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There are no speed limits on the road to excellence.

- David W. Johnson

2006 Ushered in with Carrier Rate Increases

What's that old saying that ushers in a new year? Out with the old, in with the new? Well, many businesses might rapidly find themselves nostalgic for the good ol' days - if they aren't already -- because 2006 is ushering in yet more carrier rate increases.

For USPS customers, rates have already risen a significant 5.4% since January 8th. It's the first USPS increase since 2002. DHL customers are, for the moment, enjoying the calm before the increase. While no official rate hike announcement has been made, industry experts predict a 2-8% increase in the near future. This would mirror the rate increases that have already taken place at FedEx and UPS, which along with DHL make up the nations three largest parcel carriers. **See rate change reference sheet on page 3 of *Logistics Strategies*.**

While it appears that the new rate levels will hold for the immediate future, the increasing costs of doing business for all carriers - skyrocketing fuel prices being chief among them -- suggests that things will get more expensive for customers long before they become more affordable.

With the exception of the USPS increase, rate increases are becoming annual affairs -- and *financial dilemmas* -- for shippers who feel powerless to protect themselves against these constantly rising costs. However, there are some key strategies that will work here; strategies that will lead to measurable cost savings.

For starters, shippers can *challenge* their parcel carriers. They can demand that increases are justified, and that performance *increases* with price. When this challenge isn't met with swift rate reductions -- and it often surprisingly is! -- the next step is to focus on cutting costs. Shippers should dialogue with their carriers to find ways to save money; and have those savings passed onto the shipper, where it belongs.

And finally - and often most effectively -- shippers can talk to ICC's Parcel Appraisal and Negotiation Group team. They're the proven experts when it comes to protecting shippers from cost increases - and saving them money, time, and resources.



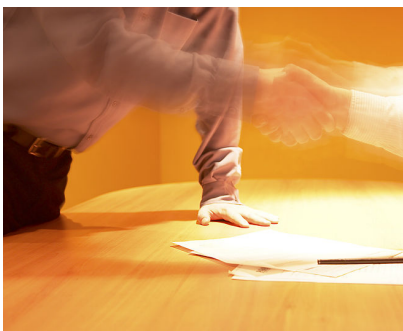
Carrier Rates Rising

ICC Adds Top Talent

ICC is built around a unifying concept: *client service excellence*. And it's a proud reflection of our unending commitment to service excellence that we welcome two new faces to our family of dedicated, caring, and world-class transportation and logistics experts.

David (Dave) P. Metz brings over 30 years of executive account management and sales experience to his role as ICC's Director of Business Development for the northeast region. Dave has consulted for Fortune 500 companies, and is an accomplished sales and management trainer. Dave's experience in direct consumer sales, sales management, and operations gives him the perfect -- and *rare* -- mix of industry knowledge and customer relationship management skills.

Russell (Russ) E. Matthews brings nearly three decades of logistics leadership and corporate transportation management to his role as ICC's Director of Logistics for the Midwest region. Russ' cost saving strategies within multi-billion dollar global corporate environments are legendary, and he is widely regarded as an expert within the field of logistics and transportation. Russ is the current President of the International Furniture Transportation and Logistics Council, past President of the American Furniture Manufacturers Association (AFMA), and past Chairman of the Office Furniture Distribution Association (OFDA).



ICC Proudly Welcomes Two Industry Experts to our Team!

Trucking Industry Reeling from Increased Input Costs

At least for the trucking industry, it *should* be a good news story.

On the one hand, traditional supply and demand economics prevail. Growing demand for trucking, coupled with a lack of available supply to meet the need has pushed prices higher; which should, conventionally speaking, mean more profits for trucking companies. Yet this is hardly the case.

Alongside this upward pressure are several input cost factors that are, frankly, making it more expensive for trucking companies to stay in business. These cost factors include:

- ⇒ rising fuel costs (aided particularly by 2005's weather disasters)
- ⇒ higher salaries due to new hiring regulations for Hazmat ("Hazardous Materials") haulers
- ⇒ higher salaries due to an overall lack of available qualified drivers
- ⇒ changing hours-of-service regulations, which have limited distance traveled per day
- ⇒ changing sleeper-berth regulations, which have limited team driving options
- ⇒ increased road congestion

These are just a few of the cost pressures that the trucking industry has faced in the last year; and *several hundred* businesses have failed to survive.

The trucking industry is now facing an enormous problem that won't go away: limited freight hauling capacity.

Those that *have* endured the continually rising costs have, spurred by pragmatic necessity, begun exploring cost saving strategies that include:

- adding brokerage
- relying on freight forwarding
- using warehousing solutions

Yet, despite these innovative strategies to meet customer needs in as cost effective a manner as possible, the trucking industry is facing an enormous

problem that won't go away: limited freight hauling capacity.

Rising equipment costs have made it impossible for many trucking companies to afford to increase capacity; not as long as their costs of doing business continue to rise dramatically.



Trucking Industry Struggles to Deal with Rising Costs of Doing Business

Truly, the pendulum has swung for shippers who once had an almost *endless* supply of carriers to haul their goods. Yet now that capacity has tightened sharply, carriers are becoming much more selective on the freight they'll handle. In addition, competition among shippers has become even fiercer, and extends to include *any* shippers who use similar equipment and travel in similar directions.

The future seems bleak for many trucking companies; and so too the reality for most shippers. Basically, if a shipper's freight characteristics and operational requirements are restrictive or in *any* way logistically unattractive, there's a penalty to pay: higher costs. It's an unfair *lose-lose* situation that, on the surface, appears to have no solution.

However, there *is* a way out for both shippers and trucking companies; and it's a solution that requires a fresh perspective on an age-old business concept: *partnerships*.

At ICC, we've always believed in the tremendous value of partnerships. That's why we strategically guide our clients to work *with* their carriers, in order to drive out needless overhead costs that erode both partners' profits. The result? A cost effective way of doing business, and a win-win outcome.

Indeed, given the tremendous pressure that the trucking industry is under -- and it looks as though that this is just the beginning -- the ICC partnership model is no longer merely the best way to handle this problem. It's arguably the *only* way to solve this problem in a long-term, cost effective way.

PARCEL CARRIER 2006 RATE CHANGE REFERENCE SHEET

UNITED PARCEL SERVICE

EFFECTIVE DATE: January 2, 2006

- 5.5% increase on air & international services
- 3.9% increase on commercial ground shipments
- \$0.35 increase in delivery area surcharges on residential deliveries
- \$0.25 increase in delivery area surcharges on commercial deliveries
- 2% reduction in air fuel surcharge index (currently capped at 12.5%)
- *Enhanced Premium Air Services: 2nd Day Air Guarantee now 10:30 a.m; Saturday Deliveries via 2nd Day Air Shipped Thursday*

FEDERAL EXPRESS CORPORATION

EFFECTIVE DATE: January 2, 2006

- 5.5% increase in net average shipping costs
- \$.10 increase in delivery area surcharges for residential shipments
- \$.10 increase in delivery area surcharges for commercial shipments
- 2% reduction in fuel surcharge