Multimodal Transport Institute Forum

Tom Malloy
Thoroughbred Direct Intermodal Services

October 11, 2012
Los Angeles, California
Topics

• North American Railroad Industry - Facts & Figures
• North American Intermodal Segment - Trends & Statistics
  - Domestic & International
  - Outlook
• Intermodal Channel of Sale
The Freight Railroad Industry
Class I Railroads Account for Most U.S. Rail Traffic…
...But Hundreds of Non-Class I Railroads Are Critical Too
### The U.S. Freight Railroad Industry: 2010

<table>
<thead>
<tr>
<th>Type of Railroad</th>
<th>Number</th>
<th>Miles Operated*</th>
<th>Employees</th>
<th>Freight Revenue ($ billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I</td>
<td>7</td>
<td>95,573</td>
<td>151,854</td>
<td>$56.3</td>
</tr>
<tr>
<td>Non-Class I</td>
<td>558</td>
<td>43,003</td>
<td>17,426</td>
<td>3.3</td>
</tr>
<tr>
<td>Regional</td>
<td>21</td>
<td>10,407</td>
<td>5,334</td>
<td>1.2</td>
</tr>
<tr>
<td>Local Linehaul</td>
<td>343</td>
<td>26,160</td>
<td>5,960</td>
<td>1.3</td>
</tr>
<tr>
<td>S&amp;T</td>
<td>194</td>
<td>6,436</td>
<td>6,132</td>
<td>0.8</td>
</tr>
<tr>
<td>Canadian**</td>
<td>1</td>
<td>47</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>566</td>
<td>138,623</td>
<td>169,280</td>
<td>$59.6</td>
</tr>
</tbody>
</table>

*Excludes trackage rights. **Includes CN operations that are not part of a CN-owned Class I carrier. Source: AAR
General Characteristics of U.S. Freight Railroads

• Vast majority privately-owned, tax-paying firms
• Same company usually owns the track and operates trains over it
• No automatic access to another’s tracks
• Little government funding
• Don’t carry passengers
• Regulation not as onerous as it once was, but still substantial (FRA for safety; STB for rates, service, etc.)
Railroad Gross Revenue in 2011

Total: $65.3 billion

- Coal: $16.1 bil.
- Chemicals: $8.9 bil.
- Intermodal*: $13.4 bil.
- Food: $5.1 bil.
- Other: $6.0 bil.
- Farm Products: $5.6 bil.
- Forest products: $3.5 bil.
- Steel, iron, etc.: $2.4 bil.
- Transp. equip.: $4.4 bil.

*Estimated. Some intermodal revenue is also included in individual commodities. Data are for Class I railroads. Source: AAR
Railroad Tons Originated in 2011

Total: 1.89 billion tons

Coal 816 mil. tons (43%)
Metal products 49 mil. tons (3%)
Metallic ores 76 mil. tons (4%)
Nonmet. minerals 128 mil. tons (7%)
Food products 107 mil. tons (6%)
Farm products 157 mil. tons (8%)
Chemicals 192 mil. tons (10%)
Misc. mixed shipments* 117 mil. tons (6%)
Other 244 mil. tons (13%)

*Mainly intermodal.
Data are for Class I railroads. Source: AAR
Railroad Carloads Originated in 2011

Total: 30.0 million

- **Coal**: 7.1 million (24%)
- **Misc. mixed shipments**: 7.9 million (26%)
- **Chemicals**: 2.3 million (8%)
- **Farm products**: 1.7 million (6%)
- **Transp. equip.**: 1.5 million (5%)
- **Nonmet. minerals**: 1.3 million (4%)
- **Metallic ores**: 0.9 million (3%)
- **Other**: 5.9 million (20%)
- **Misc. mixed shipments***: 7.9 million (26%)

*Mainly intermodal.

