



Customer Highlight

KDL is proud to announce that they have recently entered into a 3-year logistics agreement with Lewis-Goetz & Company, Inc. Lewis-Goetz has a multi-million dollar freight spend with 50 locations including the recent acquisition of Goodall Rubber facilities in Canada.

Headquartered in Pittsburgh, PA, Lewis-Goetz is a leading manufacturer and distributor of industrial, hydraulic, and metal/Teflon hoses and associated fittings. In 2005, Lewis-Goetz was ranked 46th on Industrial Distribution's List of the Big 50 Industrial Distributors. Goodall Rubber was ranked 43rd. The combined revenues will rank Lewis-Goetz in the Top 30.

Increase in GRIs

We are still in the early stages of discovering what levels of general rate increases (GRIs) will be implemented for 2007 by individual LTL motor carriers and regional motor carrier rate bureaus.

The first to announce their rate increases was the General Rate Committee of the Pacific Inland Tariff Bureau. On January 17, they voted to go ahead with an across-the-board increase of 6.5% which took effect March 1. The second to announce was SMC3's Southern Motor Carrier Rate Conference (SMCRC). For the first time in many years they voted on a reduction in its truckload (TL) rates which will impact the overall revenue by 3.5%. These take effect the beginning of April.

World Economy "Strong"

In early March, U.S. Treasury Secretary Henry Paulson said that the world economy is very strong amid substantial growth in Japan, China, the U.S. and developing countries around the world. He is quoted saying he thinks the global economy is very sound. It is as strong as he has seen in his business lifetime. Mr. Paulson's reasons for saying the economy is strong are low inflation, growing employment and higher wages.

A Year in Security

Throughout all modes of transportation, 2007 promises to be the year of transportation security. As of December 15, 2006, the Department of Homeland Security has tightened its security rules now requiring railroads and shippers to drastically tighten control of toxic inhalation hazard or TIH materials such as chlorine gas.

Since the September 11th terrorist attacks, there has been an increase in the number of cargo inspections and other freight security measures. Due to this increase in security, transportation groups as well as truckers have experienced a drastically slower flow and movement of goods at ports, airports and railroads.

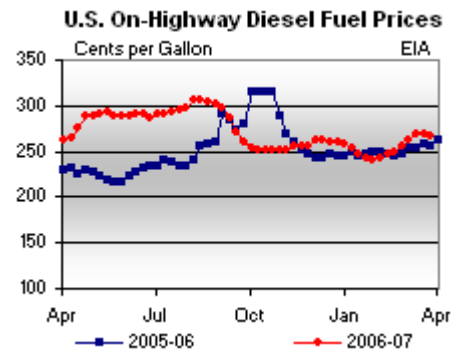
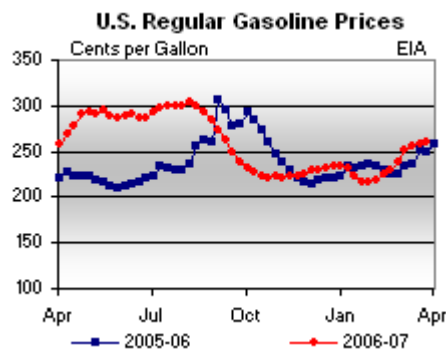
USPS Rate Increases

The United States Postal Service has just signed off on rate increases that are said to take effect on May 14, 2007. The increases will be as follows:

- Priority mail 13.6%,
- Express mail 12.5%,
- Parcel post 16.6%.

The USPS has also approved a two cent increase, from 39¢ to 41¢, for the initial ounce rate for single-piece letters.

U.S. Gasoline and Diesel Fuel Prices, 03/26/07



Gasoline (Cents per Gallon)

Diesel Fuel (Cents per Gallon)

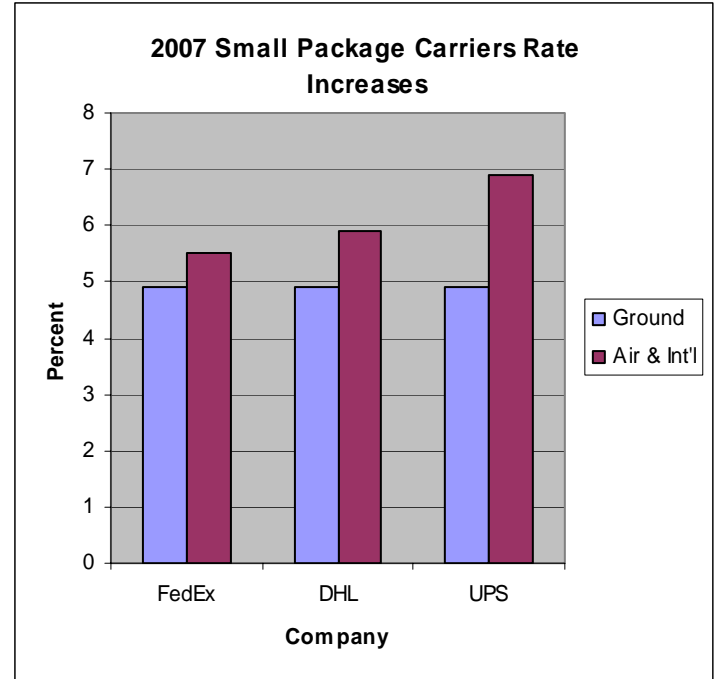


Employee Highlights

2007 has been a very exciting time at KDL. KDL has begun to expand the marketing and sales division of the company. *Katie Frischkorn* was brought on full-time at the beginning of the year as the Marketing Coordinator. There were also two additions to the sales team— *Robert Hammel Jr.* and *Mike Wagner*. Mike is a National Sales Manager and Robert is a Regional Sales Manager. Also, *Philip Barker* received a promotion moving from a Warehouse Worker to a Dispatcher position. *Mary Jo David* also received a promotion from Executive Assistant to Assistant Manager, Operations. Congratulations to Katie, Robert, Mike, Philip and Mary Jo.

Small Package Carriers Raise Prices

The beginning of 2007 has brought on some rate increases for FedEx, DHL, and UPS. For Ground shipments, FedEx, DHL, and UPS all increased 4.9 percent, keeping competitive within the market. As for air and international shipments, FedEx increased 5.5 percent, DHL increased 5.9 percent, and UPS increased 6.9 percent. These increases are all offset by a 2 percent reduction in current fuel surcharges.



KDL Technology— Order Management / Load Planning

As part of KDL's Technology Services order management / load planning is offered. With KDL's TMS system our customers are able to capture their ERP order information throughout the day. Once in the system, through the order management panel, they can revise, schedule, confirm, or cancel an order prior to shipping. Once an order has been approved, the Load Planner gives KDL's customers the opportunity to analyze the shipments pending and consolidate based on destination location, product types, etc. By consolidating shipments, money is added directly to the bottom line savings from our customer's transportation departments. This money saving technology is only the beginning of what KDL can offer through our Information Management Packages.



KDL
Your Strategic Freight Management Company



Reduce Transportation Expense 15-20%

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