US Diesel and Crude Oil Prices over time

- United States Spot Price FOB Weighted by Estimated Import Volume (Cents per gallon)
- U.S. No 2 Diesel Retail Sales by All Sellers (Cents per Gallon)
Relationship between Crude Oil price and Diesel Fuel Price (filtered above $50/barrel)

Trend Line Model

Diesel Retail Price (Cents per Gallon) = 2.38515 * Crude Oil Price ($/barrel) + 132.292
Implications on crude oil price to transportation rates

- Given the relationship in the previous slide, we see that a $10/barrel increase in crude oil will result in ~$0.24/gallon increase in diesel fuel
- Standard fuel surcharge methodology is to increase surcharge $0.01/mile for every $0.06 increase in diesel fuel
- Therefore we conclude that for every $10 increase per barrel of crude oil price, we will see an additional $0.04/mile increase in transportation rates.
-25% cost tied up in trans
-TL costs go up $0.50/mile as oil goes from $75 to $200
-Choice in DC’s and Production Source
### Impact on Warehouse Locations

**Warehouse**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Atlanta</th>
<th>Chicago</th>
<th>Dallas</th>
<th>New York</th>
<th>Las Vegas</th>
<th>Albuquerque</th>
<th>Los Angeles</th>
<th>Portland</th>
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<tbody>
<tr>
<td>$75/ barrel</td>
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<td>$100/ barrel</td>
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<td>$125/ barrel</td>
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<td>$150/ barrel</td>
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<td>$200/ barrel</td>
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Impact on Production Sourcing

$75/ barrel

- 78% Juarez Mexico
- 22% Philly Plant

$200/ barrel

- 54% Juarez Mexico
- 23% Omaha Plant
- 23% Philly Plant

Maps show Juarez Customers, Philly Customers, and Omaha Customers.