

Intersections*

Global Transportation and Logistics
mergers and acquisitions analysis
Third quarter 2008



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Welcome to the fifth edition of *Intersections*, our global transportation & logistics mergers and acquisitions analysis. The announced deal value for transportation & logistics targets during the first three quarters of 2008 remains mathematically on pace to exceed the total announced during 2007. However, given the slower pace during this most recent quarter and expectations of an even slower fourth quarter given the recent turmoil in the global financial markets, deal value will likely fall short of 2007 levels in 2008. In previous updates, we have noted that the slowed pace of deal activity, measured by the number of deals announced for transportation & logistics targets, largely was confined to deals involving US entities. While this held true in comparing the first two quarters of 2008 with previous years, during the third quarter of 2008 the M&A slowdown appeared to spread to foreign markets, with the propagation of economic concerns outside the United States.

We note several consequential trends in this update. First, the relative level of interest in rail and passenger ground targets, as measured by deal value, increased during the first three quarters of 2008 while the contribution of deal value for passenger air targets to overall transportation & logistics deal value decreased. As the number of announced passenger air deals has remained fairly consistent over time, we attribute this decline in deal value to fewer announcements for large passenger air deals as these sector constituents grapple with liquidity concerns and investors' heightened perceptions of risk. Second, our expectation that well-capitalized strategic investors would account for the majority of transactions has held true as turmoil in the credit markets continues to have a disproportionate and negative impact on financial investors. Third, although the pace of deals for targets in China remains brisk, the pace of deals for targets in other BRIC countries, specifically Brazil and Russia, has increased. Two of these BRIC deals, both local-market deals for targets in Brazil, made our large deal table for the first three quarters of 2008. Finally, despite increasing unrest in the financial markets, the amount that acquirers have been willing to pay for transportation & logistics targets has declined only slightly as compared with recent historical periods.

We continue to believe that once the credit markets stabilize the level of deal value announced for passenger air targets should increase, driven by the need to rationalize airline capacity. Given the weak outlook for the US economy, the generally inadequate level of access to credit and, in recent months, a strengthening of the US dollar, cross-border acquisitions of US targets should continue to remain depressed. We have previously indicated that an improvement in the pace of overall transportation & logistics deal activity likely would depend on acceleration in deal activity involving US entities when the US economy recovers. As we enter the fourth quarter of 2008, we continue to hold this expectation. However, it now appears that an economic recovery will take longer to develop.

A handwritten signature in black ink that reads "Kenneth H. Evans Jr." in a cursive script.

Kenneth H. Evans, Jr.
North America Industry Leader

A handwritten signature in blue ink that reads "Klaus-Dieter Ruske" in a cursive script.

Klaus-Dieter Ruske
Global Industry Leader

Deal activity by number of deals

Measured by number of deals worth \$50 million or more



Deal activity

There were 37 deals announced during the third quarter of 2008 with a disclosed value of at least \$50 million, which represents a slight attenuation in the pace of deal activity over the course of 2008 (125 deals were announced during the first three quarters of 2008). Though 2008 deal activity is not on pace to exceed the number of deals announced during 2007 (193 deals), the activity during 2008 is on pace to match the number of deals announced during 2006 (167 deals). In previous updates it has been noted that the pace of deal activity — as measured by the number of deals — that did not include US entities was ahead of the pace of overall transportation & logistics deal activity. This trend, which was attributed to a weakening US economy and deteriorating credit conditions, remains in effect when comparing the pace of deal activity during the first three quarters of 2008 with 2006 and 2007. However, when evaluating the third quarter of 2008 in isolation (with 37 total deals, of which 25 did not include US entities), it is apparent that the decline of the global banking sector and the faltering global credit markets have caused a slowdown in transportation & logistics deal activity beyond those transactions that involve US parties.

Deal activity by total deal value

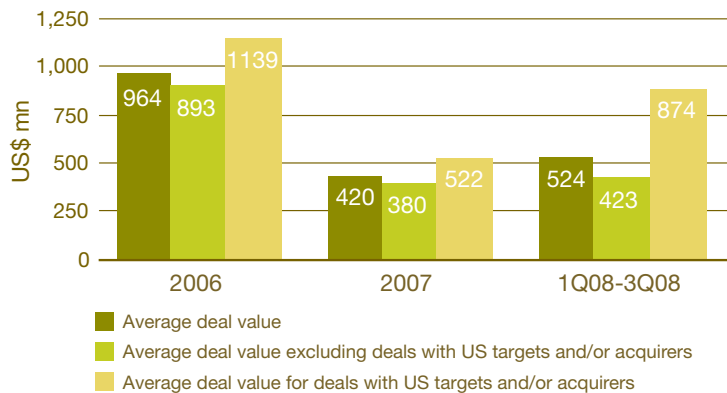
Measured by value of deals worth \$50 million or more



The pace of total deal value historically has correlated closely with the pace of large deal activity (large deals are defined as deals with a disclosed value of at least \$1 billion). This is due to the causal relationship between these two measures of deal activity. The pace of total deal value and the number of large deals announced during the first three quarters of 2008 (\$66 billion and 14 deals, respectively) is still ahead of the pace set in 2007 (\$81 billion and 17 deals, respectively) but behind the pace of 2006 (\$161 billion and 20 deals, respectively). However, when evaluating the third quarter of 2008 in isolation, deal value was only \$11 billion indicating a sharp slow down in deal activity.

