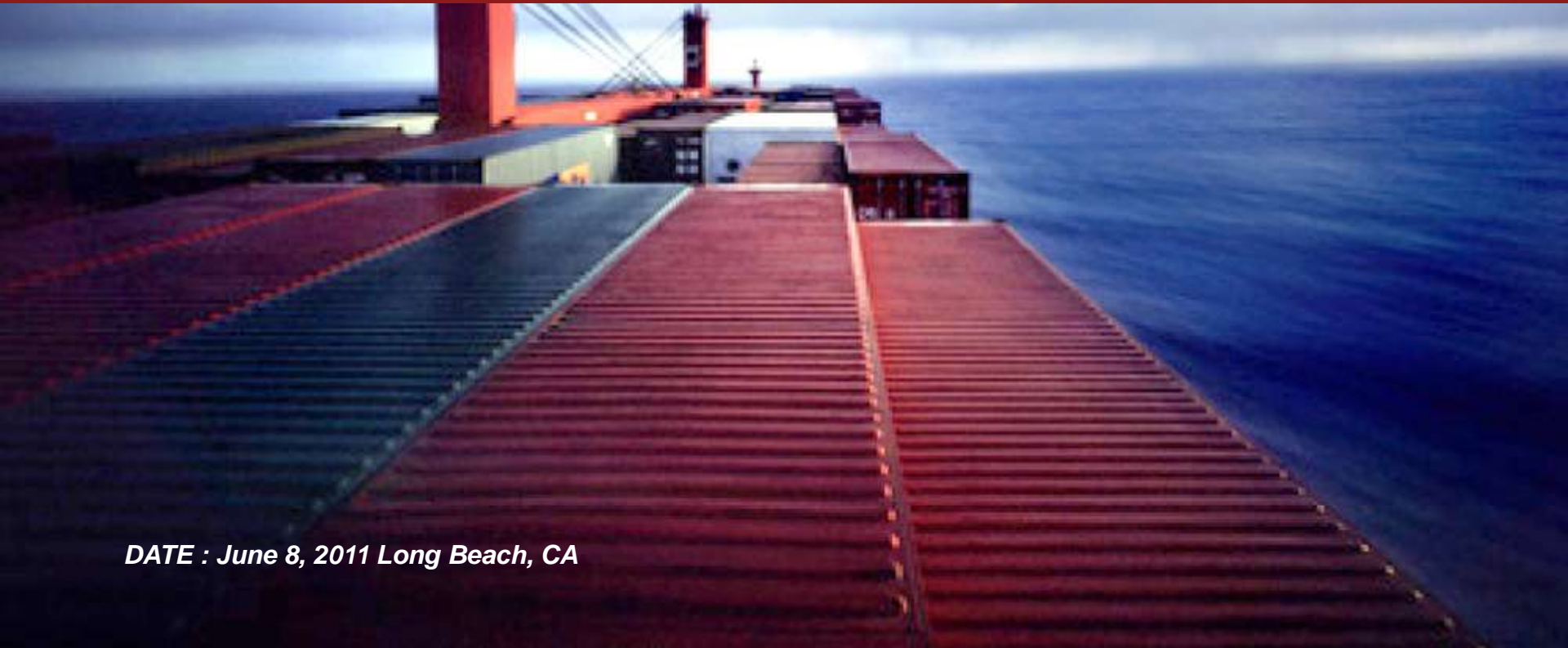


AAPA Operations, Safety, and Information Technology Seminar

Terminal Efficiency Best Practices - Chassis Pools

Mike Wilson – Hamburg Süd North America, Inc.



DATE : June 8, 2011 Long Beach, CA

Agenda

- 1 Chassis Operations
Basic Types, Structures
and Operational Impact
- 2 Terminal Managers
Comments &
Business Metrics
- 3 Future
Developments



Chassis Operations – Basic Types

- **Exclusive Individual Line Supply**
- **Neutral Pools**
- **Terminal Based Coop Pools**
- **Alliance Pools**
- **Port Wide Coop Pools**
- **Regional Coop Pools**

