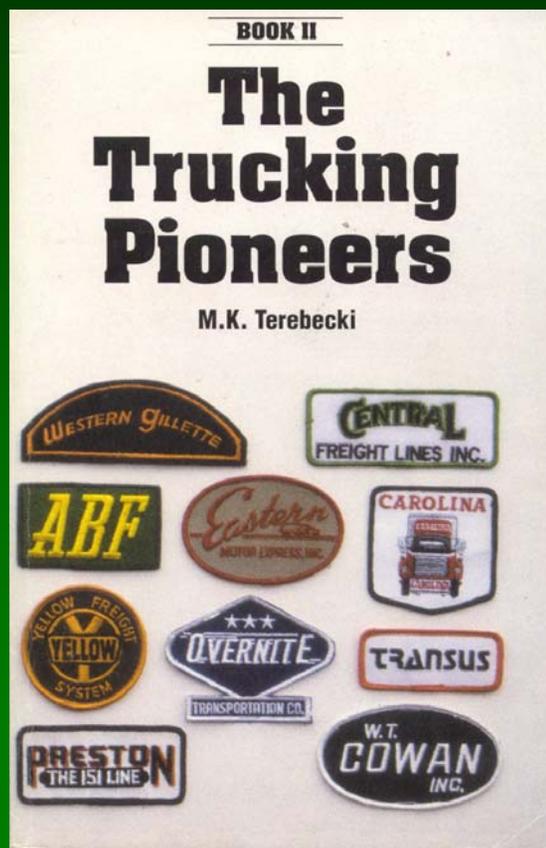
**FOUNDER**



# BALTIMORE BASED



1924





# IWO JIMA MONUMENT



DEPARTMENT OF TRANSPORTATION



ANKERS  
WASHINGTON, D.C.



# SEPTEMBER 1954





# OUR INDUSTRY

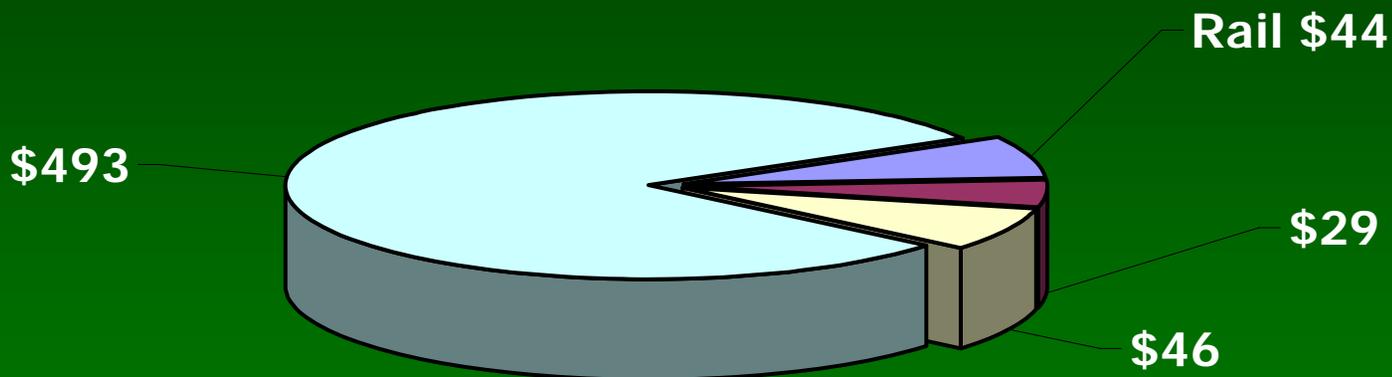




# INDUSTRY LANDSCAPE



## U.S. Freight Transportation Market Revenue - (\$612 Billion)





# TRUCKLOAD INDUSTRY



## Truckload – TL

- Swift - \$ 3,217 B
- J B Hunt - \$ 3,198 B
- Werner - \$ 2,008 B
- Heartland - \$ 540 M
- Knight Transportation - \$ 593 M
- Cowan Systems - \$ 192 M



# COMMERCIAL CARRIER JOURNAL



## THE CCJ TOP 250

### SLOWER BUT SOLID

The performance of the CCJ Top 250 confirmed that trucking's amazing boom began to fade in 2006. Still, it was a pretty good year.

**BY AVERY WISE**

**W**hen you are accustomed to growth in the mid-double digits, 9 percent can seem rather anemic. That's about how much revenue grew in 2006 for the CCJ Top 250—the nation's leading for-hire carriers in terms of revenue, fleet size and employment. It's far below the increases of 16.1 percent and 1.4 percent in 2005 and 2004, respectively.

Yes, for most, the wild, wonderful ride appears to have ended for now. But trucking executives should put the recent past into perspective. For one thing, some of the CCJ Top 250 revenue surges in 2004 and 2005 stemmed from consolidations rather than organic growth, and from one-time events such as the expansion of package-delivery firm DHL Express in the U.S. market. In 2006, there was less merger activity involving major trucking companies.

But you don't have to discount recent gains to appreciate the relative strength of 2006. Historically, 9 percent growth would have been seen as quite strong for the CCJ Top 100, the predecessor for the CCJ Top 250. Since its inception in 1980, the Top 100 had surpassed a 9 percent year-over-year increase only four times—1984, 1994, 1996 and 1999. And besides, slower growth is still growth—and it came on top of a strong year.

