



### Recent Deal Notables

**UTI Worldwide acquired Standard Corp., for \$45.5 million cash, plus \$3 million in stock, and future payments.** This acquisition expands UTI Worldwide's global reach of contract logistics services as well as their outsourced solutions in warehousing and distribution, transportation, information technology and manufacturing support. Based out of South Carolina, Standard Corp. utilized 49 sites and 2,800 employees to generate \$120M in revenue in their fiscal year '02.

**C.H. Robinson acquired Smith Terminal Transportation Inc. (FTS) for an undisclosed amount.** Smith Terminal Transportation (operating under the name FTS), provides truckload, less-than-truckload (LTL), LTL consolidation and intermodal transportation brokerage services based out of their headquarters in Miami, FL. Deal size is estimated at \$15.7M.

**Stonepath Group acquired Global Transportations Services, Inc. for \$5 million in cash plus up to \$7 million in performance-based purchase consideration.** Global's full range of international air and ocean logistics services will establish Stonepath's international platform enhancing the company's ability to meet client's global supply chain needs. This will also provide a foundation to further develop their international network..

**Meridian IQ (Yellow Corp. subsidiary) acquired MegaSys Inc. for an undisclosed amount.** Based out of Greenwood, IN, Megasy Inc. provides non-asset 3PL transportation and logistics management services. This acquisition expands Meridian IQ's services to include individualized carrier procurement, routing and scheduling, and global shipment management functions, while also diversifying their customer base.

**Stonepath Group acquired Transport Specialists Inc. for an undisclosed amount.** The acquisition of Transport Specialists, a provider of transportation logistic services with a client base including various government agency and contractor relationships will further expand Stonepath's domestic network and add domain expertise in the government sector.

### Sector Snapshot

**Third Party Logistics (3PL) Expecting Continued Growth:** With inventory to sales ratios at 10 year lows, and with the reduced demand from shippers, smaller owner-operators have struggled to maintain their business. As the economy rebounds this will open an opportunity for 3PL's to utilize their broad networks as shippers look to replenish inventory, and demand for transportation exceeds the supply.

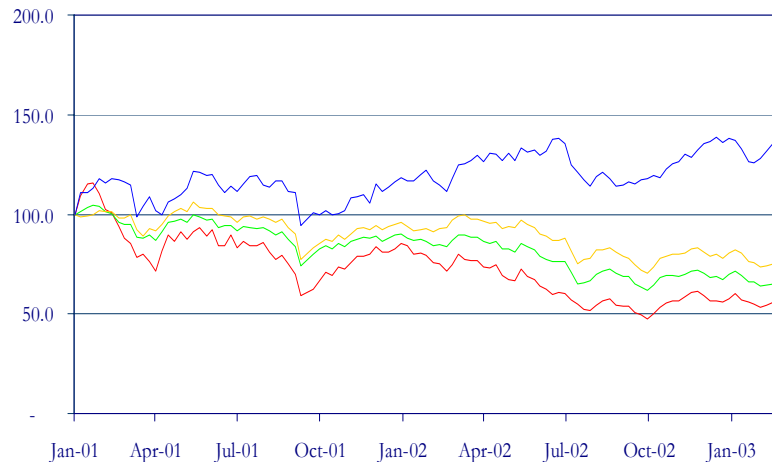
**Continued Pressure on 3PL Margins:** Rising fuel and insurance costs, compounded by reduced overall capacity, has raised transportation costs. Concurrently, shippers have responded to a slowed economy by cutting costs, utilizing fewer vendors and adding additional price pressure to 3PL's.

**International Development Continues:** Acquisition of international airfreight, international ocean and international freight companies continues to rise as companies seek to expand their geographic reach. Additionally, shippers continue to seek specialized services to enhance their customs brokering and supply chain visibility, internationally.

**Fragmented Market with Consolidation on the Horizon:** Shippers continue to have increasingly more specific needs provided by specialized providers adding to the fragmentation of the market. In addition, a globalized economy and the corporate trend of vendor consolidation has encouraged the development of larger "one-stop-shop" providers.

**Intermodal Services Continue to Drive Growth:** Demand for intermodal services continue to rise as shippers look for more cost effective shipping means. Railroad deregulation and improved infrastructure has resulted in increased service capabilities and reliable delivery times.

### Capstone Index and Public Equities



The Provident Non-Asset Based 3PL Index is a market capitalization weighted index that includes the following companies: CHRW, PACR, EXPD, UTIW, EAGL, HUBG, LSTR, FWRD. (January 1, 2001 to February 28, 2003).

Company	Ticker	EBIT Margin	Market Value/LTM	
			EBIT <sup>1</sup>	Net Income <sup>2</sup>
C.H. Robinson Worldwide	CHRW	4.75%	15.72x	26.94x
UTI Worldwide	UTIW	3.80%	16.84x	28.84x
EGL, Inc.	EAGL	1.77%	15.69x	62.87x
Pacer International, Inc.	PACR	4.61%	10.27x	20.33x
Expeditors International	EXPD	7.45%	19.59x	31.66x
Forward Air Corporation	FRWD	14.45%	10.58x	18.51x
Hub Group, Inc.	HUBG	0.65%	41.00x	31.44x
Landstar System, Inc.	LSTR	5.55%	10.37x	17.40x
<b>Average</b>		<b>5.36%</b>	<b>18.53x</b>	<b>31.51x</b>
<b>Median</b>		<b>4.61%</b>	<b>15.72x</b>	<b>28.84x</b>

(1) EBIT Multiple = Enterprise Value/EBIT

Enterprise Value = Market Capitalization + Debt+Preferred Stock- Cash.

(2) Net Income Multiple = Market Capitalization/Net Income

Source: MarketGuide, Multex, and company reports.

### Acquirers on the Hunt

**Mid-size U.S. Based 3PL provider** seeking to acquire non-asset based 3PL provider with international import/export capabilities.

**Large 3PL provider** seeking to acquire non-asset intermodal provider with ocean and air expertise.

**Large 3PL provider** seeking to acquire west coast based non-asset based 3PL provider with international freight forwarding capabilities.

**Mid-sized 3PL provider** interested in acquiring non-asset based truck brokerages with over \$10M revenue.

**National 3PL provider** seeking to acquire domestic non-asset based freight forwarders with air experience and/or value added warehousing capabilities.