Deal activity by average deal value

Measured by value of deals worth \$50 million or more



The average deal value for activity reported during the first three quarters of 2008 is higher than the average value for deals announced during 2007, and lower than the average value for deals announced during 2006, a trend that is primarily attributable to the number and size of large deals announced during each period. There were 20 large deals announced during 2006 (four deals with a disclosed value of at least \$10 billion), 17 deals announced during 2007 (all with a disclosed value of less than \$10 billion) and 14 large deals announced during the first three quarters of 2008 (one deal with a disclosed value of at least \$10 billion). Interest in large deals by US entities, in particular US involvement in the announced Pennsylvania Turnpike deal (though subsequently withdrawn, this was the largest deal announced during the first three quarters of 2008 and the largest ever potential privatization of a US infrastructure asset) has contributed to the increase in average value for deals that involve US entities during the first three quarters of 2008 relative to 2007.

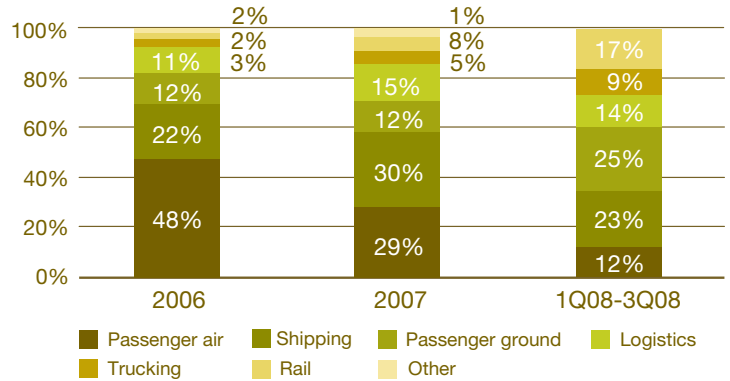
Deals by transportation and logistics mode

Passenger air targets accounted for almost half of deal value announced during 2006. Between 2006 and the first three quarters of 2008, interest in passenger air targets as measured by level of announced deal value declined dramatically in favor of passenger ground and rail targets (though the proportion of the number of deals announced for passenger air targets relative to all deals remained relatively consistent). One of the reasons for this trend is that four of the five largest deals announced during 2006 were announced for passenger air targets, including competing bids for BAA PLC (an owner and operator of airports) and withdrawn bids for Delta Airlines and Qantas Airways by US Airways and a consortium including finance investors Texas Pacific Group and Allco Finance Group, respectively. In addition, the two largest deals announced during 2007 were competing bids for a passenger air target, Iberia Lineas Aereas de Espana. This compares with the first three quarters of 2008, during which only two of the 14 large deals were for passenger air targets (Northwest Airlines and Japan Airlines). The Delta acquisition of Northwest was recently consummated and the combined company is now the world's largest airline. The acquisition of Japan Airlines preferred stock, convertible into a minority stake in the company, by a consortium that included several Japanese banks, has been completed.

The May 2008 announcement of a winning bid in the auction to privatize the Pennsylvania Turnpike contributed to the large increase in passenger ground deal value; and the announced divestiture in June 2008 of Angel Trains (a UK rolling stock company) by Royal Bank of Scotland contributed to the large increase in rail deal value. The Pennsylvania Turnpike offer was withdrawn ostensibly because the Pennsylvania state Legislature failed to enact legislation that would allow the transaction to close. However, further deterioration in the local economy and credit markets also contributed to its failure. The announced deal for Angel Trains was subsequently completed. Although political barriers will remain high, it is likely that investor interest in privatized road infrastructure will continue. From an investor perspective, these deals offer relatively stable returns and cash flows, as well as low competition. From a government/divesting party perspective, these deals allow an infusion of capital at a time when budgets are weak (due to lower tax revenue related to the economic downturn) though the transactions can involve political risk. The reduction in deal value announced for passenger air targets is partially attributable to the increasing perception of risk associated with airlines and the general underperformance of their stocks (both of these related factors increase the hurdle rate on deals by other airline acquirers). However, once the general credit environment improves, passenger airline deal announcements likely will increase due to investor pressures, lower regulatory barriers, and the need for capacity rationalization.

