

SOX Compliant

Data2Logistics has received its SAS 70 Type II certification. Copies of this report are available by contacting Cathy Candia of Data2Logistics at 609.683.3934 or by e-mail cathy.candia@data2logistics.com.

The Sarbanes-Oxley Act (SOX) is federal legislation passed into law in 2002 that mandates a higher level of corporate ethics, governance, accountability, and financial disclosure from publicly traded companies. It was enacted to protect investors by improving the accuracy and reliability of corporate disclosures made in accordance with securities laws, and for other purposes.

While Data2Logistics is not a publicly traded company, many companies require vendors like Data2Logistics to provide them with independent certifications of compliance.

This would include the fact that: We have in place, policies, procedures, practices and organizational structures designed to provide reasonable assurance that business objectives will be achieved and that undesired events will be prevented or detected and corrected. SOX requires that the CEO and CFO of publicly held companies must certify and sign-off quarterly and annually on their system of internal controls. This, in effect, prevents the 'I didn't know' defense.

All About Rates

Truckload rates jumped 6.3% in December over the same month the year before, which suggests that carriers remained firmly in the driver's seat on shipping charges moving into 2006.

The report by Citigroup Investment Research showed LTL pricing growing 4.9% over December 2004, the slowest rate of increase the equity research firm has found since April 2004, but still not insignificant.

That slowing rate of increase gave shippers some hope that the sharp price hikes of the last two years were leveling off. Citigroup reported LTL pricing slipped 1.9% from November to December, and truckload prices fell 0.9% from month to month, a slip most carriers come to expect as peak season demands fall off, and one likely accelerated last year by declining fuel prices.

At Data2Logistics we continue to believe that truckload carriers will control the balance of pricing power through 2006. Capacity in the truckload market remains tight as there seems to be no end to driver shortages. This coupled with strong demand and a tight fuel market will continue to drive truckload prices up.

To learn how Data2Logistics can help you control your transportation costs contact Drew Daley of our Business Intelligence Group at 732.606.7073. Drew.Daley@data2logistics.com. By benchmarking your freight rates we can tell you how your freight rates, accessorial charges, and fuel surcharges stack up in a volatile marketplace.

FedEx Costs Going Up

FedEx Corporation, the second largest for hire carrier, announced it will raise the standard rates for FedEx Ground services in 2006 by an average of 3.9%.

The changes are in addition to FedEx Express and FedEx Home Delivery surcharges that took effect on Jan. 2, 2006. The real impact of these announcements can be found in the fine print. Many shippers will be looking at an increase of up to 30% when you consider higher minimum charge assessments based on delivery distance and fuel.

FedEx Corporation announced increases in FedEx Express rates from 3.5% to 5.5%. These increases will be offset by a 2% point reduction in its fuel surcharge. The FedEx fuel surcharge in December 2005 stood at 20% for air and 5.25% for ground. By comparison in 2005, DHL's fuel surcharge was 22% for air and 3.75% for ground. Effective January 2, 2006 the fuel surcharge for FedEx Air dropped to 11% and for FedEx Ground to 3.75%.

According to FedEx spokesperson T. Michael Glenn, Executive Vice President of Market Development, these rate adjustments allow FedEx Express and FedEx Ground to continue to improve service levels and expand their networks. Light weight shippers to lower zones will see a 5% increase on ground shipments. Their net minimum charge will go from \$3.62 to \$3.80 for ground. Net minimum charges for other services will be: \$8.50 Priority Overnight, \$11.80 Standard Overnight, \$8.50 for 2nd day, and \$8.15 for Express Saver.

The company also announced the following increase:

- A delivery area surcharge for select zip codes will increase by 5 cents per package for commercial locations, and 10 cents per package for residential locations for FedEx Express and FedEx Ground.
- A residential surcharge increase for FedEx Express and FedEx Ground shipments of 10 cents per package, and a residential surcharge increase for FedEx Home Delivery of 25 cents per package.
- An increase in the charge for direct signature required of 25 cents a package, and an increase in the adult signature required charge of 50 cents per package for FedEx Express and FedEx Ground shipments.
- The additional handling surcharge for FedEx Express and FedEx Ground shipments will increase \$1.00 per package.
- The FedEx Express and FedEx Ground collect on delivery charge (C.O.D.) as well as the FedEx Ground electronic collect on delivery charge (E.C.O.D.) will increase by \$1.00 per package.
- There will be no changes to most FedEx(R) Retail Counter Rates for FedEx Express and FedEx Ground shipments.

How do FedEx and UPS stack up on accessorial charge changes? A quick comparison revealed that while they have taken increases this year their charges are virtually the same in many areas.

Accessorial Charge	UPS Increase	FedEx Increase	Actual Cost Comparison
COD	\$1.00 13.3%	\$1.00 - 13.3%	Same
Declared Value per \$100.	\$0.10 18.2%	\$0.10 - 18.2%	Same
Additional Handling	\$1.00 20%	\$1.00 - 20%	Same
Residential Surcharge Air	\$0.35 20%	\$0.10 - 5%	Same
Residential Surcharge Ground	\$0.25 17.7%	\$0.10 - 5%	UPS \$0.35 Cheaper
UPS Returns – Call Tag Ground	\$1.25 22%	No Change	FedEx \$1.26 Cheaper
Commercial Delivery Area	\$0.05 4%	\$0.05 - 4%	Same

Making Yourself More Attractive

We have all seen those commercials that suggest how you can make yourself more attractive to find your ideal mate. Well similar actions can be taken by shippers to make themselves more attractive to carriers that they want to pursue for competitive freight rates. With some carriers now being in the position to turn away freight, it is important that shippers put forth their best profile when they go shopping. Here are some considerations that can be used to attract the best carrier and the best rates.

