

As a result of our logistics capabilities, some of our customers have us handle all, or a substantial portion, of their freight transportation requirements to or from a particular manufacturing facility or distribution center. Our branch employees price our services to provide a profit to us for the totality of services performed for the customer. In some cases our services to the customer are priced on a spot market, or transactional basis. In a number of instances, we have contracts with the customer in which we agree to handle an estimated number of shipments usually to specified destinations, such as from the customer's plant to a distribution center. Our commitment to handle the shipments is usually at specific rates, subject to seasonal variation. Most of our rate commitments are for one year or less. As is typical in the transportation industry, most of these contracts do not include specific volume commitments. When we enter into prearranged rate agreements for truckload services with our customers we have fuel surcharge agreements in addition to the underlying line-haul portion of the rate.

The majority of our truckload freight is priced to our contract carriers on a spot market, or transactional, basis, even when we are working with the customer on a contractual basis. When we enter into spot transactions with contract motor carriers, we generally negotiate a mutually-agreed upon total market rate that includes all costs, including any applicable fuel expense. However, we will estimate and report fuel separately, if requested by the carrier. In a small number of cases, we may get advance commitments from one or more carriers to transport contracted shipments, for the length of our customer contract. In those cases where we have prearranged rates with carriers, there is a calculated fuel surcharge based on a mutually agreed-upon formula.

In the course of providing day-to-day transportation services, our branch employees often identify opportunities for additional logistics services as they become more familiar with our customer's daily operations and the nuances of its supply chain. We offer a wide range of logistics services on a worldwide basis that reduce or eliminate supply chain inefficiencies. We will analyze the customer's current transportation rate structures, modes of shipping, and carrier selection. We can evaluate a customer's core carrier program by establishing a program to measure and monitor key quality standards for those core carriers. We can identify opportunities to consolidate shipments for cost savings. We will suggest ways to improve operating and shipping procedures, and manage claims. We can help customers minimize storage through cross-docking and other flow-through operations. We may also examine the customer's warehousing and dock procedures. Many of these services are bundled with underlying transportation services and are not typically priced separately. They are usually included as a part of the cost of transportation services provided by us, based on the nature of the customer relationship. In addition to these transportation services, we may supply sourcing, contract warehousing, consulting, fee-based transportation management, and other services, for which we are usually paid separately.

As we have emphasized integrated logistics solutions, our relationships with many customers have broadened and we have become key providers to our customers, responsible for a greater portion of their supply chain management. We may serve our customers through specially created teams and through several branches. Our multimodal transportation services are provided to numerous international customers through our worldwide branch network. See Note 1 in the Notes to Consolidated Financial Statements included as part of our audited consolidated financial statements for an allocation of our gross revenues from domestic and foreign customers for the years ended December 31, 2008, 2007, and 2006 and our long-lived assets as of December 31, 2008 and 2007 in the United States and in foreign locations.

The table below shows our gross profits by transportation mode for the periods indicated:

	Transportation Gross Profits				
	(in thousands)				
	Year Ended December 31,				
	2008	2007	2006	2005	2004
Truck(1)	\$ 1,030,070	\$ 949,277	\$ 822,954	\$ 666,605	\$ 501,940
Intermodal	43,618	38,670	36,176	31,392	29,960
Ocean	62,094	43,530	37,150	29,182	20,558
Air	35,390	31,315	21,533	13,321	8,570
Miscellaneous(2)	41,407	35,240	28,152	19,824	14,709
Total	\$ 1,212,579	\$ 1,098,032	\$ 945,965	\$ 760,324	\$ 575,737

(1) Includes truckload and LTL gross profits.

(2) Consists of fee-based transportation management services, customs clearance (Automated Brokerage Interface (ABI) and Automated Clearing House (ACH) capabilities with the Bureau of U.S. Customs and Border Protection), warehousing, and other miscellaneous services.