Chassis Pool Development

Chassis Supply

Individual Lines

Neutral Pools

Terminal Coop Pools

Alliance Pools

Port / City Wide Coop Pools

Regional Coop Pool

REGION				
PORT		PORT		PORT
Terminal	Terminal	Terminal	Terminal	Terminal

Basic Structure

Impact to Operations

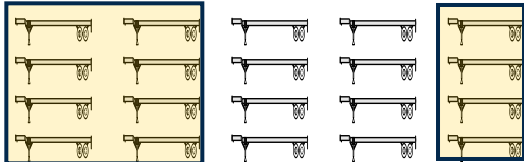
- Fewer Chassis
- Less land use
- Terminal ops streamlined
- Trucker fluidity improved
- Repositioning reduced
- Asset Quality standardized
- Sustainability improved
- Risk Management included

- High assets & land use
 - Box/Chas must match
 - No synergies / High \$

- low utiliz = high cost
 - non-integrated
 - limited scope = High repo

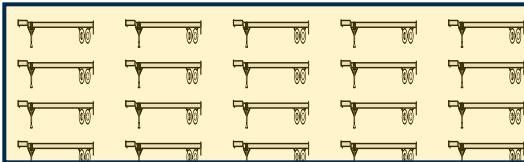
- less chassis / acreage
 - better truck fluidity
 - opens box/chassis match

-more synergies
 -inland networks
 -repo's addressed



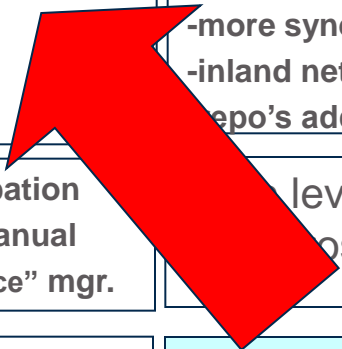
-majority participation
 -standard ops manual
 -single "full service" mgr.

-level synergies
 -across the port



-multiple ports/facilities
 -full inland integration
 -total logistics mgt.