Carriers like shippers who are looking for long term relationships not one time or occasional shipments. An offer of a multi year contract with confirmed minimum volumes goes a long way toward securing the comparable relationship from carriers.

You should ask yourself ... Is your company a shipper that is easy to deal with or are you a demanding partner? Partners who are attractive on the surface but truly present unreasonable demands often find that a relationship will not last, especially when your carrier partner is most needed during peak periods of demand. You don't want to be in a situation where your freight is more trouble than it is worth.

Are you a shipper that calls occasionally with a hot load when no one else will pick up your freight or can you be expected to provide loads on a regular basis, meeting agreed upon volumes?

Will the relationship be mutually rewarding? Can the carrier expect to make a reasonable profit on your freight?

Are you the type of partner who is more likely to wind up meeting in court rather than in your office when it comes to settling loss and damage claims or other disputes?

When a carrier arrives to pick up a load, are you ready to go or do you keep the carrier, his driver and equipment waiting?

Are you truthful about what you can deliver or are you embellishing your needs and historical experience?

When it comes to paying the bill, do you pay on time or are you looking for the carrier to wait for their money.

ATA Continued Demand Side Strength

ATA Chief Economist, Bob Costello told conference attendees to expect good economic growth for 2006, although it could be slightly smaller increases than in 2005. Costello presented a positive outlook for the U.S. economy and the trucking industry in terms of freight volumes and overall manufacturing output during the year. "Capacity within the trucking industry will remain tight especially during peak volume seasons," Costello

said, noting that manufacturing output and business investment were "two of the bright spots" in the 2006 economy. "Solid retail sales during January, among other key indicators, should result in robust top-line economic growth during the first quarter of this year as well," Costello said. Costello also reported the supply/demand mix in the trucking industry should continue to tilt toward motor carriers during the year.

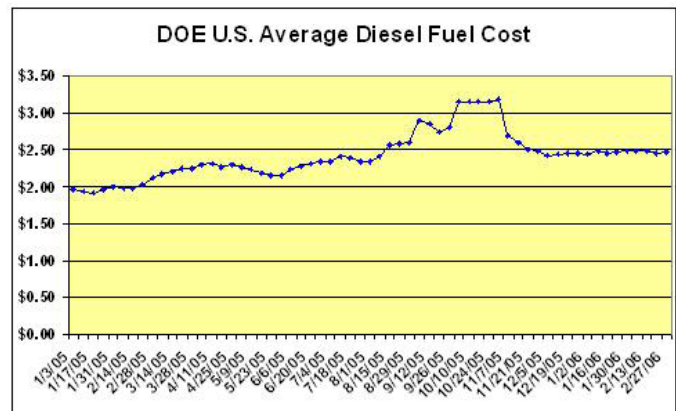
Good News At The Ports

According to the February Port Tracker report from the National Retail Federation and Global Insight, the nation's major retail container ports are continuing to operate without congestion but could face challenges ahead. The report covers inbound container volume, the availability of trucks and railroad cars to move cargo out of the ports, labor conditions, and other factors that affect cargo movement and congestion. The current six-month outlook projects slower growth at West Coast ports than during the same months in 2005. Nationwide, ports surveyed handled 1.21 million Twenty-foot Equivalent Units (TEUs) of container traffic during December, the most recent month for which numbers are available. The figure is down 4.1% from November, but still up 4.8% from December 2004, reflecting the seasonal downturn but an increase in year-to-year levels. Over the report's six-month forecast

period, traffic is expected to decline slowly to a low of 1.1 million TEU in February, but still 0.4% above a year ago, before climbing to 1.39 million TEU in June, up 10.7% from June 2005. All ports covered by the report - Los Angeles/Long Beach, Oakland, Tacoma and Seattle on the West Coast, and New York/New Jersey, Hampton Roads, Charleston and Savannah on the East Coast - are currently rated "low" for congestion, the same as in the January Port Tracker report. A low rating means "business as usual" with no serious congestion, delays or diversion of cargo anticipated. Despite continued high diesel fuel prices, port trucking is said to be operating smoothly. For more information, go to <http://www.nrf.com/porttracker>.

Diesel Fuel Prices

Be careful recent declines in diesel fuel costs may mask what lies ahead. YRC Worldwide Chairman Bill Zollars said the trucking industry will probably have to accept higher diesel fuel taxes in coming years to pay for needed improvements to the nation's highways. "Compared to some of the other alternatives that are out there, such as tolling, the gas tax is probably a better way to go," said Zollars, head of a trucking conglomerate with some \$9 billion in annual revenue. You may ask yourself, why would the YRC Worldwide Chairman be leaning this way? Could it be due to the fact large carriers have been making money on their fuel surcharges or the fact that diesel fuel costs are so easily passed on to shippers?



Contact Us

If you have any questions, comments or concerns, please go to our web site at www.data2logistics.com or contact Harold Friedman at 609-683-3917 or via e-mail at harold.friedman@data2logistics.com.

