Managing in an Uncertain Environment

Business Advisory Committee
Spring 2009 Meeting
Many factors driving uncertainty

- Government Intervention
- Consumer Confidence Decline
- Growing Bankruptcies/Liquidations
- Over supply or capacity
- Inadequate Capital/Credit
- Taxes/Fees on rise
- Decline in Consumer spending
- Fluctuating Fuel prices
- New political leadership
- Commodity Price tumbling

Global Uncertainty
This recession is different

Greater force, impact

Across industries

Faster pace

Global reach

Leaders/laggards hit
The impact is worldwide

GDP Growth 2009 forecast

Canada 3.0
US 4.0
Mexico 2.8
Brazil 0.3
Argentina 0.7
South Africa 0.8
EU 2.4
UK 3.7
France 3.3
Italy 4.3
Turkey 3.3
Germany 5.3
Russia 5.6
China 6.3
Japan 6.6
India 4.3
Saudi Arabia 0.7
Indonesia 3.4
South Korea 3.0
Australia 0.3

Germany 5.3
Italy 4.3
Russia 5.6
Japan 6.6
China 6.3
India 4.3
Saudi Arabia 0.7
Indonesia 3.4
South Korea 3.0
Australia 0.3
Current practices: cost cutting trump revenue initiatives

Comparison of Strategic Priorities

<table>
<thead>
<tr>
<th>Cost Cutting Measures</th>
<th>Revenue Growth Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Layoffs</td>
<td>77</td>
</tr>
<tr>
<td>Across-the-board cost reduction</td>
<td>72</td>
</tr>
<tr>
<td>Aggressive working capital mgmt</td>
<td>65</td>
</tr>
<tr>
<td>Re-sourcing supplier contracts</td>
<td>53</td>
</tr>
<tr>
<td>Reducing discretionary spending</td>
<td>50</td>
</tr>
<tr>
<td>Optimizing product portfolio</td>
<td>45</td>
</tr>
<tr>
<td>Reducing management layers</td>
<td>39</td>
</tr>
<tr>
<td>Freezing salaries/changing compensation</td>
<td>30</td>
</tr>
<tr>
<td>Offshoring/outsourcing</td>
<td>23</td>
</tr>
<tr>
<td>Near shop/insourcing</td>
<td>18</td>
</tr>
<tr>
<td>Pricing adjustment</td>
<td>49</td>
</tr>
<tr>
<td>Acquiring new business/assets</td>
<td>38</td>
</tr>
<tr>
<td>Investing in product development</td>
<td>34</td>
</tr>
<tr>
<td>Changing sales incentives</td>
<td>24</td>
</tr>
<tr>
<td>Increasing marketing effort</td>
<td>15</td>
</tr>
</tbody>
</table>

Top Priority: 50% Not a Priority: 50%
Current practices: more focus on short term than long term

<table>
<thead>
<tr>
<th>Short term Initiatives</th>
<th>Medium/long term Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Layoffs</td>
<td>Re-sourcing supplier contracts</td>
</tr>
<tr>
<td>Across-the-board cost reduction</td>
<td>Optimizing product portfolio</td>
</tr>
<tr>
<td>Aggressive working capital mgmt</td>
<td>Acquiring new business/assets</td>
</tr>
<tr>
<td>Reducing discretionary spending</td>
<td>Investing in product development</td>
</tr>
<tr>
<td>Pricing adjustments</td>
<td>Offshoring/outsourcing</td>
</tr>
<tr>
<td>Reducing management layers</td>
<td>Near shop/insourcing</td>
</tr>
<tr>
<td>Freezing salaries'/changing compensation</td>
<td>Increasing marketing effort</td>
</tr>
</tbody>
</table>

Average priority ranking of recession measures:

- Layoffs: 77
- Across-the-board cost reduction: 72
- Aggressive working capital mgmt: 65
- Reducing discretionary spending: 50
- Pricing adjustments: 49
- Reducing management layers: 39
- Freezing salaries'/changing compensation: 30
- Changing sales incentives: 24
- Re-sourcing supplier contracts: 53
- Optimizing product portfolio: 45
- Acquiring new business/assets: 38
- Investing in product development: 34
- Offshoring/outsourcing: 23
- Near shop/insourcing: 18
- Increasing marketing effort: 15

1) Source: Booz & Company Recession survey
Current practices: major obstacles faced by executives

1) Source: Booz & Company Recession survey

- Objectives constantly changing due to unstable economic conditions: 92%
- Low hanging fruit opportunities already exhausted: 86%
- Significant investment required to achieve additional savings: 78%
- “Never ending” cost cutting culture negatively impacting morale: 74%
- Lack of coordination within company to execute cost saving initiatives diluting effort: 61%
- Business units uncooperative: 45%
- Lack of support from labor unions: 39%

“Fighting fires vs. “Forging a future”
Speculating about the future . . .

Early Signs

- M&A
- DJI
- Factory Orders
- Earnings
- Housing Starts
- Freight
- Lending
- Liquidity

Nature of Recovery
To lead our discussion today

John Bowe
President – Americas
APL LDT/NOL

Charlie Eisle
Senior Vice President
Union Pacific

Regg Jones
Managing Partner
Greenbriar Equity

Craig Philip
President & CEO
Ingram Barge