

CENTRALLY SPEAKING

A publication from Central Freight Lines, Inc.

Spring 2008

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Behind the Wheel for 83 Years

Central Freight makes transportation history

Jeff Jordan: Man of honor | A return to the world of private ownership

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Welcome to Centrally Speaking

As we further our initiatives in continuous improvement, one of our primary goals is to expand our communication efforts by reintroducing *Centrally Speaking*. This publication is designed to bring all Central Freight Lines, Inc., employees as well as other interested outside parties to a common ground in understanding our vision, mission, strategies, and objectives for future operations and development. It seeks to showcase our family spirit through the personal interests and achievements of our employees, as well.

One look at this new issue and you will see that we are wholeheartedly committed to expanding our customer care. Our recent privatization returns ownership of Central Freight Lines to transportation icon Jerry Moyes, greatly enhancing and expanding our company's financial and operating resources. Some of our high-profile accounts, such as The Home Depot and Wal-Mart, are prime examples of our dedication to establishing sound relationships with leaders in other industries. Our efforts are to continue to gain high-profile customers and to expand and improve in other areas that would demonstrate our commitment to establishing successful relationships with our customers and vendors.

This growth is not possible without the loyalty of our valued employees, customers, and associates. Thank you for your continued business and support. I hope you find this issue of *Centrally Speaking* as entertaining as it is informative.

Sincerely,

Bill Wilson, Vice President of HR & Risk Management
 Central Freight Lines, Inc.

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Behind the wheel for 83 years

Central Freight makes transportation history

By Mali R. Schantz-Feld

Central Freight currently serves regional overnight and second-day markets in 17 states, and its fleet has more than 10,000 tractors and trailers.



■ **1925** – W.W. “Woody” Callan Sr. buys a Model T and drives from Waco to Dallas to pick up some goods for a Waco merchant, thus starting Central Forwarding and Warehouse Company

CENTRAL FREIGHT LINES, INC.’S HISTORY was built on intrepid pioneers, loyal employees, and the triumph of perseverance and skill. For more than 83 years, Central has maneuvered around the bumps and kept an eye on the destination — efficient service and satisfied customers throughout the southern and western United States.

The beginning

It all began in 1925 when W.W. “Woody” Callan Sr. took up his experience as assistant warehouse foreman at the Weathered Transfer and Storage Company, jumped into his Model T, and hit the road. Familiar with traditional and iron horses, as locomotives had come to be known, he used all this knowledge to carry goods from railroad stations to businesses. This enterprise signaled the birth of the Central Forwarding and Warehouse Company, which ran between Dallas and Waco.

As the industry grew, so did Central. In 1927, the company incorporated and instituted regular routes between Dallas, Fort Worth, and Austin. In 1929 when intrastate trucking regulations were introduced in Texas, the household goods mover became Central Forwarding, Inc., and the general freight transporter was dubbed Central Freight Lines, Inc. Four years later Central embarked

on a regular route to Houston, and more routes were soon added.

During World War II, W.W. Callan worked as a warehousing chief for the Army, while his brother, T.H. Callan, joined the company to help run it in W.W. Callan’s absence.

For more than half a century, T.H. Callan managed the Dallas facility and helped it become the largest freight facility in the world owned and operated by a single carrier.

In 1940, the Central Federal Credit Union opened independently of Central Freight Lines,

but membership was limited to employees. The early 1950s saw the launch of an employee stock ownership plan, and W.W. Callan stepped down as president but remained chairman of the board. Before his death in 1987, he participated in many initiatives to improve the firm and community. He helped organize the KWTX Broadcasting Company in Waco and the American Bank of Waco.

Central Freight Lines, Inc.’s history was built on intrepid pioneers, loyal employees, and the triumph of perseverance and skill.

Other presidents, R.H. Linam, Woody Callan Jr., and Tom Clowe, presided over the firm until the early 1990s.