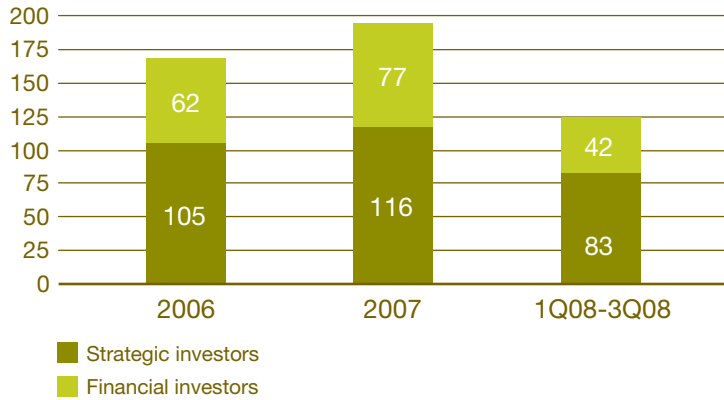
Deals by transportation and logistics mode

Measured by value of deals worth \$50 million or more



Deals by investor group

Measured by number of deals worth \$50 million or more



Deals by investor groups

As expected, financial investor involvement in deals for transportation & logistics targets was weak during the first three quarters of 2008 (34 percent of deals) compared with 2006 (37 percent of deals) and 2007 (40 percent of deals). Financial investor interest, as measured by mode of the target entity, has been relatively stable over time, but there has been an increase in announced deals by financial investors for rail targets (from 5 percent of deals announced during 2006 to 14 percent announced during the first three quarters of 2008) and an associated decline in deals announced by financial investors for shipping targets (from 32 percent of deals announced during 2006 to 26 percent announced during the first three quarters of 2008). Further deterioration in credit markets likely will continue to favor well-capitalized strategic investors over financial investors for the balance of 2008.

Large deals

The pace of large deals, as measured by the 14 transactions announced during the first three quarters of 2008, remains robust in comparison with 2007 (17 deals) and is near the pace of 2006 (20 deals). This pace of large deal announcements is notable considering the continued absence of competing bids among large deals announced during 2008. Six of the 20 large deals announced during 2006 were competing bids (including offers for BAA PLC, Associated British Ports Holding, and Hanshin Electric Railway) and four of the 17 large deals announced during 2007 were competing bids (including offers for Iberia Lineas Aereas and EGL). Although the pace of large deal announcements for the first three quarters of 2008 exceeds 2007 and approximates that of 2006, large deals

have not been immune to the decline in the overall deal environment during the course of 2008 as only two of the 14 large deals announced during 2008 were announced during the third quarter. More than half of the large deals announced during the first three quarters of 2008 (eight of 14 deals) were completed by the end of the third quarter, and one deal (i.e., Pennsylvania Turnpike deal) was withdrawn. Should the lending environment remain difficult, it is possible that other deals announced during the first three quarters of 2008 that are pending could be postponed or withdrawn.

Large deals in 2006

Month announced	Target name	Target nation	Acquirer name	Acquirer nation	Status	Value of transaction in US\$ bln	Category
Feb	BAA PLC	United Kingdom	Airport Development &	Spain	Completed	21.81	Passenger Air
Mar	BAA PLC	United Kingdom	Investor Group	United States	Withdrawn	19.19	Passenger Air
Nov	Delta Air Lines Inc	United States	US Airways Group Inc	United States	Withdrawn	17.96	Passenger Air
Apr	Autostrade SpA	Italy	Abertis Infraestructuras SA	Spain	Withdrawn	16.02	Passenger Ground
Dec	Qantas Airways Ltd	Australia	Airline Partners Australia	Australia	Withdrawn	8.70	Passenger Air
Jan	Peninsular & Oriental Steam	United Kingdom	PSA Venture(UK)Ltd	United Kingdom	Withdrawn	6.14	Shipping
Dec	Toll-Transport Infrastructure	Australia	Shareholders	Australia	Completed	5.75	Logistics
Mar	Assoc British Ports Hldgs PLC	United Kingdom	Admiral Acquisitions UK Ltd	United Kingdom	Completed	5.11	Shipping
Jun	Assoc British Ports Hldgs PLC	United Kingdom	Investor Group	United Kingdom	Withdrawn	4.76	Shipping
Apr	Hutchison Port Holdings Ltd	Hong Kong	PSA Corp Ltd	Singapore	Completed	4.39	Shipping
Nov	Swift Transportation Co Inc	United States	Investor Group	United States	Completed	2.78	Trucking
Nov	Orient Overseas(Intl)-US	United States	Ontario Teachers' Pension Plan	Canada	Completed	2.41	Shipping
Apr	Hanshin Electric Railway Co	Japan	Hankyu Holdings Inc	Japan	Completed	2.22	Other
Aug	TNT NV-Logistics Division	Netherlands	Apollo Management LP	United States	Completed	1.90	Logistics
Mar	EnCana Corp-Gas Storage Bus	United States	Carlyle Riverstone Global	United States	Completed	1.50	Logistics
Oct	Aer Lingus PLC	Ireland-Rep	Coinside Ltd	Ireland-Rep	Withdrawn	1.41	Passenger Air
Aug	Songa Shipholding AS	Norway	Eitzen Chemical ASA	Norway	Completed	1.28	Shipping
Jun	Shanghai Port Container Co Ltd	China	Shanghai Intl Port(Grp)Co Ltd	China	Completed	1.11	Shipping
May	Hanshin Electric Railway Co	Japan	Hankyu Holdings Inc	Japan	Completed	1.10	Other
Jun	Hong Kong Dragon Airlines Ltd	Hong Kong	Cathay Pacific Airways Ltd	Hong Kong	Completed	1.02	Passenger Air