Full Synergies across a Region

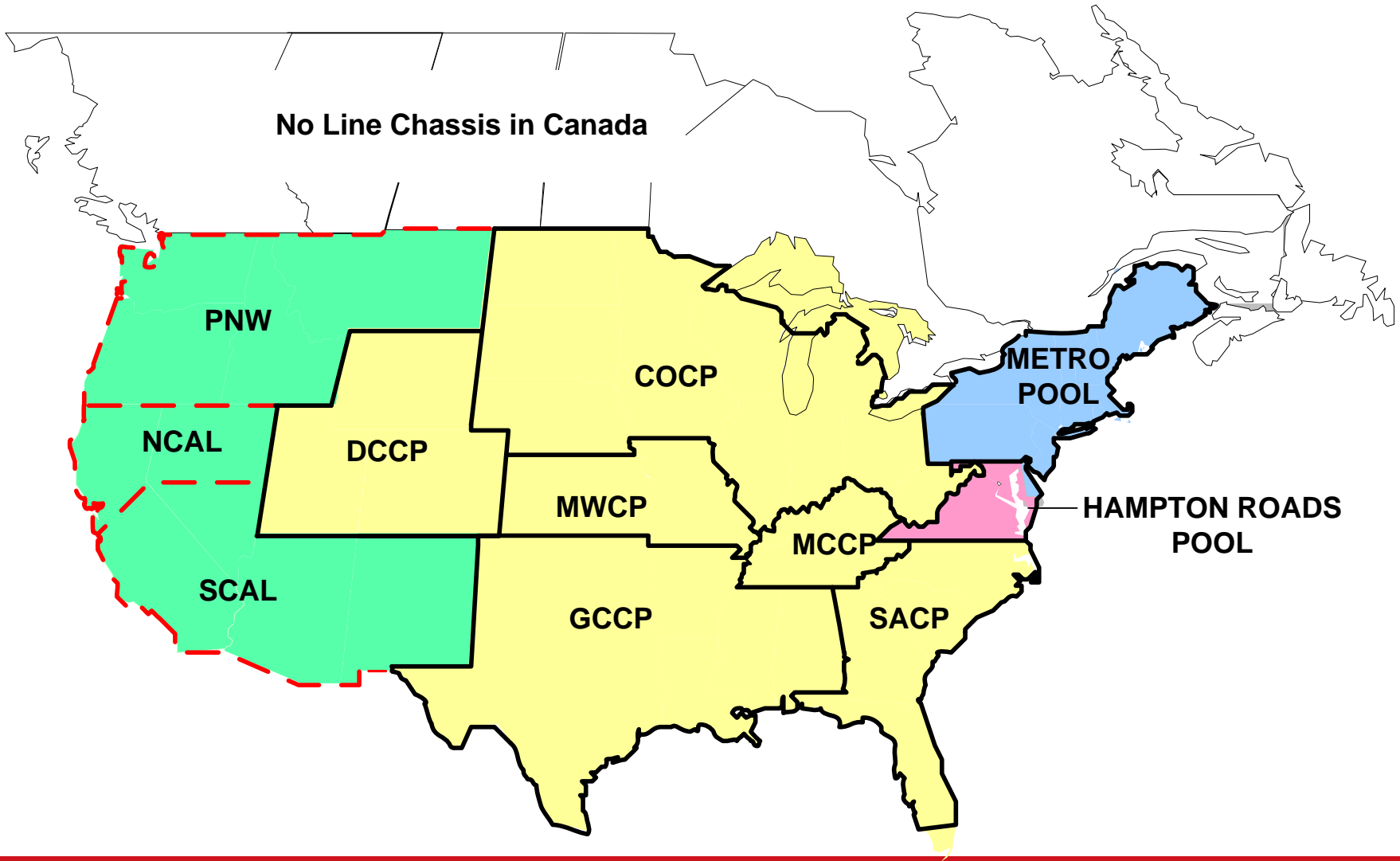


Summary of Pool Types and Operational Impact

Chassis Pool Type	IMPACT						
	Chassis Inventory	Terminal Space	Terminal Production	Asset Quality	Trucker Fluidity	Flexi-bility	Sustain-ability
Individual	●	●	●	●	●	●	●
Neutral	●	●	●	●	●	●	●
Terminal	●	●	●	●	●	●	●
Alliance	●	●	●	●	●	●	●
Port Wide	●	●	●	●	●	●	●
Regional	●	●	●	●	●	●	●



Existing Co-op Pool Geographic Range

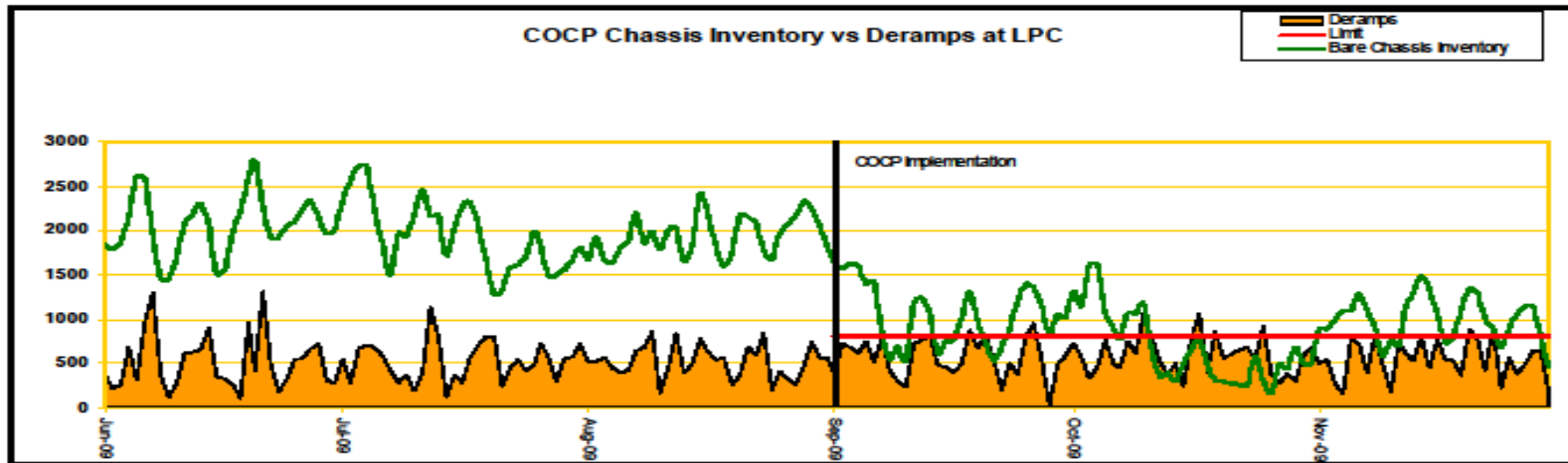


Terminal Managers Comments & Experiences

- Virginia International Terminals – Joe Ruddy, Executive Vice President and COO
“Since the inception of HRCP II in 2004, VIT has realized tremendous efficiencies. Chassis availability has increased, the velocity for motor carriers through the terminals has increased, and we’ve been able to reduce the footprint necessary for chassis, adding capacity for laden containers. From a metrics perspective, we’ve gone from 23,000 chassis to 12,000 while increasing throughput significantly, and from a velocity of +/- 27 revenue moves chassis/year, to upwards of 52 moves”.