Growth continued for Central with the acquisition of Curry Motor Freight and Perry Motor Freight in West Texas in 1984. Expansion continued in 1991 when Central received 48-state interstate operating authority for terminals in Oklahoma City and Tulsa, Oklahoma. And one year later, more than 300 points in Arkansas, Louisiana, New Mexico, and Tennessee were added.

New ownership

In 1992, the company reached a fork in the road. W.W. Callan's heirs, Woody Callan Jr. and Diana Callan Braswell, retired and sold their stock to the company. This move truly made Central an employee-owned company. The following year, employees and stockholders voted to sell the firm to Roadway Services, Inc., making Central a subsidiary of the regional carrier group. Central eventually expanded into Kansas, Missouri, Illinois, and Mississippi. It wasn't

Throughout the years, attention to customers and skill in the trucking business kept Central Freight Lines, Inc., in the headlines.

long before federal legislation deregulated intrastate motor carrier trucking nationwide.

Throughout the years, attention to customers and skill in the trucking business kept Central in the headlines. In 1994 Central was named Regional LTL (less-than-truckload) Carrier of the Year by *National Shippers Strategic Transportation Council* (NASSTRAC) magazine, a publication for the national shipper and traffic management industry.

In the mid-1990s, Roadway Services became Caliber Systems, Inc. A few days after the transaction, the consolidation of Central, Coles, Spartan, and Viking Freight Systems created Viking Freight, Inc., a nationwide freight carrier, and foretold the closure of Central's Waco headquarters.

In 1997, Jerry Moyes, founder of Swift Transportation Co., Inc., raised the funds Central needed to buy back the company. Plans to return the >>



- **1929** – The Texas Legislature establishes intrastate trucking regulations and the Railroad Commission of Texas. W.W. Callan has to separate Central Forwarding's household goods moving business from the company's general freight transportation.

- **1932** – Central opens its first company-owned facility, the terminal and general offices on 13th Street in Waco.

- **1950s** – Central is the first carrier in the country to install an under-the-floor towveyor chain system in a terminal.



(Above) Central Freight is equipped and staffed to tackle a wide range of shipping requirements.

(Left) Central Freight's history is rooted in a shipment driven from Dallas to Waco, Texas, in a Model T.

■ **1978** – Central becomes the first motor carrier to be honored with the Materials Handling Leadership Award from the Society of Packing and Handling Enterprise.

■ **1979** – Central ranks 33rd on list of the Top 100 Class 1 carriers.

■ **1984** – Central receives the 1984 American Trucking Association President's Trophy.

■ **1987** – W.W. Callan Sr. dies.

■ **1997** – Jerry Moyes acquires the Southwestern Region of Viking and reopens it as Central Freight Lines, Inc.

■ **2004** – For the fourth time, Central wins the prestigious ATA President's Trophy.

■ **2006** – Central transitions from a publicly traded company to a privately held enterprise.

company's headquarters to Waco and to rehire former Central employees began to form.

Growth and prosperity

During the redevelopment of the company in 1997, it generated in excess of a quarter-billion dollars in operating revenue. Also in 1999, Central signed contracts to acquire Intrastate Arizona Carrier and Jaguar Fast Freight, Inc., then continued its expansion into California and Nevada with the purchase of Vecta Transportation Systems, Inc.

The firm continued to grow into the new millennium. Central expanded into the Pacific Northwest through the purchase of a selected terminal network and rolling stock of Eastern Oregon Fast Freight, Inc., a non-union LTL carrier.

In November 2006, the firm once again became a private company when Jerry and related parties became Central's owners, and former public stockholders received cash for their shares.

Jerry's reputation for excellence in the trucking industry promised to keep Central on a roll. Jerry founded Swift Transportation Co., Inc., in 1966 and was named chairman of the board, president, and chief executive officer of the company in 1986. Swift had revenues of more than \$3 billion in 2005. Jerry owns the largest fleet of truckload carrier equipment in the nation.