Large deals in 2007

Month announced	Target name	Target nation	Acquirer name	Acquirer nation	Status	Value of transaction in US\$ bln	Category
Nov	Iberia Lineas Aereas de Espana	Spain	Investor Group	Spain	Intended	5.47	Passenger Air
Mar	Iberia Lineas Aereas de Espana	Spain	Investor Group	Spain	Withdrawn	4.59	Passenger Air
Aug	Mexican Toll Roads	Mexico	Investor Group	Mexico	Pending	4.03	Passenger Ground
Feb	Laidlaw International Inc	United States	FirstGroup PLC	United Kingdom	Completed	2.82	Passenger Ground
Jul	Sabiha Gokcen International	Turkey	Investor Group	India	Completed	2.66	Passenger Air
Sep	Dakota, Minnesota & Estn RR	United States	Canadian Pacific Railway Ltd	Canada	Completed	2.54	Rail
Mar	EGL Inc	United States	Ceva Logistics	Netherlands	Completed	2.24	Logistics
May	Florida East Coast Inds Inc	United States	Fortress Investment Group LLC	United States	Completed	2.24	Rail
Jun	Scandlines AG	Germany	Scandlines AG SPV	Denmark	Completed	2.09	Shipping
Jan	EGL Inc	United States	Investor Group	United States	Withdrawn	1.92	Logistics
Apr	OMI Corp	United States	Investor Group	Bahamas	Completed	1.81	Shipping
Oct	Labroy Marine Ltd	Singapore	Dubai Drydocks World Utd Arab Em LLC		Completed	1.60	Shipping
Jan	Guggenheim Aviation-Asts(38)	United States	Aircastle Ltd	United States	Completed	1.60	Passenger Air
Oct	UN Ro-Ro Management Inc	Turkey	Kohlberg Kravis Roberts United States & Co	United States	Completed	1.30	Shipping
May	Port of Izmir	Turkey	Investor Group	Hong Kong	Completed	1.28	Shipping
Aug	NCL Corp Ltd	Bermuda	NCL Investment Ltd	Bermuda	Completed	1.00	Shipping

Large deals in 1Q08-3Q08

Month announced	Target name	Target nation	Acquirer name	Acquirer nation	Status	Value of transaction in US\$ bln	Category
May	Pennsylvania Turnpike	United States	Investor Group	Spain	Withdrawn	12.80	Passenger Ground
Jun	Angel Trains Ltd	United Kingdom	Investor Group	Australia	Completed	7.01	Rail
Jan	Korea Express Co Ltd	South Korea	Investor Group	South Korea	Completed	4.33	Logistics
Apr	Northwest Airlines Corp	United States	Delta Air Lines Inc	United States	Pending	2.96	Passenger Air
Aug	Asciano Group	Australia	Asciano Group SPV	United States	Pending	2.68	Rail
Apr	Prosafe SE-FPSO Business	Cyprus	Shareholders	Cyprus	Completed	1.66	Shipping
Jan	Quintana Maritime Ltd	Greece	Excel Maritime Carriers Ltd	Greece	Completed	1.63	Shipping
Sep	Smit Internationale NV	Netherlands	Koninklijke Boskalis Wststr NV	Netherlands	Intended	1.56	Shipping
Feb	Japan Airlines Corp	Japan	Investor Group	Japan	Completed	1.48	Passenger Air
Jan	Logista	Spain	Imperial Tobacco Group PLC	United Kingdom	Completed	1.40	Logistics
Mar	Rodoanel Oeste	Brazil	Integracao Oeste	Brazil	Pending	1.18	Passenger Ground
Jun	XB Luxembourg Holdings 1 SA	Luxembourg	DSV Air & Sea Holding A/S	Denmark	Pending	1.17	Logistics
Jan	LLX Logistica SA	Brazil	Shareholders	Brazil	Completed	1.12	Logistics
Mar	Global Ship Lease Inc	United Kingdom	Marathon Acquisition Corp	United States	Completed	1.03	Shipping

