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NEWS RELEASE

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15th Annual CEO Survey Identifies Emerging Issues and Key Trends in Global Supply Chains *Reverse Globalization, Softer Revenue Forecasts and Sustainability* *Topped this Year's Results*

DENVER, Oct. 6, 2008 – Results from the “2008 3PL Provider CEO Perspective” surveys were presented today by Dr. Robert Lieb, Professor of Supply Chain Management at Northeastern University, and Joe Gallick, Senior Vice President of Sales for Penske Logistics, at the Council of Supply Chain Management Professionals Annual Global Conference in Denver.

Incorporating insights from 20 CEOs in North America, 10 in Europe and nine in the Asia-Pacific region, this year's research showed some of the lowest industry revenue projections ever seen in the history of the surveys. Sponsored by Penske Logistics, the surveys found the “greening” of supply chains and the 3PL industry, as well as continued pricing pressures among the top industry trends, and cited rising fuel prices and a slow-growth economy as key challenges facing the industry. A trend toward reverse globalization was also noted.

“While nearly one-fourth of CEOs said that their organizations failed to meet 2007 revenue projections, almost 90 percent reported profitability last year,” said Lieb. “Despite rising prices at the pump and a stagnating economy, these numbers indicate that global 3PL efforts to reduce costs, optimize networks through technological advances, and intensify the focus on customer selectivity are working — we will definitely see a continued focus in these areas well into 2009.”

“These are certainly exciting, yet challenging, times for third party logistics providers as we attempt to predict, analyze and adapt to the various forces that will affect our customers' supply chains in years to come,” said Gallick. “The results of the 2008 survey shed an interesting light on the continued maturing of the 3PL industry while touching upon the new supply chain influences that were barely visible only a year ago.”

Further insight into this year's research findings is outlined in more detail below:

Softer revenue projections

Though CEOs continue to be bullish about revenue growth prospects for their companies and the industry as a whole, projections have become increasingly conservative during the past several years, particularly in Europe.

- One-year revenue projections for North American companies were reported to be 12.6 percent; in Europe 10.8 percent; and in the Asia-Pacific region, 21.4 percent. The three-year company revenue projections are 13.4 percent in North America, 10 percent in Europe and 23.1 percent in Asia-Pacific.

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- One-year industry revenue projections averaged nine percent in North America, 7.3 percent in Europe and 11.2 percent in Asia-Pacific. The average three-year industry projection for North America is 9.8 percent, 6.5 percent in Europe and 12.9 percent in Asia-Pacific.
- Operating revenue in Asia-Pacific continued to grow in 2007. However, approximately 25 percent of North American and 30 percent of European companies surveyed did not meet revenue growth targets.
- In North America, 19 of 20 companies reported profitability in 2007, while only two European companies reported they either broke even or were unprofitable.
- There are mixed perspectives about the profitability of the industry in Asia-Pacific, with 22 percent of CEOs indicating they believe the industry either broke even or lost money during 2007.

Reverse globalization

Due to rising costs of labor, the impact of high fuel prices on shipping costs, and continued concern around government regulations in Asia, 16 of the 39 CEOs involved in the surveys indicate some of their customers are changing their sourcing and manufacturing strategies and are moving operations away from Asia and “closer to home.”

- 11 of 20 North American executives reported seeing a shift in customers pulling manufacturing back from Asia to North or Central America. In Europe, 20 percent of CEOs reported that some customers have moved operations from Asia to Eastern Europe. Similarly, in Asia-Pacific, one-third indicated that a number of customers have shifted manufacturing out of the region.

Expansion in developing markets

Hand-in-hand with reverse globalization, 3PLs and customers are gravitating toward expanding into nearby emerging markets where the cost of labor, shipping and land is less expensive.

- North American logistics providers are increasingly turning to Mexico and Latin America.
- In Europe, CEOs are focusing on expanding services into Eastern Europe and Russia.
- Though limited by infrastructure challenges, CEOs reported 2007 revenue growth in India of 48 percent, with a projected growth rate of 31 percent for the next three years.
- Growth opportunities are emerging in other Asia-Pacific countries such as Japan, Thailand, Cambodia and Vietnam.

“Greening” of the supply chain

The 3PL industry has made significant strides in establishing environmental responsibility as part of broader corporate visions, with companies reporting numerous internal changes in response to these concerns. However, to date, the CEOs involved in the surveys believe these “green” capabilities are relatively insignificant in winning new business or retaining existing customers.

- “Green” initiatives and environmental sustainability are considered unimportant when it comes to attracting or keeping 3PL customers. In Europe, 100 percent of respondents said “green” efforts are insignificant in winning and keeping business; in North America, 95 percent; and in the Asia-Pacific region, 89 percent.
- Most CEOs indicated they are increasing spending on “green” initiatives primarily as a corporate social responsibility initiative as opposed to customer demand.
- Though 79 percent of all companies surveyed have a formal sustainability program, 87 percent have a formal sustainability statement and 74 percent have appointed a formal leader of sustainability, less than three percent of customers globally have performance metrics for their 3PLs that track the 3PL’s ability to help customers achieve its “green” goals.

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Downward pricing pressure

As commoditization pressures mount in the 3PL industry, the role of procurement in contract negotiations continues to rise, and fuel costs increase, the companies surveyed cited downward pricing pressures as a continuous, major concern for the industry and noted a growing trend in branding as a way to differentiate.

- 12 CEOs in North America, six in Europe and five in Asia-Pacific cited downward pricing pressures as one of the top three problems faced by 3PLs.
- 92 percent of companies involved in the three surveys reported pursuing branding initiatives in the past year to help differentiate their companies from the competition.

Survey Design

CEOs completed 39 surveys via an Internet-based questionnaire during the summer of 2008. Companies participating in the annual survey included: Cardinal Logistics, Caterpillar Logistics Services, CEVA, DSC Logistics, DHL Exel Supply Chain, Genco, Kuehne & Nagel Logistics, Landstar, Menlo Logistics, NYK Logistics, Panalpina, Penske Logistics, Pittsburgh Logistics, Ryder, Schenker, Schneider Logistics, Transplace.com, UPS Supply Chain Solutions, UTi, Wincanton and YRC Logistics. In total, these companies are responsible for generating approximately \$60 billion in revenue.

In addition to those highlighted above, the survey identified other trends, including industry consolidation, opportunities and challenges in the 3PL industry, and the major changes expected in each of the three geographies examined during the next three years. For access to the full Executive Summary please visit www.gopenske.com/newsroom/.

About Northeastern University's College of Business Administration

Northeastern University College of Business Administration, established in 1922, provides its students — undergraduate, graduate and executive — with the education, tools and experience necessary to launch and accelerate successful business careers. The College credits its success to expert faculty, close partnerships with industry and its emphasis on rigorous academics combined with experiential learning.

The College is highly ranked by several prestigious publications. *BusinessWeek* ranks the College 34th in its "Best Undergraduate B-schools" and number one in internships, and students have ranked the undergraduate program number one in job placement three years in a row in the publication. The College's Bachelor of Science in International Business program is ranked number thirteen by *U.S. News & World Report*. The undergraduate program is also distinguished by The Princeton Review and *Entrepreneur* magazine as number 14 of the U.S. top 25 entrepreneurship programs. For more information about Northeastern University's College of Business Administration, visit <http://www.cba.neu.edu/>.

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