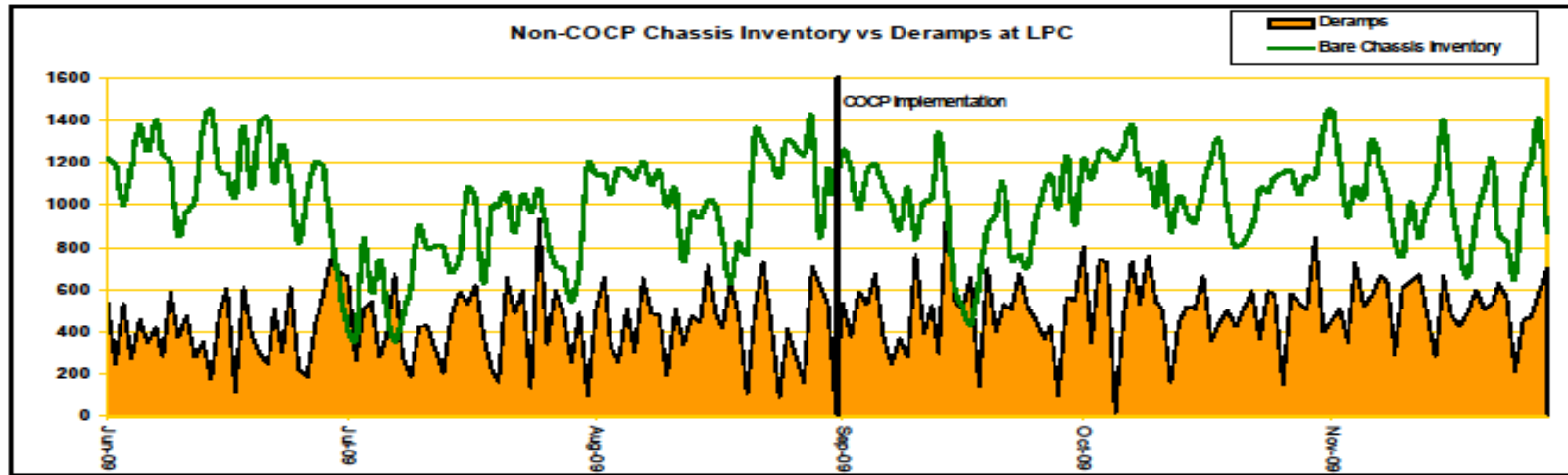
- South Carolina State Port Authority – Bill McClean, Senior Vice President of Operations
 - Trucker turn times improve by using an SACP pool chassis vs. a non-pool chassis.
 - Truckers appreciate the chassis network, enabling them to use pool chassis both on terminal and at the ramps.
 - Truckers enjoy having chassis in a roadworthy condition 90% of the time
 - We have seen a 30% reduction in total units and approximately a 50% reduction in damaged idle chassis.

