



Breakthrough®Fuel: Innovative Supply Chain Fuel Management Services & Solutions

About Supply Chain Fuel Management

For many companies, fuel is viewed as an unmanageable expense or simply an uncontrollable cost of doing business. Breakthrough®Fuel challenges the conventional wisdom applying the knowledge, tools and solutions to help customers think about fuel management differently and applies a problem-solving approach to achieve meaningful business results.

This process begins with a comprehensive assessment of each customer's fuel behavior through a benchmarking analysis to get a true picture of how they are currently managing fuel. Breakthrough®Fuel uses this insight to develop a customized Fuel Management Strategy aligned to achieve key business objectives. Breakthrough®Fuel not only identifies opportunities for improved fuel management, the company also executes the strategy applying the tools, technologies and leadership support necessary for success. From sourcing through disposal, Breakthrough®Fuel provides solutions and expertise to add value throughout the entire transportation energy lifecycle.

Breakthrough®Fuel Recovery

An important component of the Breakthrough®Fuel Management Strategy is the replacement of DOE (Department of Energy) Indexed Fuel Surcharge Programs with information making the calculation of fuel costs transparent and fair. Instead of using distorted weekly averages of national or regional fuel costs, the Breakthrough®Fuel Recovery Program provides shippers and carriers with average daily fuel prices along the specific route each load is traveling. This process typically blends market-based pricing with negotiated physical fuel discounts using wholesale versus retail pricing so participating companies and carriers pay a more accurate price for fuel. Breakthrough®Fuel programs integrate carriers into the discount programs, providing greater visibility of fuel cost information and a better understanding of fuel expenses. This collaborative approach brings together the shipper, carriers, fuel providers and technology to achieve cost savings in fuel buying.

The process begins with an individual freight movement. Based on the determined route, Breakthrough®Fuel identifies the fueling locations along that route and assesses the market fuel price at each location. The movement fuel cost is calculated by averaging fuel location prices along the specified lane and calculating fuel taxes based on miles run in each state. Fuel recovery is determined based on movement fuel cost and rules established between the shipper and carrier, including mileage, base fuel rate, and miles per gallon. As of Q2 2010, Breakthrough®Fuel Recovery is available for Truckload and Intermodal shipments.

Breakthrough® Advisor

As an exclusive service to its clients, Breakthrough®Fuel provides in-depth analysis of the energy market and forecasting on fuel trends to help customers in their decision-making process regarding their transportation spending. Advisor tools include a monthly

publication covering trends in pricing behavior, fuel supply and demand, U.S. and global market information, global emissions and fuel market forecasts. In addition, Breakthrough® Fuel customers have access to the Advisor Pulse Mobile App giving them real-time information on fuel prices via their iPhone, iTouch or iPad.

Breakthrough® Stability

When volatility is a concern, Breakthrough® Fuel creates a customized approach to risk management to help customers manage their diesel exposure, allowing them to more effectively hedge the majority of their exposure to diesel market prices. Breakthrough explores several approaches and focuses on the best one to optimize margins and cash flows.

Recently, Breakthrough® Fuel introduced a Custom Index Swap program in collaboration with Cargill Risk Management. This program uses regional indices to price a swap, matching diesel exposure to physical fuel markets. By customizing index swaps, Breakthrough® Fuel matches the volume used in each region to the best index to hedge.

Breakthrough® Fuel continues to develop these and other innovative risk management programs providing protection from fuel price volatility.

Breakthrough® Blue

Breakthrough® Blue applies a three-part process to helping customers build a more energy efficient supply chain. The process begins with an analysis of the customer's fuel use and greenhouse gas emissions generated by geography, product, carrier, and mode.

Once Breakthrough® Fuel has a clearer picture of the customer's greenhouse gas emissions measured across the supply chain, strategies are employed to reduce emissions and integrate sustainability considerations into supply chain decision processes. These strategies include efforts to reduce non-productive miles, increase rolling fuel economy or reduce fuel waste when trucks in the supply chain are non-productive. Breakthrough® Fuel also employs additional strategies to reduce emissions, such as converting to other modes of transportation or using renewable and alternative fuel programs.

Breakthrough® Fuel also supplies the tools to measure the impact the new sustainability strategy will have on emissions reduction and provides the reporting capabilities to validate the environmental improvements.

The Value of Fuel Management

In today's challenging business climate, market leaders in their respective industries recognize that fuel represents a significant cost of moving products to market as well as a key opportunity to manage these expenses for competitive advantage.

To learn more about Breakthrough® Fuel services and solutions for improved supply chain fuel management, visit breakthroughfuel.com.

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