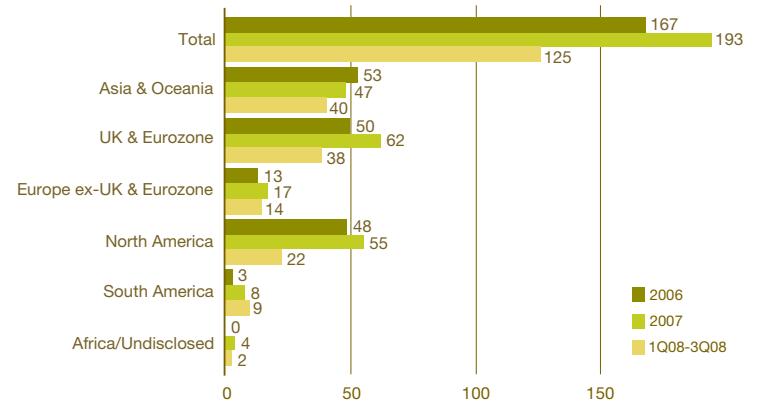
Regional analysis

The regional distribution of deals indicates that the number of deals announced for targets in the Asia & Oceania region during the first three quarters of 2008 led all regions for the period. This was followed closely by the number of deals announced for targets in the UK & Eurozone region. For every region except the North America region, the number of deals announced during the first three quarters of 2008 is on pace to exceed the number of deals announced during 2006. In addition, deals announced for targets in the Asia & Oceania; Europe ex-UK & Eurozone; and South America regions during the first three quarters of 2008 are on pace to exceed the level of deals announced for targets in these regions during 2007. The slowdown in the pace of deals for North America targets is primarily driven by the lower number of deals that target US entities, a trend highlighted in earlier Intersections reports.

Acquirers and targets in the Asia & Oceania region account for the largest number of deals announced during the first three quarters of 2008, though acquirers and targets in the UK & Eurozone region account for the largest portion of deal value over this period. These two data points could be explained as a high level of deal interest among entities in both the Asia & Oceania and UK & Eurozone regions, coupled with the relatively large size of UK & Eurozone entities.

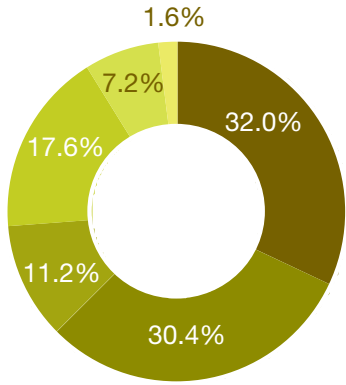
Regional distribution of all deals by target region

Measured by number of deals worth \$50 million or more



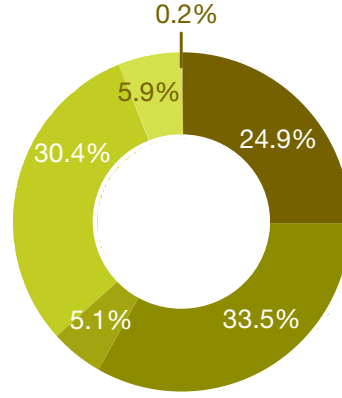
Regional distribution of deals by target region

Measured by number of deals worth \$50 million or more (1Q08-3Q08)



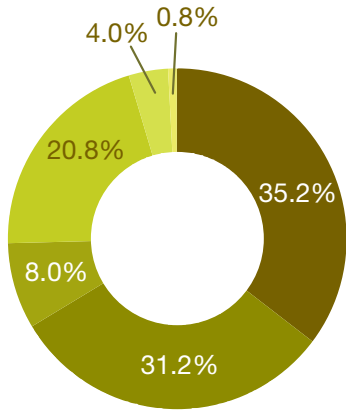
Regional distribution of deals by target region

Measured by value of deals worth \$50 million or more (1Q08-3Q08)



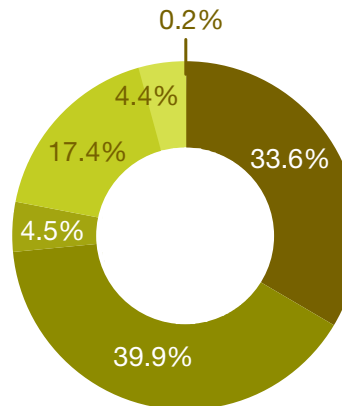
Regional distribution of deals by acquirer region

Measured by number of deals worth \$50 million or more (1Q08-3Q08)



Regional distribution of deals by acquirer region

Measured by value of deals worth \$50 million or more (1Q08-3Q08)



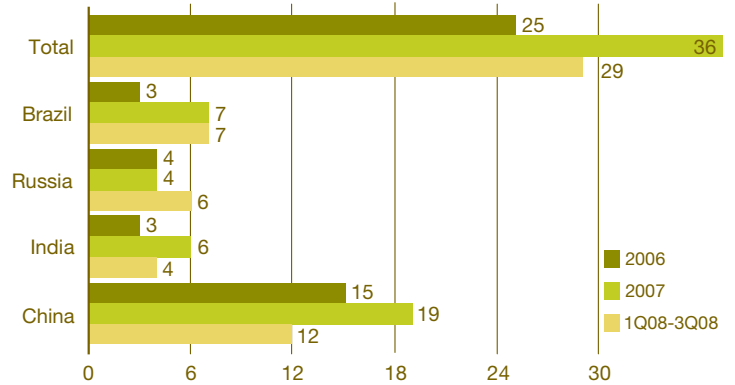
Asia & Oceania
 UK & Eurozone
 Europe ex-UK & Eurozone
 North America
 South America
 Africa/Undisclosed

Distribution of BRIC deals

The number of deals announced for BRIC targets during the first three quarters of 2008 has exceeded the number of deals announced during 2006 and is on pace to exceed the number of deals announced for these targets during 2007. While interest in deals for targets in China continues to lead among BRIC countries, the number of deals announced for targets in Brazil and Russia during the first three quarters of 2008 exceeds the pace of deals announced for these targets during 2006 and 2007.