COCP Bare Chassis Inventory



- Bare Chassis inventories for COCP Shippers decreased significantly

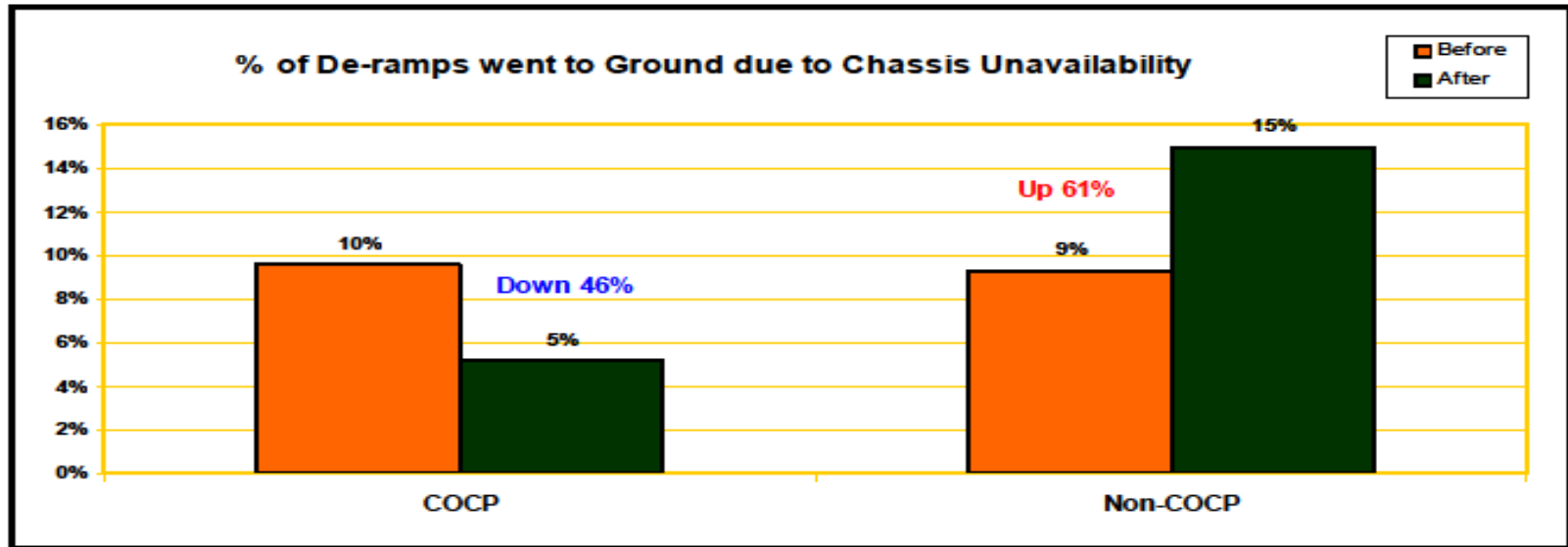
Non COCP Bare Chassis Inventory



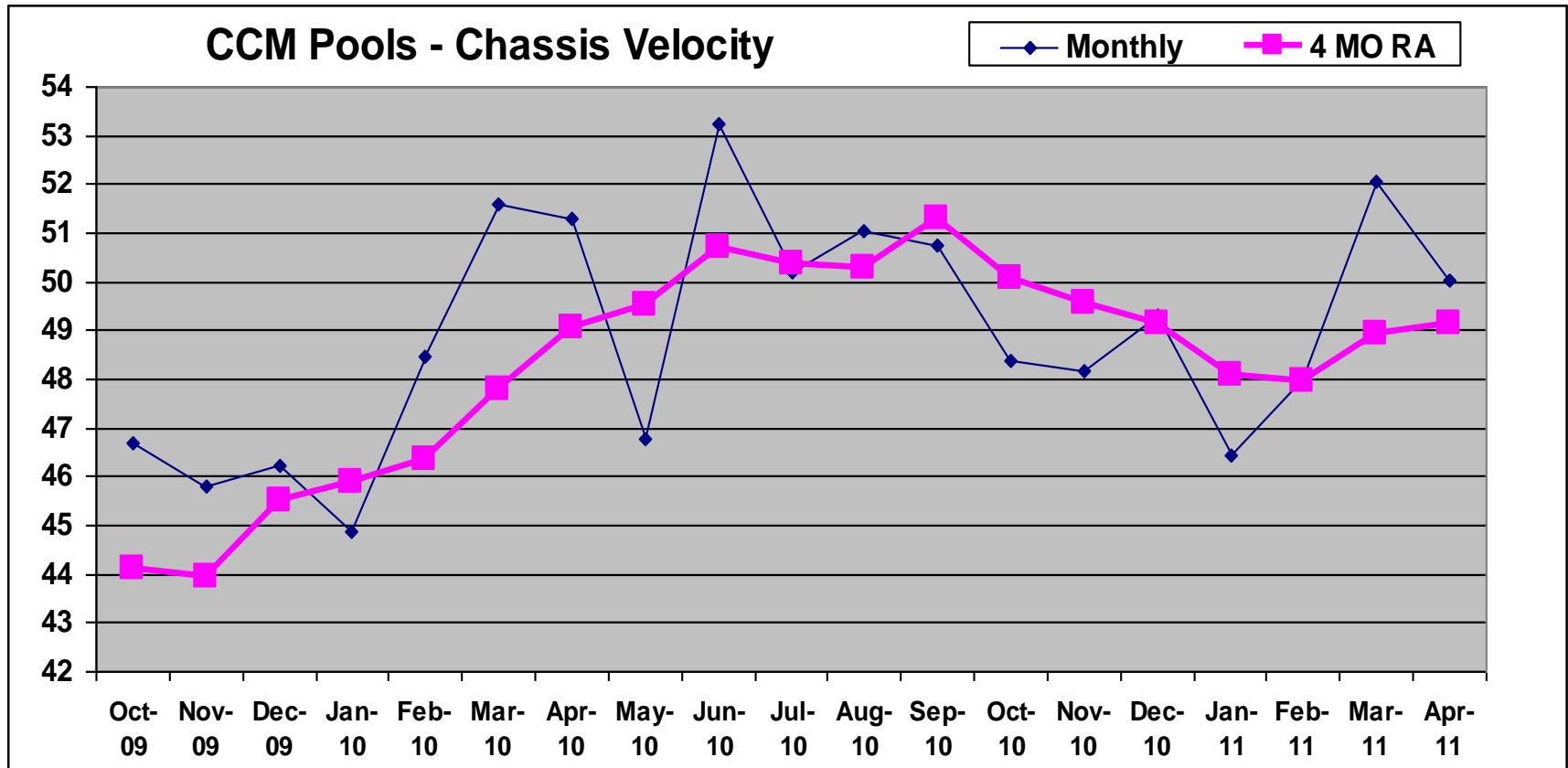
- Bare Chassis inventories for Non-COCP Shippers unchanged