Still, 2006 results point to the relative softness trucking companies are experiencing today. For example, the number of power units operated by the CCJ Top 250 rose by more than 10 percent in 2006—a bit higher than the increase in revenue. In 2005, however, the double-digit revenue growth came at the same time that the number of trucks and tractors actually declined by 2.6 percent.



# REVENUE RANKING 2006



97	126	United Road Service	Romulus, MI	TL Motor Vehicles	195,245	248,672
98	114	Groendyke Transport, Inc.	Enid, OK	TL Petroleum Products	194,132	180,724
99	102	Epes Carriers, Inc.	Greensboro, NC	TL General Freight	191,745	186,883
100	97	Cowan Systems LLC	Baltimore, MD	TL General Freight	191,641	174,058

100	97	Cowan Systems LLC	Baltimore, MD	TL General Freight	191,641	174,058
-----	----	-------------------	---------------	--------------------	---------	---------

**2006 Ranking  
# 100**

# *Cowan Systems*

## *Maryland's Largest Motor Carrier*





# EQUIPMENT



■ 850 COMPANY TRACTORS



■ 425 OWNER OPERATORS

■ 2,500 TRAILERS





# EMPLOYEES



- **1,050 EMPLOYEES**
  - **850 Drivers**
  - **200 Office Staff**
  - ❖ **605 Maryland Employees**



# MARYLAND MILES



## ■ 2006 Statistics

- **14,126,000** Miles traveled in Maryland
- **2,354,000** Gallons of diesel used in Maryland
- **\$565,000** in Maryland Fuel Taxes paid



# CURRENT INDUSTRY ISSUES



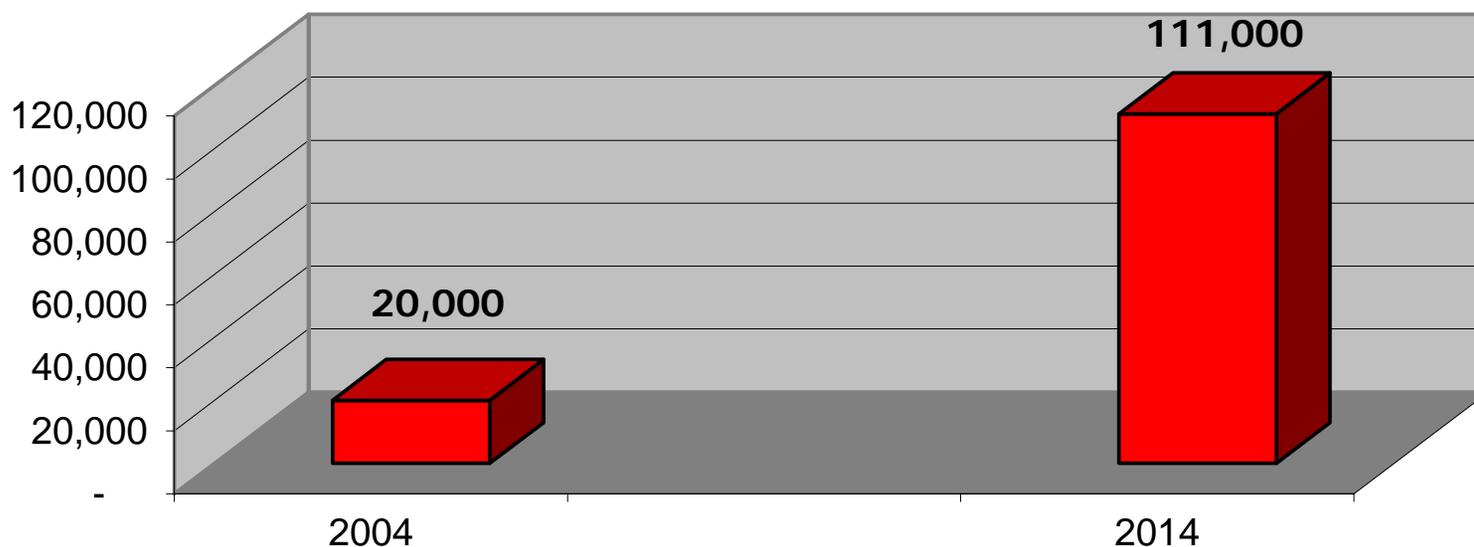
- Chronic Driver Shortage
- Increasing Highway Congestion
- Government Safety and Environment Regulations
- Fuel Issues



# DRIVER SHORTAGE FORECAST



## DRIVER SHORTAGE





# HIGHWAY CONGESTION





# COST OF CONGESTION



- IDLED TRUCKS COST THE TRUCKING INDUSTRY \$7.8 BILLION/243 MILLION HOURS IN 2004
- FOR MARYLAND TRUCKING, THAT'S ABOUT \$160 MILLION PER YEAR
- UNPREDICTABILITY OF PICKUP OR DELIVERY CAN INCREASE LOAD COST BY 50%-250%



# A DAY IN THE LIFE OF A COWAN DRIVER



- **CUSTOMER CONTRACT REQUIREMENTS (BIG BOX RETAILER)**
- **ON-TIME DELIVERY (98%)**
  - **ALLOWANCE FOR CONGESTION**
  - **WAITING COSTS AT CUSTOMER**
  - **LOCAL ORDINANCE**
  - **HOURS OF SERVICE**
  - **QUALITY OF LIFE**



# COST OF CONGESTION



# QUESTIONS ?