Data are for Class I railroads. Source: AAR
Record Capital Spending Expected in 2012

U.S. Freight Railroad Capital Spending ($ billions)

Data are for Class I railroads.  e – estimate  Source: AAR
Huge Economic Impact

• Connect firms across the country and world.
• Directly or indirectly support 1.2 million jobs* including 175,000 well-paid railroad employees.
• Generate ~$265 billion in annual economic activity.*
• Average rail rates have dropped by 45% since 1981.

*Based on U.S. Department of Commerce model of the U.S. economy.
North American Intermodal Activity
Total Intermodal Loadings

Source: IANA Intermodal Market Trends & Statistics
Total Intermodal Loadings

Source: IANA Intermodal Market Trends & Statistics
Market Share Int’l. vs. Domestic

Source: IANA Intermodal Market Trends & Statistics
2008-2012 Yearly Traffic Totals by Month

Source: IANA Intermodal Market Trends & Statistics
53' Container & Trailer Moves 2008-2011

Source: IANA Intermodal Market Trends & Statistics
Domestic Containers

• 44 Months of Consecutive Growth
• YTD = 13.7%
• Growth across North America
• 53’ = 99.4% of Volume
• Fleet Expansion continues (235,000)
Domestic Intermodal

- Continued Growth Likely
- Length of Haul/Short Haul Opportunities
- Tight Truck Load Capacity/Driver Supply
- Highway Regulatory Environment (HOS, CSA)
- Fuel costs/impacts
ISO Container Moves 2008-2012

Source: IANA Intermodal Market Trends & Statistics
International

- YTD 3.5 % (Intermodal)
- Tracking with Late 2011 Intermodal Trends
- Total Imports 5.0% (f)
- Total Exports 4.4% (f)
International

- Inventory Replenishments - flat
- Subdued Export Growth
- Transloading Growth accelerating
- Expansion of All Water Services
- Chassis Regimes
# 2012 Year to Date – August Intermodal Volumes

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>Change</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trailers</td>
<td>1,118,383</td>
<td>1,020,651</td>
<td>-8.7 %</td>
<td>10.5 %</td>
</tr>
<tr>
<td>Domestic Containers</td>
<td>3,183,222</td>
<td>3,617,976</td>
<td>13.7 %</td>
<td>37.1 %</td>
</tr>
<tr>
<td>All Domestic Equipment</td>
<td>4,301,605</td>
<td>4,638,627</td>
<td>7.8 %</td>
<td>47.6 %</td>
</tr>
<tr>
<td>ISO Containers</td>
<td>4,938,660</td>
<td>5,112,224</td>
<td>3.5 %</td>
<td>52.4 %</td>
</tr>
<tr>
<td>Total</td>
<td>9,240,265</td>
<td>9,750,851</td>
<td>5.5 %</td>
<td></td>
</tr>
</tbody>
</table>

Source: IANA Intermodal Market Trends & Statistics
Channel of Sale

• Wholesale environment
• Dynamic logistic/supply chain organizations
• Asset & non-asset owners
• Contractual requirements & vol. commitments
• Administrative execution (EDI, ACH, etc.)
• Equipment responsibilities
• Coordination of door-to-door services*
Channel of Sale – IMC(3PL)

• 28.5% of 2011 intermodal revenue*
• 30.5% of 2011 intermodal volume*

2012:
• 10.3% volume increase
• 13.5% revenue increase
• 2.9% average rev. per load increase
• $2601 average revenue per load
IMC – 15 Month Revenues

Source: IANA Intermodal Market Trends & Statistics
The chart shows the IMC - 15 Month Revenue per Load from April to June. The revenue is measured in dollars per load.

- **INTERMODAL REVENUE**: The blue line indicates a steady increase from April to June, starting at around $2,400 and rising to approximately $2,600.
- **HIGHWAY REVENUE**: The red line shows a more consistent trend, starting at around $1,400 and remaining relatively stable throughout the months.

Source: IANA Intermodal Market Trends & Statistics
Intermodal Volume Forecast

Source: TTX
Thank you