Operating Metrics from the BNSF Railroad – COCP Chassis Pool.

Grounds/Flips = ↑ cost, driver dwell, ↓ service



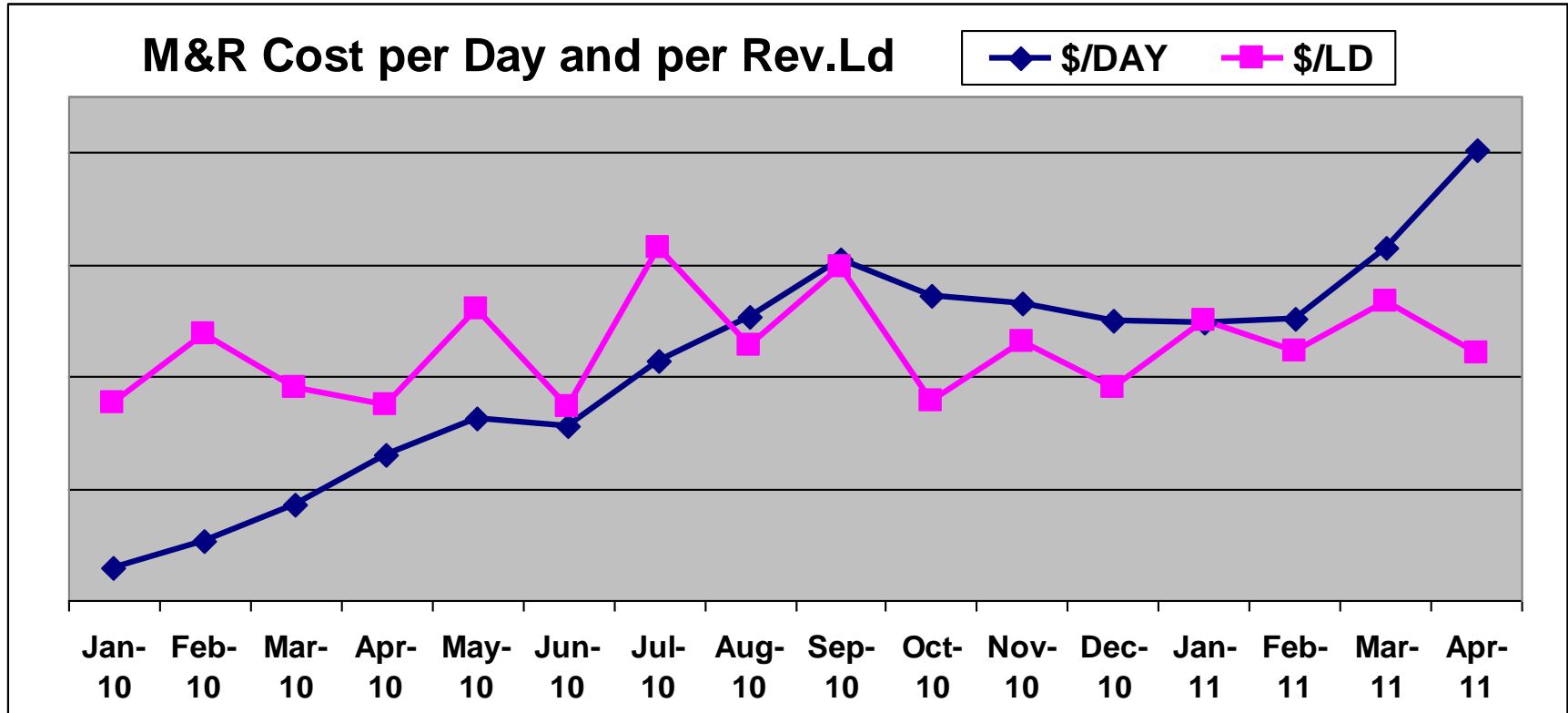
CCM Pools - Chassis Productivity – Oct-09' thru Apr-11'