Distribution of BRIC deals by target nation

Measured by number of deals worth \$50 million or more



US versus non-US acquirers of US targets

Previous reports have noted that weakness in the US dollar likely would lead to an increase in cross-border deals for US targets. However, it was acknowledged that concerns about the US economy and the deteriorating balance sheets of US banks, which increases the difficulty of obtaining local financing, could mitigate this outlook. It appears that these factors continued to temper the pace of deal activity, as measured by the number of deals announced for US targets during the first three quarters of 2008, as well as the proportion of cross-border deals for US targets. An increasingly negative outlook for the US economy and crippled credit conditions, coupled with a general strengthening in the US dollar since July, likely will continue to make acquisitions of US targets, particularly by cross-border acquirers, less common through 2008.

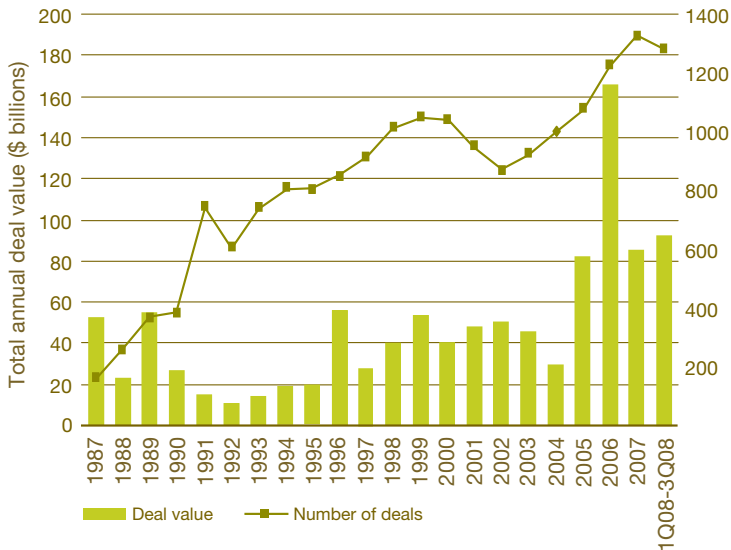
US vs. non-US acquirers of US targets

Measured by number of deals worth \$50 million or more



Historical deal value and volume (1987-3Q08*)

*1Q08-3Q08 data were annualized for comparability purposes

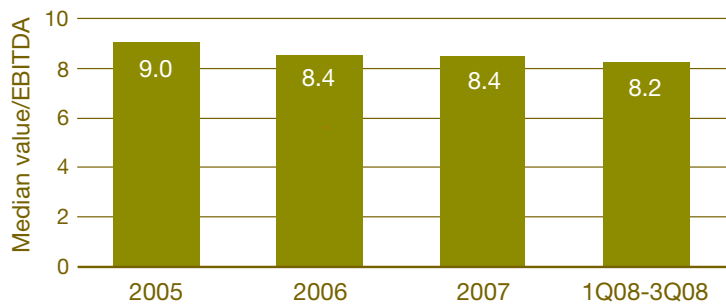


Historical perspective

The annualized level of deal value for all deals (regardless of value) announced during the first three quarters of 2008 (\$92.1 billion) is on pace to exceed the level of deal value announced for deals during 2007 (\$84.5 billion). However, the annualized number of deals announced during the first three quarters of 2008 (1,280) is slightly behind the number announced during 2007 (1,322). This is similar to the trends noted earlier in this report for transportation & logistics deals with a disclosed value of at least \$50 million. In previous reports it has been noted that deal activity as measured by both total deal value and total number of deals has declined during recessionary periods (e.g., in the United States, July 1990 through March 1991 and March 2001 through November 2001). Accordingly, it is more likely that the high probability of an economic contraction near-term will result in a slowdown in the pace of total deal activity for transportation & logistics targets.

