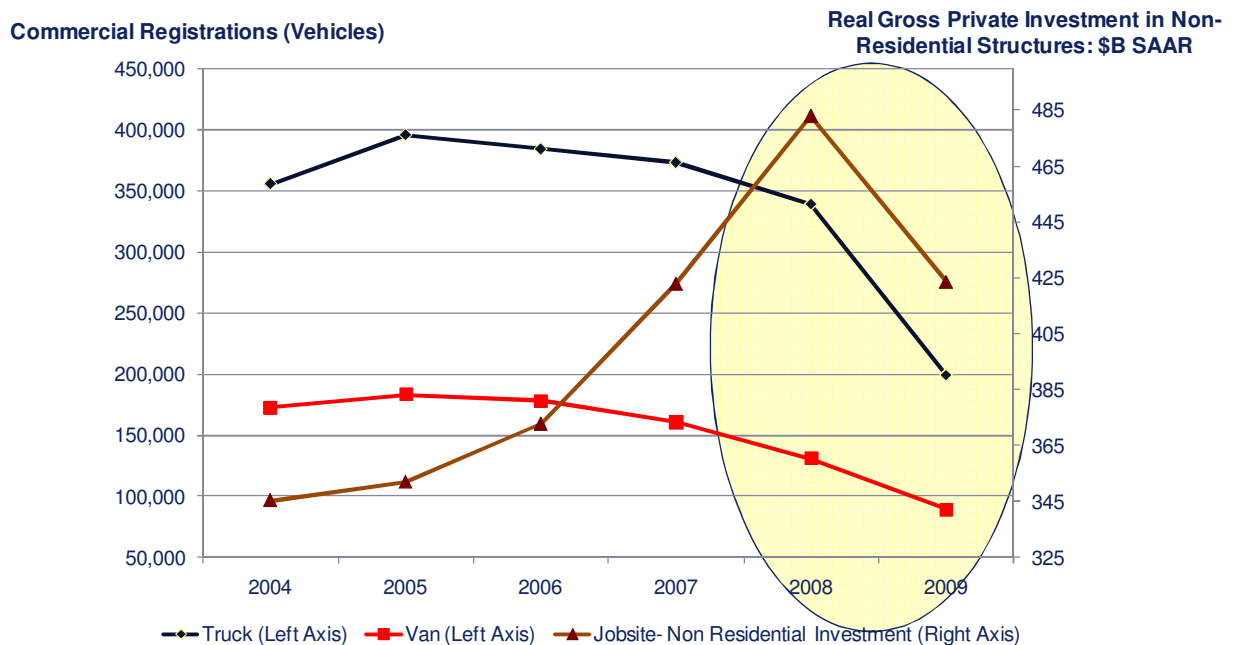


February 3, 2010

**STAFDA Manufacturers Liaison Committee Report- Storage Industry**  
 Pete Edwards, Director of Sales, Knaack L.L.C., Crystal Lake IL

2009 proved to be one of the most challenging years for the U.S. and global economies, and professional contractor storage in particular for both the jobsite and vehicle markets. Unit sales of New Light Trucks fell by almost 43%, while non-residential construction fell by over 16%. Couple this with commercial property occupancy rates which continue to fall and the magnitude of the 2009 downturn comes into full view.

This chart illustrates the magnitude of the economic corrections experienced in 2009:



Sources: R.L. Polk, September '09 (Vehicles)  
 Global Insight, September '09 (Non-Residential Investment)

Any hopes that the residential sector would perform any differently was also disappointing. 2007-2009 residential improvement spending is on track to be the first three-year period of decline since the U.S. Census began tracking this spending.

There is some light at the end of the proverbial tunnel after forecasts of the industries' economics are analyzed. Commercial truck registrations are forecasted to increase

throughout 2010 on a year-over-year basis. Van registrations are predicted to increase in the same manner, and show a dramatic rebound in the final quarter of the year.

In challenging times, manufacturers and channel members must “get back to the basics” to ensure that each and every customer is delighted with their sales and shopping experience. The use of internet-based marketing and in particular social media have the potential of dramatically changing the manufacturer/distributor <---> contractor relationship. All STAFDA distributors must constantly stay focused on meeting and exceeding their customers’ expectations.

Short term we would expect financial pressures to continue to challenge all players in the STAFDA value chain, manufacturers and distributors alike. In response to these challenges storage equipment manufacturers must continually improve their product offerings, thereby delivering greater value (real and perceived) to the contractor. Organized, safe and secure storage solutions continue to be the priority for the end-users in the market for new truck, van and jobsite storage equipment. Distributors providing products that meet these expectations will be in the best position to succeed when new truck and van sales move in a positive direction. The Distributors must also be especially attentive to their customer’s needs to ensure they will remain customers when the economic conditions improve. These need areas include: having product on display so prospective customers can “touch and feel” prior to buying; having the products merchandised and displayed properly to communicate their value; ensuring sufficient stock on hand to meet customers’ delivery expectations.

Vehicle changes bring new opportunities to the van storage equipment market. The need for lower vehicle costs and improved fuel economy has directed commercial truck and van users towards new types of vehicles for certain applications in their business. New European manufactured commercial vehicles are coming into the US market to address these needs. Most recently Ford has introduced the Transit Connect in their latest offering of commercial vehicles. The contractors moving to this smaller vehicle will have the same needs for storing, securing and organizing their tools and materials. This presents new opportunities for the STAFDA Distributors that support commercial vehicle equipment sales. Equipment storage options and accessories offered for the new Transit Connect should provide flexibility and convenience to meet the end-user’s needs. Core items like bulkheads and a wide range of shelving and accessory options should be available to accommodate any type of business or specific trade. This should also include Ladder and roof rack options that make loading and unloading ladders and long equipment or supplies easy and secure. Having this equipment in their offering will keep distributors’ customers in their stores.

In summary, while the overall “pie” has shrunk during this unprecedented economic downturn, all STAFDA members can still work hard to make sure their “piece” of the pie remains on the table, ready to be enjoyed. Old fashioned hard work and executing business basics can make that happen.