■ Chassis velocity = the number of revenue loads (IMP+EXP) carried per year per chassis

** This average includes all CCM pools, DCCP, COCP, MCCP, MWCP, SACP, GCCP*

CCM Pools M&R Cost Progression



Includes all CCM Pools, Index, Q4-2009 =1.00

Cost/Day Mar-11 = \$2.91

Cost/Load Mar-11' = \$28



Future Developments

- Chassis Pools or “pooling” will continue – synergies are too great to ignore.

- CCM is taking over direct management and control of all of its pools.
 - Significant investment in technology – rolled out March-11’
 - Significant investment in organization - will have over 100 employees by end of 2011

- Review of potential new pools – evaluations are under way.

- What about the “new chassis provision model” introduced recently?



Evolution of Chassis Provision Model (1 of 3)

- Current U.S. chassis provision model - Ocean Carriers have provided chassis for customer use and terminals' use.
- U.S. is anomaly – In rest of world, motor carriers or others provide chassis, and terminals operate without chassis support.
- System is evolving as some ocean carriers have individually decided to explore alternative approaches to provision of chassis.
- **This MAJOR impact to all stakeholders requires due diligence.**
- OCEMA, Lead ocean carrier organization on U.S. equipment issues (efficiency, safety, roadability related regulatory and other operational matters) is studying chassis provision options and solutions. Focusing on:
 - Stable chassis supply – sufficient availability in network
 - Maintain service and efficiency levels
 - Compliance with safety & regulatory requirements
 - Communication with all stakeholders



■ ■ ■ Evolution of Chassis Provision Model (2 of 3)

- OCEMA is conducting an active outreach to stakeholders on best solutions:
 - Rails, Ocean Terminals, Ports, Leasing Companies, Truckers, BCO's.

- OCEMA has published information re: the new chassis provision on its web site: **OCEMA.org**
 - General explanation on change in provision
 - Summary of Ocean Carrier Announcements
 - Suggested Location Schedule
 - FAQ
 - Stakeholder Outreach Events

- What are some of the options?
 - Ocean carriers can continue to provide chassis
 - 3rd party providers (TRAC, Flexi-Van, DCL, etc.) provide chassis on daily/lease basis
 - Motor Carriers can provide “owned” assets
 - Shipper & Consignees can provide “owned” assets

Each Provision Option has its role. Which is best? There is no universal solution.



■ ■ Evolution of Chassis Provision Model (3 of 3)

- **Terminal Operations may determine best options**

- **Grounded Terminals** – allow multiple chassis provision potential solutions: Motor Carriers, Chassis Pools, Ocean Carrier, BCO, Leasing companies, etc.