Today, Central serves regional overnight and second-day markets in 17 states, and its fleet has more

than 10,000 tractors, trailers, and delivery trucks. Central's specialty equipment includes Kinedyne trailers and liftgate trucks at every terminal, as well as long trailers to transport rod and pipe for oil field companies. The company also touts its inventory of proper equipment, specially trained people, and the backup required to safely transport hazardous materials for the petrochemical industry.

Safety

Central's safety record serves as a benchmark throughout the industry, and the company provides help to safety organizations, associations, and other companies with safety program development, loss prevention, and compliance issues. Central won the prestigious American Trucking Association President's Trophy in 1984, 1995, 2000, and 2004 in recognition of the most outstanding safety program in America (award winners are ineligible for consideration for the three following contest years). Every compliance audit conducted by regulatory agencies has earned Central the highest ratings. The company also received a congressional accolade for safety, a Department of Transportation Citation of Appreciation, and national and state safety awards. Central also was awarded the 2007 Grand Trophy for Fleet Safety presented by the Texas Motor Transportation Organization. A recent compliance audit by the U.S. Department of Defense concluded that Central maintains the most complete and well-documented safety program in the industry.

These awards, and the continued commitment to improving and expanding business relationships, show Central's dedication to improving its performance, as well as boosting efficiency and profits for its customers. ■

Central's safety record serves as a benchmark throughout the industry, and the company provides help to safety organizations, associations, and other companies with safety program development, loss prevention, and compliance issues.



Spotlight: Jeff Jordan

Central Freight recognizes his service in the armed forces

By Marium Mohiuddin



“Jeff is able to see the human side of things, and to see his co-workers as more than a number.”

— Bill Wilson, Vice President of Risk Management & Human Resources

(Above) Jeff Jordan was reactivated for combat duty in 1990 for the first Gulf War.

(Below) Jeff and his wife, Leigh, have a daughter, Megan, who is attending college in Waco.



SOME OF YOU MAY know Jeff Jordan, Director of Claims, from his work at Central Freight’s Waco office. But some of you may not know of Jeff’s commitment to the armed forces.

While obtaining his bachelor’s degree at Clarkson University in upstate New York, Jeff became a member of the U.S. Army’s ROTC program. He was already enlisted in the Army Reserve in 1983. In 1985, he was commissioned as a 2nd lieutenant in the Military Police (MP) and served on active duty until 1988, at which time he joined the Army Reserve.

Jeff was reactivated for combat duty in Iraq and Kuwait in 1990 for the first Gulf War. He served on the battlefield until 1991, when he returned to reserve duty and served in that capacity until 1996. From 1996 until 2005, he held the rank of captain in the inactive component of the Army Reserve.

He was trained in both Army Airborne and the Army Air Assault operations and was eligible to wear the wings of each classification. Jeff was the distinguished graduate of his Military Police Officer’s Basic Course. Jeff’s other military training includes the Army’s Strategic Deployment School, Maintenance Officer’s Course, Military Police Officer’s Advanced Course, and the Combined Arms Services Staff School. In addition, Jeff is a qualified expert in small arms weaponry. Jeff served as a member of the 101st Airborne “Screaming Eagles” in the 101st Military Police Company. Jeff also served with the 104th MP Camp, 800th Military Police Brigade, while it was attached to the 101st Airborne during Operation Desert Storm. During his combat duty in the Middle East, Jeff served as commander in the MP Camp in Saudi Arabia.

Throughout his military career, Jeff was assigned various duties including combat patrol, military intelligence, convoy security, VIP security, and law enforcement. His duties often required working closely with agencies, such as the U.S. Secret Service Department, Federal Marshals, and the American Red Cross.

After leaving the armed forces, Jeff brought his leadership skills to his employment opportunities.

“Translating his military experience to the private sector has been beneficial because Jeff is able to see the human side of things, and to see his co-workers as more than a number,” says Bill Wilson, Vice President of Risk Management and Human Resources. “He puts them in his shoes, and doesn’t order someone to do something he wouldn’t do himself.”