Deal valuation by median value/EBITDA

Measured by value/EBITDA for deals worth \$50 million or more



Deal valuation

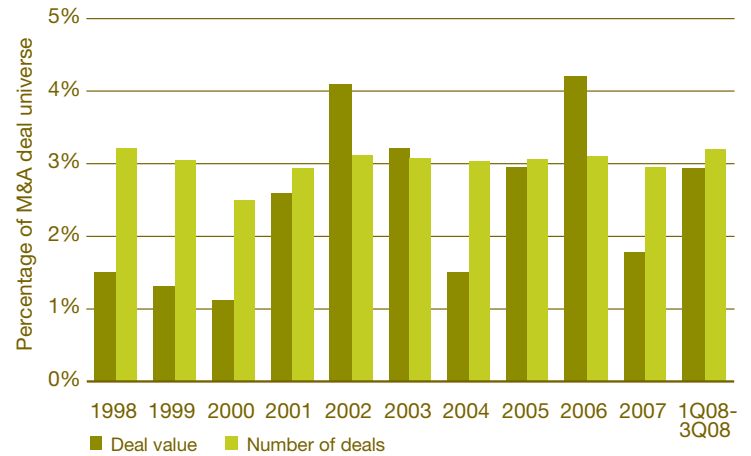
The median deal value to target earnings before interest, taxes, depreciation, and amortization (EBITDA) ratio for deals announced during 2008 declined slightly from the median levels of the prior three years. All else being equal, this was expected, given the more limited access to capital as well as the increase in risk premiums, with the latter factor tending to lead to a lower valuation of investments such as acquisitions. The available sample of deal value/EBITDA data was limited in each period (29, 59, 60 and 37 deals in 2005, 2006, 2007 and the first three quarters of 2008, respectively) thus the median value was selected as a measure of central tendency to reduce the influence of outliers. Notwithstanding, greater variability generally would be expected in the trend of deal valuation when comparing shorter periods (e.g., the first three quarters of 2008) with longer periods (e.g., 2005, 2006, or 2007) due to the relatively small sample size of valuation data available for shorter periods.

T&L deal activity relative to all sectors

The number of deals announced for transportation & logistics targets relative to the number of deals overall, regardless of target sector, historically and consistently has approximated 3 percent. This contrasts with the proportion of announced deal value for transportation & logistics targets relative to overall announced deal value, regardless of target sector, which has varied from approximately 1 percent to 4 percent over time. The number of transportation & logistics deals announced during the first three quarters of 2008, relative to all deals, is high compared with historical levels. During the first three quarters of 2008, the proportion of transportation & logistics deal value relative to overall announced deal value was 2.9 percent, and the number of deals for transportation & logistics targets relative to the number of announced deals overall was 3.2 percent. This compares with the 10-year historical averages of 2.4 percent and 2.9 percent, respectively.

T&L deal activity relative to all M&A deals

Measured by value and number of all deals (1998-3Q08)



PricewaterhouseCoopers

Information Technology: How to complete the M&A integration process, minimize disruptions, and achieve desired synergies

Mergers and acquisitions are often executed to gain access to new markets and products. While the revenue building effects of new markets and products can be fairly immediate, and certain redundant costs can be quickly eliminated, capturing and sustaining value over the long-term is a more difficult task. One of the most complex areas to manage over the long term is the integration of Information Technology.

The highest volume of activity over the longest period of time in an integration, particularly large-scale integrations, most often occurs in the Information Technology environment. This volume alone increases complexity, and this complexity is exacerbated by the fact that Information Technology commonly has the highest number of dependencies on other functions to execute its plans. It is no wonder why research consistently shows that integrating information systems is one of the top integration challenges for sizeable transactions.

To deliver following a deal, an organization's IT integration strategy must be closely aligned with the company's strategic objectives and goals, and further refined to meet the unique needs of each individual business unit. If not, it will degenerate into an almost frantic effort to complete a seemingly endless list of IT initiatives with little connection to the big picture. Building staff commitment to new goals and ways of doing business, and supporting these initiatives through a smooth integration of information technologies is vital to securing the stability and momentum to realize cost efficiency and maximize synergy capture.

Collaboration and partnership with business leaders to determine the business impact of IT Integration is a key success factor for any M&A integration.

The issues our clients face, the actions we help them take

At PwC, we understand the importance of getting the fundamentals of integration in place as quickly as possible during a deal to minimize disruptions and achieve synergies. We support our clients by rapidly launching integration efforts to Set the Course, Plan for and Execute Day One, and Design and Maximize Future State Operations.

Set the course

A merger or acquisition, like other large scale corporate change, is an excellent opportunity to set a new course, both operationally and across the various support functions of the newly combined business. Early planning and a clear understanding of the newly combined company's goals are essential to successful IT integration. The needs and requirements of the combined company's current and target business models will determine which IT integration approach—absorbing one company's systems into the other's, using the best of both companies' systems, or developing and supporting standalone systems—will allow the company to achieve the desired end state quickly and efficiently.

Setting the course for Information Technology integration involves a thorough assessment of the IT environment across all major IT components—business applications, supporting infrastructure, organization, spending, assets, etc.—to provide a complete picture of integration opportunities and challenges. This requires close collaboration and partnership with business leaders to determine the business impact of IT integration opportunities— one-time costs, time-phased cost savings, timing, and risks—as well as potential interdependencies. IT opportunities are then based on revenue enhancement, cost savings, timing, level of effort, and risk avoidance.