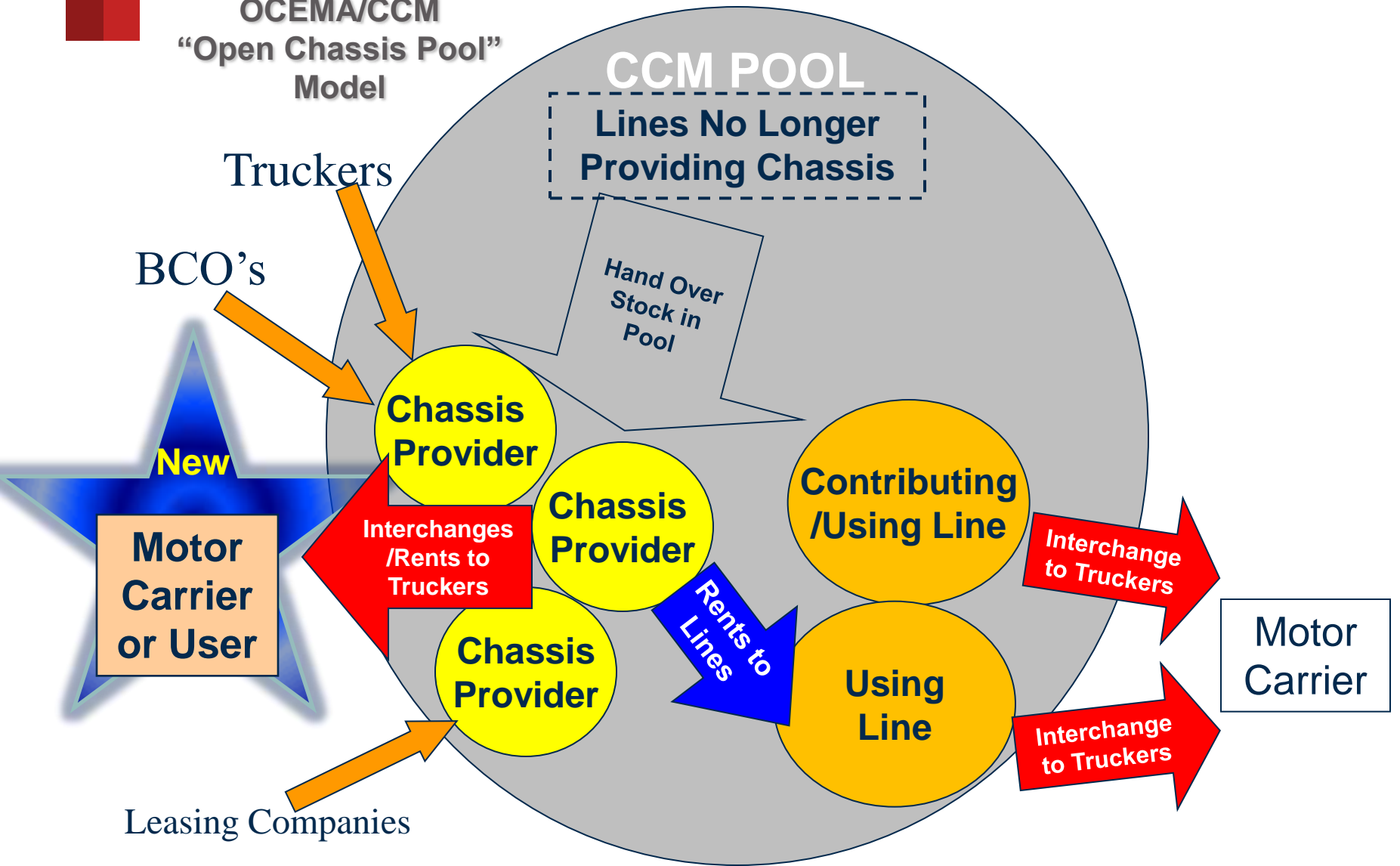
- **Wheeled terminals** – For wheeled terminals a more comprehensive solution is required.
 - Many U.S terminals are wheeled operations (RR & OT), requiring chassis for their terminal operations
 - Moving from wheeled to grounded will take time and money
 - Infrastructure costs, Lift equipment, Gate and yard restrictions

- **CCM “OPEN CHASSIS POOL” Model** - OCEMA and CCM are changing its co-op pools to provide a viable solution that addresses stakeholders’ concerns.
 - Gray chassis efficiencies of terminal & vessel operation
 - Allow users of chassis the freedom of choice of chassis providers within the pool.
 - Confidential terms remain between users and their chassis providers – while sourcing chassis from within the gray fleet
 - Will allow motor carriers and others to become a pool participant





OCEMA/CCM
"Open Chassis Pool"
 Model



 Thank You!