Though Jeff joined Central Freight in July 2004 as Director of Claims, he also managed corporate security functions for a couple of years.

“I have a military police background, so it was logical to incorporate that role into my duties,” Jeff says. “That’s what I like about this place; if someone notices a gap, anyone can try to make a change.”

Jeff’s goals and accomplishments are not reserved just for the previous service in the armed forces and his work at Central Freight. During his time in the Army Reserve, Jeff married his wife, Leigh. They have a daughter, Megan, who is attending college in Waco.

Wilson says that Central Freight would like to thank and honor the brave men and women in uniform who have placed themselves in harm’s way to preserve freedom and democracy. ■

Private practice

After three years of public trading, Central Freight returns to the world of private ownership

By Nicole Achs Freeling

(Facing page) Central Freight's privatization will help the company provide better service and keep business as usual for the employees.

(Below) Central will be better able to expand on-demand, long-haul capabilities through sister companies.

THE PHONE RINGS OFTEN these days for Pat Chism, a 30-year veteran of Central Freight Lines, Inc. As someone who has been with the company through many changes — she saw it go public in 2003, and then shift back to a private company — she receives calls from employees wondering about Central's recent merger and how it will affect their jobs. Her answer: not at all.

The deal, completed in November 2006, allowed Central to transition from a publicly traded company to a privately held enterprise once again. While it brings a positive change for company leaders, who say the move allows them more latitude to run the business and respond to market demands,

employees and customers will notice little change, except perhaps for greater responsiveness and better service. "People have a lot of questions about how it's going to affect them; but it's really just business as usual, with the executives busier than ever running the company," says Chism, Central's Manager of Loss Control.

Management is better able to focus on running the company rather than complying with strenuous reporting requirements of a publicly-traded company and responding to numerous shareholders' inquiries. The company can direct its actions toward long-term goals, serving customers and growing market share rather than being ruled by stock price. "You'll have the board of directors instead of a few million shareholders overseeing the company," Chism says, adding that operating as a public company was often a classic case of too many cooks in the kitchen.

A private matter

To move from public to private ownership, a private company was established to acquire Central in a shareholder-approved buyout, which was approved by the shareholders on Nov. 21, 2006. This deal meant Central would continue its operations with Jerry Moyes and related parties as owners. The move puts Jerry in a more active leadership position, which allows him to leverage his experience, connections, and financial investment in the trucking industry.

Jerry's long history in the industry began in 1966 when he founded Swift Transportation Co., Inc., which now operates as one of the largest truckload fleets in the United States. Jerry became chairman and chief executive officer of Swift in 1986 and has served in that capacity now for more than 20 years. He built Swift into a company that has achieved





more than \$3 billion in annual revenue. Jerry also owns Central Refrigerated Service, Inc.

Central is better able to expand on-demand, long-haul capabilities through sister companies such as Swift that are owned by Jerry. Although Central does not offer refrigeration services, it can accommodate such needs by partnering with Central Refrigerated Service, Inc. Jerry has also provided the means to upgrade Central's fleet. The company recently added 400 trailers and 100 tractors.

Executive power

"Things have really changed in the transportation sector regarding public versus private ownership," Chism says. One of those changes involves the Sarbanes-Oxley Act that imposed stricter financial reporting requirements upon publicly traded com-

panies in the wake of the accounting scandals at World Comm and Enron, and the subsequent collapse of the Arthur Andersen accounting firm.

"While the regulations may help protect shareholders, they produce piles of paperwork for the companies involved," Chism says, adding that she spent one out of every four weeks completing Sarbanes-Oxley documentation. As a private company, Central has auditors and oversight but is free of the burdensome paperwork required from a public company.

In short, the move from public to private should have little impact on employees and customers, except that Central will now be better poised than ever to meet their needs. And that's good news for everyone involved. ■

"People have a lot of questions about how it's going to affect them, but it's really just business as usual, with the executives busier than ever running the company."

— Pat Chism, Central Freight's
Manager of Loss Control



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