

April 14, 2011

To: Authorized Applicators, Manufacturers Representatives and Distributors

Re: Trucking Challenges in 2011

Over the past three years, numerous trucking companies large and small closed their doors and carriers who survived the economic challenges typically did so with reduced fleets. The new Federal CSA regulations implemented late in 2010 are intended to have a positive impact on trucking safety on our nation's highways. In the short term, the new regulations are having a negative impact on carriers and drivers, forcing truck drivers who cannot comply with the more stringent safety requirements out of the market. Combine these two transportation realities with the rapid ascent of fuel costs in a cash-strapped industry, and we have the leading edge of a potential perfect storm in transportation considering the general uptick in the overall economy.

It is highly probable that all U.S. manufacturers will face transportation equipment shortages in 2011. In order not to disappoint your customers and ours, we need your support and cooperation. We have already experienced driver shortages and especially haz driver shortages in the first quarter in several markets. We are working diligently to secure transportation capacity. However, due to a lack of transportation equipment, order cut off times are critical to allow us necessary transportation planning time. The late afternoon order for next day shipment or the order placed for same day shipment both generate the real likelihood of our shipping offices not being able to find a carrier to deliver on short notice. Last minute order changes that cause a non-haz load to become a haz load similarly may go uncovered. Because there are less trucks and more freight available, carriers are successfully booking their trucks as much as 48 hours in advance. Planning as far ahead as possible will greatly improve the odds of securing a truck when needed.

It is important that you communicate this situation to your contractors. Placing orders early in the cycle, avoiding the late afternoon or same day order placement, and avoiding the late order changes that modify the nature of the shipment (adding haz, adding a stop, etc.) will help us obtain transportation to deliver your freight on-time. We need to know as early as possible so we can secure equipment to deliver the orders. We are committed to fulfilling your delivery expectations, but in the current transportation environment we need your support to be successful.

Jeff Hansen  
Director of Transportation