Transportation company case study

Client issue	<p>In the last three years a major logistics company completed several strategic add-on acquisitions, to expand its geographic presence, diversify its customer base, and increase its service offerings. During the transition period, the company reorganized into five operating segments, according to customer needs and service offering. However, the company was struggling to integrate the back-office functions of acquired companies. They were unclear on the potential savings and one-time costs and priorities for in-process or planned integration projects. The company needed assistance integrating, prioritizing, and quantifying future integration opportunities in two functional areas: Finance and Information Technology.</p>
Approach	<p>PwC performed an “As-Is” assessment of the Finance and IT functions at corporate and across business segments, through multiple interviews with 30 Finance and IT resources and review of documentation provided by management. PwC also performed an assessment of the Finance and IT budgets, organization structures, and re-structuring opportunities, including assumptions, interdependencies, go-forward resource requirements and evaluated management reporting capabilities and Key Performance Indicators by segment. We collaboratively developed action items and next steps, including quick wins and other performance improvement opportunities within Finance and IT to meet business objectives.</p>
Impact	<p>The client accepted our recommendations, and leveraged them to develop a go-forward action plan. In addition, the client leveraged our quantitative summaries of integration costs and savings to develop a concise, impactful presentation for its quarterly board meeting. The client realized cost-savings from the integration project which contribute to merger synergies.</p>

Plan for and execute day one

Even if the best decisions are made as you Set the Course, much can go wrong upon close absent proper planning and execution. While Day One is a milestone for celebration, it is also the time for smooth transition of mission critical operations.

Because IT makes up the backbone of internal and external communications, it is imperative that certain systems and management reporting tools are operational on Day One. These systems typically include interim solutions for connecting internal and external users, providing key data and select application access, seamless help desk support, and specific systems that support financial reporting and human resources. Not only are these systems integral to smooth operations, they also provide connectivity and communication between the newly combined company.

Design and maximize future state operations

IT integration must be carefully orchestrated to maximize value creation, minimize costs, and realize integration objectives. This includes integration of IT core processes, such as systems development and delivery, data management, and infrastructure provisioning; supporting processes, such as third-party services, IT reporting structure, and operating procedures; and control structures, including governance practices, internal policies, and the usage of specific tools.

Every aspect must come together to deliver the fundamental promise of IT: the creation of value for customers (internal and external) through the effective deployment of technology. Using an IT integration roadmap can increase the likelihood of realizing value creation and maximizing the effectiveness of future state operations. The IT Integration roadmap consists of a balanced mix of application and data, infrastructure, and process related projects by business unit.

Our approach for delivering information technology integration success

Our disciplined approach to IT integration helps companies achieve early wins, build momentum, and instill confidence among their stakeholders. We take an active, hands-on approach to helping clients focus on the right things at the right times, creating early and sustainable capture of deal value. We deliver time-tested integration processes to support client integration teams and supplement those teams with experienced resources to fill resource and technical gaps as required. We customize our tools and services to complement each client's specific needs and internal capabilities.

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Methodology

Intersections is an analysis of deals in the global transportation & logistics industry. Deal information was sourced from Thomson Financial and includes deals for which targets have primary NAICS codes that fall into one of the following NAICS industry groups, NAICS industries or national industries: Scheduled Air Transportation; Nonscheduled Air Transportation; Rail Transportation; Deep Sea, Coastal, and Great Lakes Water Transportation; Inland Water Transportation, General Freight Trucking; Specialized Freight Trucking; Urban Transit Systems; Interurban and Rural Bus Transportation; Taxi and Limousine Service; School and Employee Bus Transportation; Charter Bus Industry; Other Transit and Ground Passenger Transportation; Support Activities for Air Transportation; Support Activities for Rail Transportation; Support Activities for Water Transportation; Other Support Activities for Road Transportation; Freight Transportation Arrangement; Other Support Activities for Transportation; Postal Service; Local Messengers and Local Delivery; General Warehousing and Storage; Refrigerated Warehousing and Storage; Other Warehousing and Storage; and Process, Physical Distribution, and Logistics Consulting.

This analysis includes all individual mergers and acquisitions for disclosed or undisclosed values, leveraged buyouts, privatizations, minority stake purchases and acquisitions of remaining interest

announced between January 1, 2005 and September 30, 2008, with a deal status of completed, intended, partially completed, pending, pending regulatory approval, unconditional (i.e., initial conditions set forth by the acquirer have been met but deal has not been completed) or withdrawn. The term “deals,” when referenced herein, refers to deals with a disclosed value of at least \$50 million unless otherwise noted.

Regional categories used in this report approximate United Nations (UN) Regional Groups, as determined by the UN Statistics Division, with the exception of the North America region (includes Northern America and Latin and the Caribbean UN groups), the Asia & Oceania region (includes Asia and Oceania UN groups) and Europe (divided into UK & Eurozone and Europe ex-UK & Eurozone regions). The Eurozone includes Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovenia and Spain. Oceania includes Australia, New Zealand, Melanesia, Micronesia and Polynesia. Overseas territories were included in the region of the parent country and China, when referenced separately, includes Hong Kong.

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